REVISED – 1st Revision*

Frederick Community College

BOARD OF TRUSTEES
Regular Monthly Meeting

October 14, 2026 – 4:30 p.m.
Gambrill Hall (G206)

Zoom Option:
https://frederick-edu.zoom.us/j/84968217228?pwd=ZmwLiNbcKauwjYNqhWhH5fti4PzlkB.1
Call-in Option:
Phone Number: 301-715-8592 | Webinar ID: 849 6821 7228 | Passcode: 917457

I. **Call to Order**

II. **Declaration of Conflict of Interest**

III. **Board & CEO Comments**

IV. **Public Comment**
Public comment at Board meetings is limited to addressing items on that meeting's agenda. Public comment is limited to a maximum of five (5) speakers, three (3) minutes per person. The order of speakers will be on a first-come, first-served basis. Individuals are required to complete the sign-in sheet prior to the opening of the meeting.

V. **Consent Agenda**

A. September 16, 2026 Regular Meeting Minutes **(Enclosure 1)**

B. September 28, 2026 Special Meeting Minutes **(Enclosure 2)**

VI. **Required Approvals Agenda**

A. Approval of Piggyback Contract with Educational Management Solutions, LLC for SIMULATIONiQ™ Enterprise **(Enclosure 3)**

B. Approval of Piggyback Contract with WGL Energy Services, Inc. for Natural Gas Supply **(Enclosure 4)**

VII. **Information/Discussion Items**

A. Audited Financial Reports for the Year Ending June 30, 2026 **(Enclosure 5)**

B. Board of Trustees Draft FY 2028 Budget **(Enclosure 6)**

C. Monitoring Board Performance

Policy Review:

1. GP-3 Board Code of Conduct **(Enclosure 7)**

* Due to space limitations resulting from designated building closures, the Board of Trustees will meet virtually. A physical location to provide public comment will be provided in Room G206 of Gambrill Hall.

D. Policy Revisions

1. Revisions to EL-3 Communication and Support to the Board **(Enclosure 8)**
2. Revisions to GP-6 Board Linkage with Other Organizations **(Enclosure 9)**

VIII. Action Items

A. Policy Approval

1. Revisions to GP-7 Board Planning Cycle and Agenda Control **(Enclosure 10)**

B. Monitoring CEO Performance

1. Acceptance: E-1 Ends (2.0) Monitoring Report **(Enclosure 11)**
2. Acceptance: EL-1 Treatment of Students Monitoring Report **(Enclosure 12)**
3. Acceptance: EL-2 Treatment of Employees Monitoring Report **(Enclosure 13)**

IX. Meeting Content Review (Enclosure 14)

Consideration of areas for meeting content improvement: This item on the agenda provides the Board the opportunity to give the Board Chair and the President feedback on the quality of the content provided during this Board Meeting. We would appreciate receiving suggestions wherein you would like to see changes made to future Board meetings.

X. Adjournment

NEXT MEETING: **Wednesday – November 18, 2026**

- ***4:30 p.m. – Regular Monthly FCC Board Meeting***

Under the ADA and Section 504, Frederick Community College (FCC) makes every effort to accommodate individuals with disabilities for College-sponsored events and programs. For FCC employees needing accommodations, including interpreting, please email humanresources@frederick.edu. For students and others with accommodation needs or questions, please call 301-846-2408, or to request sign language interpreter services, please email Interpreting@frederick.edu. Sign language interpreters will not be automatically provided for College-sponsored events without a request for services. Requests must be made at least five workdays before a scheduled event to guarantee accommodations.

* Due to space limitations resulting from designated building closures, the Board of Trustees will meet virtually. A physical location to provide public comment will be provided in Room G206 of Gambrill Hall.

Frederick Community College

Enclosure 1
October 2026

Minutes for September 16, 2026 Regular Meeting

Context: The September 16, 2026 minutes are being presented to the Board for approval via the Consent Agenda. Minutes of the proceedings of every Board meeting shall be prepared by the College President (or the President's designee) with all motions accurately and completely recorded, noting the names of those who make motions, the nature of the motion, and those who vote 'yea' and 'nay.' The minutes of the prior Board Meeting will be provided to and considered by the Board as part of the subsequent Board Meeting materials.

Board Policy Reference: Bylaws of the Board of Trustees of Frederick Community College

Background: The Board of Trustees held a regular meeting on September 16, 2026.

Attachment: Minutes of the September 16, 2026 regular meeting

BOARD OF TRUSTEES
FREDERICK COMMUNITY COLLEGE

September 16, 2026
Regular Meeting

The Board of Trustees of Frederick Community College met in regular session on Wednesday, September 16, 2026 in the Conference Center (E126AB). A virtual option to participate was provided. Participating in person were: Trustees Dr. William Reid, Chair; Dr. Carmen R. Hernandez, Vice Chair; Carolyn Kimberlin; Theodore Luck; Tracey McPherson; and Stephen G. Slater. Trustee Jan H. Gardner participated virtually. Also attending in person were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; Janice Spiegel, Special Projects Manager/Budget Office Frederick County Government; and Adam Konstas, PK Law, College legal counsel.

CALL TO ORDER

The meeting was called to order by Chair Reid at 4:30 p.m.

DECLARATION OF CONFLICT OF INTEREST

There were no conflicts of interest expressed by Trustees.

BOARD & CEO COMMENTS

Chair Reid reflected on the opening and ribbon-cutting of the Miller Center for Healthcare Training and the importance of the facility to healthcare education and workforce development. Trustee Luck expressed appreciation for the preparation, timeliness, detail, and organization of the Board packet and he also recognized Kelli Ackiewicz, Program Manager for the Institute for Learning in Retirement, for a presentation delivered earlier that day to a group of business and community leaders. Trustee Kimberlin

congratulated faculty, staff, and administration on the opening of the Miller Center for Healthcare Training and their foresight in responding to the community's need for additional healthcare professionals.

President Cheek highlighted the newest edition of *FCC Connects* magazine and introduced a *Future in Focus* presentation on the 2026 Performance Accountability Report. Dr. Matthew Paushter, Chief Foresight and Decision Support Officer, provided an overview of key themes and trends reflected in the College's 2026 Performance Accountability Report related to access, student success, and workforce impact.

PUBLIC COMMENT

There were no comments.

CONSENT AGENDA

On a motion made by Trustee Slater, the Board unanimously approved the August 19, 2026 regular meeting minutes, as presented.

REQUIRED APPROVALS AGENDA

On a motion made by Vice Chair Hernandez, the Board unanimously approved the following items, as presented:

- 2026 Performance Accountability Report
- Award to Wolf Bus Lines for College Transportation Services
- Sole Source Procurement from Institute for the Future
- Award to Hilb Group for Benefit Broker Services
- Piggyback Contract with STORAGELogic of Maryland, Inc.

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INFORMATION/DISCUSSION ITEMS

Fiscal Year-to-Date Unaudited Draft Financial Report through the Quarter Ending June 30, 2026 – President Cheek introduced the year-end unaudited report, and Scott McVicker, Chief Financial Officer and Vice President for Administration, went through the report in detail with the Board.

There was discussion regarding the treatment of food service under the College's financial reporting. It was clarified that Canteen is a third-party contractor and is therefore no longer reported as an auxiliary operation. There was also discussion regarding the College's anticipated financial risks over the next three to five years, including State funding constraints, potential impacts on County funding, uncertainty regarding certain federal funding sources, and rising healthcare and employee benefit costs. It was also noted that the College is addressing its alternative funding sources through grants, community partnerships, and other opportunities.

Revisions to EL-3 Communication and Support to the Board – The Board reviewed the proposed revisions. Chair Reid proposed adding to Section 1.1: "as appropriate" before "regular updates on the status of the Board's Policy Governance expenditures, environmental scanning data, and risk assessment."

There was discussion regarding Section 1.4.4 and the phrase "Board-designated areas." It was clarified that "Board-designated areas" refers to areas, units, or functions from which the Board may wish to receive informational presentations or updates, and that such areas are designated by the Board as a whole rather than by an individual Trustee. No additional definition was agreed upon.

Chair Reid questioned whether Section 1.5, as drafted, would place the President in the position of judging the Board's compliance with its own policies. He proposed revising Section 1.5 to read "Allow the Board's actions or behavior to materially interfere with the President's ability to exercise authority delegated by the Board without bringing the matter to the Board's attention." He also proposed adding a new Section 4.1 to GP-11 Special Rules of Order to read "The Board shall address any significant failure by the Board or an individual trustee to comply with the Board's Governance Process or Board-CEO Delegation policies." Trustee Luck indicated that he would like to review the proposed revisions in writing before responding to them.

There was discussion regarding the appropriate placement of the Board-compliance provision. The distinction was clarified between Governance Process policies, which govern the Board's own conduct, and Executive Limitations policies, which establish limits on the President's delegated authority. Trustee Gardner agreed that direction to the President should remain within EL-3 while separate language addressing the Board's responsibilities could be considered elsewhere.

Trustee Gardner suggested using "as soon as reasonably possible" for the timeframe referenced in Section 1.4.3 because the appropriate timing may vary depending on the circumstances. There was also discussion regarding the media-coverage provision in Section 1.4. Trustee Gardner recommended removing "negative" from the media-coverage provision. President Cheek reviewed her current interpretation of the provision to inform the Board's consideration of the proposed revision. Vice Chair Hernandez

supported the change and recommended retaining the existing language with the word "negative" removed.

The draft will be revised to reflect the discussion and will return as an information/discussion item at the October Board meeting for further review.

Revisions to GP-6 Board Linkage with Other Organizations – The Board reviewed the proposed revisions. Trustee Gardner questioned whether language focused on board-to-board engagement could unintentionally exclude an external organization's executive director or CEO from participating. She also questioned the phrase "within Board-stated policies" in Section 3 and suggested revising it to say "within the Board's role in ownership linkage and future foresight."

Chair Reid proposed adding to the end of the opening policy statement, "The Board's external relationships shall be conducted consistent with its governance role and shall not interfere with the President's delegated responsibility for administration and operational relationships with external organizations." He also proposed a new Section 3.1: "Individual trustees shall not represent that they speak on behalf of the Board unless authorized by the Board or Board Chair pursuant to Board policy," with the existing Sections 3.1 and 3.2 renumbered accordingly. Trustee Gardner noted that similar language regarding individual Trustee representation may already exist in another policy but indicated that she did not object to the proposed provision.

The draft will be revised to reflect the discussion and will return as an information/discussion item at the October Board meeting for further review.

Revisions to GP-7 Board Planning Cycle and Agenda Control – The Board reviewed the proposed revisions. There were no further suggested changes. The revised policy will be considered for approval at the October Board meeting.

Draft GP-14.2 Policy Review Committee – The Board discussed whether a separate Policy Review Committee is necessary. Trustees noted that the Board already has a multi-year policy review cycle under GP-7 Board Planning Cycle and Agenda Control and that GP-11 Special Rules of Order allows Trustees or the full Board to conduct policy pre-review. Discussion also emphasized the value of full-Board policy discussion and the ability to create an ad hoc committee if a specific future need arises. There was broad agreement that a separate Policy Review Committee is not necessary at this time. No action was taken.

ACTION ITEMS

Revisions to E-1 Ends – Before action, Trustees discussed the measurability of "self-confidence" in Section 1.0. President Cheek explained that the President's interpretation provides the operational measure used to demonstrate compliance and that interpretations are revisited when the Board changes an Ends policy. No change was made to the "self-confidence" language.

Trustees also discussed proposed Section 2.1.1, "Learners have access to financial support." Concern was expressed that the language could be read as guaranteeing financial support to all learners regardless of eligibility. Trustees noted that existing Section 2.3, providing that learners have ancillary support to meet their unique needs, can encompass financial support as well as other forms of support.

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Vice Chair Hernandez moved to approve the revisions to E-1 Ends, with the deletion of proposed Section 2.1.1, "Learners have access to financial support." The Board unanimously approved the revisions to E-1 Ends, as amended.

GP-14 Board Committee Principles – The Board reviewed the proposed policy.

Trustee Luck moved to approve the policy, as presented.

There was discussion to clarify prior revisions, including the change in Section 3 from "they" to "the President." Trustees identified that the sentence "Board committees cannot exercise authority over staff" in Section 3 duplicated language already contained in Section 1.

Trustee Gardner moved to amend approval with the revision to delete the sentence "Board committees cannot exercise authority over staff" from Section 3. The Board accepted the amendment and unanimously approved GP-14 Board Committee Principles, as amended.

GP-14.1 Ownership Linkage Committee – For clarity before action, Chair Reid reviewed the final markup.

On a motion made by Trustee Gardner, the Board approved GP-14.1 Ownership Linkage Committee 6-1, as presented, with Trustee Kimberlin opposed.

MONITORING CEO PERFORMANCE

Acceptance: E-1 Ends (1.0) Monitoring Report – President Cheek presented the annual monitoring report and reported full compliance.

On a motion made by Trustee Luck, the Board unanimously found evidence of compliance with a reasonable interpretation of the policy for E-1 Ends (1.0).

MEETING CONTENT REVIEW

Trustees identified the policy discussions as the strongest governance-level portion of the meeting and noted broad participation and engagement in the discussion.

ADJOURNMENT

The meeting adjourned at 6:07 p.m.

NEXT MEETING

The next regular meeting of the Board will be held on Wednesday, October 14, 2026.

Dr. Annesa Payne Cheek
Secretary/Treasurer

Prepared by Kari Melvin
Office of the President
Frederick Community College

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Frederick Community College

Enclosure 2
October 2026

Minutes for September 28, 2026 Special Meeting

Context: The September 28, 2026 minutes are being presented to the Board for approval via the Consent Agenda. Minutes of the proceedings of every Board meeting shall be prepared by the College President (or the President's designee) with all motions accurately and completely recorded, noting the names of those who make motions, the nature of the motion, and those who vote 'yea' and 'nay.' The minutes of the prior Board Meeting will be provided to and considered by the Board as part of the subsequent Board Meeting materials.

Board Policy Reference: Bylaws of the Board of Trustees of Frederick Community College

Background: The Board of Trustees held a special meeting on September 28, 2026.

Attachment: Minutes of the September 28, 2026 special meeting

BOARD OF TRUSTEES
FREDERICK COMMUNITY COLLEGE

September 28, 2026
Special Meeting

The Board of Trustees of Frederick Community College held a **special meeting** on Monday, September 28, 2026. A physical location for public observation and comment was provided in the Chris T. Matthews Board Room (A201). A virtual option to participate and observe was also provided. Participating virtually were: Trustees Dr. William Reid, Chair; Dr. Carmen R. Hernandez, Vice Chair; Jan H. Gardner; Theodore Luck; Carolyn Kimberlin; and Tracey McPherson. Trustee Stephen Slater was absent. Also participating were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; and Adam Konstas, PK Law, College legal counsel.

CALL TO ORDER

Board Chair Reid called the meeting to order at 3:30 p.m.

PUBLIC COMMENT

There were no comments.

CLOSED SESSION

At 3:31 p.m., the motion was made by Vice Chair Hernandez to convene in closed session and approved by the Board 6-0-1, with Trustee Slater absent. This action was taken in accordance with Maryland's Open Meetings Act, Section 3-305(b)(7) to consult with counsel to obtain legal advice; and Section 3-305(b)(9) to conduct collective bargaining negotiations or consider matters that relate to the negotiations.

The Board convened in closed session virtually on September 28, 2026. Participating were: Trustees Dr. William Reid, Chair; Dr. Carmen R. Hernandez, Vice Chair; Jan H. Gardner; Theodore Luck; Carolyn Kimberlin; and Tracey McPherson. Trustee Stephen Slater was absent. Also participating were President Dr. Annesa Payne Cheek, Secretary/Treasurer of the Board; Avis Boyd, Chief of Staff to the President; Dr. Bridgette Cofield, Vice President for Talent and Culture; Dr. Anne Davis, Provost and Vice President of Teaching, Learning, and Student Success; Scott McVicker, Chief Financial Officer and Vice President for Administration; Pamela Murphy, Labor Relations Specialist; Adam Konstas, PK Law, College legal counsel; and Kari Melvin, Recording Secretary.

The Board obtained legal advice on matters related to collective bargaining strategy and potential positions.

No action was taken.

On a motion made by Trustee Luck, the Board approved 6-0-1, with Trustee Slater absent, to adjourn the closed session at 3:37 p.m. and return to open session.

CALL TO ORDER

The Board of Trustees reconvened in open session. The meeting was called to order by Chair Reid at 3:41 p.m. A physical location for public observation was provided in the Chris T. Matthews Board Room (A201). A virtual option to participate and observe was also provided. Participating virtually were: Trustees Dr. William Reid, Chair; Dr. Carmen R. Hernandez, Vice Chair; Jan H. Gardner; Theodore Luck; Carolyn Kimberlin; and Tracey McPherson. Trustee Stephen Slater was absent. Also participating were President Dr.

Annesa Payne Cheek, Secretary/Treasurer of the Board and Adam Konstas, PK Law, College legal counsel.

ACTION ITEM

Approval of Collective Bargaining Agreement between the Frederick Community College Board of Trustees and United Academics of Maryland-AFT-AAUP, Frederick Community College Chapter

On a motion made by Trustee Luck, the Board approved the Collective Bargaining Agreement between the Frederick Community College Board of Trustees and United Academics of Maryland-AFT-AAUP, Frederick Community College Chapter 6-0-1, as presented, with Trustee Slater absent.

ADJOURNMENT

The meeting adjourned at 3:42 p.m.

Dr. Annesa Payne Cheek
Secretary/Treasurer

Prepared by Kari Melvin
Office of the President
Frederick Community College

Frederick Community College

Enclosure 3
October 2026

Recommendation for Piggyback Contract with Educational Management Solutions, LLC for SIMULATIONiQ™ Enterprise

Context: This piggyback contract with Education Management Solutions, LLC for the purchase of the SIMULATIONiQ™ Enterprise, a simulation management system, in the total amount of $649,234 is being presented to the Board for approval via the Required Approvals Agenda. This document summarizes the recommended piggyback contract and is presented to the Board of Trustees by President Cheek, with preparation support provided by Dr. Anne P. Davis, Provost and Vice President for Teaching, Learning and Student Success.

Board Policy Compliance Monitoring References:

- E-1 Ends (Section 2.2)
- EL-4 Financial Conditions and Activities (Section 4 and 13)
- EL-9 Asset Protection (Sections 5.1, 9, and 9.2)

Background:

- The Board is being asked to approve a five-year contract with Education Management Solutions, LLC (EMS) for the SIMULATIONiQ™ Enterprise system, including hardware, software, training, and technical support, at a cost of $379,310 in FY27, funded through strategic reserves. An additional $269,924 for TotalCAREiQ™ Gold technical support will be billed in four annual payments ($65,490, $66,800, $68,136, $69,499) from FY28 through FY31, funded through the operational budget.
- EMS is the sole developer, owner, and supplier of the proprietary SIMULATIONiQ™ Enterprise, a comprehensive simulation system for higher education that maximizes the learning potential of student simulation-based training through comprehensive simulation management, audio-video capture, skills assessment, and data analysis.
- The acquisition and implementation of SIMULATIONiQ™ Enterprise advances the College's strategic investment in healthcare education by establishing a standardized, enterprise-wide simulation platform that modernizes simulation infrastructure, streamlines program management and learner assessment, supports future growth, and strengthens the College's readiness to achieve Simulation Center of Excellence designation.
    - The Simulation Center of Excellence designation is a national recognition awarded by The Society for Simulation in Healthcare to healthcare and medical training facilities that meet the highest global standards for patient safety, educational quality, and evidence-based simulation practices.
- This procurement represents a strategic and fiscally responsible investment that enhances the quality, consistency, and effectiveness of simulation-based learning experiences while reducing long-term costs by using a single enterprise solution.

- Pursuant to the Code of Maryland Regulations §21.05.07, the Board is required to approve any procurement of over $100,000.
- If a contract with an intergovernmental or cooperative entity has already been executed for the same products/services, the College can “piggyback” on this contract and use the same contract prices subject to the same terms and conditions. A Cost Justification Worksheet is reviewed by Procurement prior to submission to the Board for approval.
- The College recommends entering into an agreement with EMS utilizing the General Services Administration Contract # GS-35F-227BA.
- The College followed COMAR and the College Financial Procedures Manual.

Attachment: None

Frederick Community College

Enclosure 4
October 2026

Approval of the Piggyback Contract with WGL Energy Services, Inc. for Natural Gas Supply

Context: The recommended award of the Piggyback Contract with WGL Energy Services, Inc. for Natural Gas Supply through a piggyback contract with Howard County, Maryland Agreement PA 023-2026, not to exceed $570,000 for FY27 is being presented to the Board for approval. This document summarizes the recommended award and is presented to the Board of Trustees by President Cheek, with preparation support provided by Scott McVicker, CFO and Vice President for Administration.

Board Policy References:

- EL-4 Financial Conditions and Activities (Section 1)
- EL-9 Asset Protection (Sections 5.1, 9, and 9.2)

Background:

- The proposed contract replaces the College's existing piggyback contract with WGL Energy Services, Inc. for natural gas supply, which utilized Frederick County Public Schools Contract No. 18MISC4 and was approved by the Board of Trustees on May 24, 2023.
- The College is a member of the Frederick Area Cooperative Team (FACT), an energy consortium consisting of Frederick County Government, Frederick County Public Schools, and Frederick Community College.
- FACT utilizes Enel X as its energy procurement consultant.
- Pursuant to the Code of Maryland Regulations §21.05.07, the Board is required to approve any procurement over $100,000.
- If a contract with an intergovernmental or cooperative entity has already been executed for the same products/services, the College can "piggyback" on this contract and use the same contract prices subject to the same terms and conditions. A Cost Justification Worksheet is reviewed by Procurement prior to submission to the Board for approval.
- Enel X recommended that FACT procure natural gas through Howard County, Maryland Agreement PA 023-2026 with WGL Energy Services, Inc. as the most cost effective option available.
- The proposed not-to-exceed amount of $570,000 is included in the College's approved FY27 operating budget for utility services.
- The College followed COMAR and the Financial Procedures Manual.

Attachment: None

Frederick Community College

Enclosure 5
October 2026

Audited Financial Reports for the Year Ending June 30, 2026

Context: Frederick Community College's audited financial reports are distributed to the Board of Trustees each year. Attached are the audited financial statements for the fiscal year ending June 30, 2026, as prepared by the auditing firm, SB & Company, for your information and review. This document is presented to the Board of Trustees by President Cheek, with preparation support provided by Scott McVicker, CFO and Vice President for Administration.

Board Policy Compliance Monitoring Reference: EL-4 Financial Conditions and Activities

Background:

The results of the audit include:

- An unmodified opinion which concludes that the financial statements are presented fairly, in all material respects, and in accordance with Government Auditing Standards.
- An unmodified opinion on the annual financial report (CC4) to the Maryland Higher Education Commission.
- There were no material weaknesses, deficiencies, or findings.

FY 2026 financial results compared to FY 2025 include:

	FY 2026	FY 2025
Total assets	$ 146,859,271	$ 138,645,205
Net position	131,751,665	125,954,209
Unrestricted net assets	41,280,366	37,253,677
Total operating revenues	33,383,809	*34,956,102
Total operating expenses	90,011,356	86,283,106
Change in net position	5,797,456	5,824,751
Capital appropriations	7,331,505	5,386,585

* Governmental Accounting Standards Board Statement 103 (GASB 103) Financial Reporting Model Improvements was issued in April 2024 and went into effect on June 15, 2025 with earlier application encouraged. One of the changes affected how the College reports student aid as revenue. Prior to GASB 103, student aid was reported as non-operating revenue. Under the new guidance, it is now reported as operating revenue. As a result, the College revised its FY25 total operating revenue to include student aid to be consistent with its FY26 reporting.

Attachments:

- SB & Company Presentation
- Audited financial statements for the fiscal year ending June 30, 2026
- Annual financial report (CC4) to the Maryland Higher Education Commission

Frederick Community College

Frederick Community College

Presentation to Those Charged with Governance

October 14, 2026

SB & Company

SBC Leadership Team

- Tobi Hollander, Engagement Partner
- Graylin Smith, Client Service Partner
- Chris Mark, Engagement Manager
- Vy Do Nguyen, Engagement Senior

Table of Contents

- Executive Summary
- Audit Approach
- Financial Statement Highlights
- Required Communications

Scope of Services

- Audit of the June 30, 2026 financial statements
- Single Audit for June 30, 2026 testing under Uniform Guidance
- Annual Financial Report to the Maryland Higher Education Commission (CC-4 Report)
- Preparation and submission of the College's form 990-T
- Status of observations noted during the audit process
- Year-round advice and consultation

Summary of the Results

- Issued an unmodified opinion on the financial statements
- Issued an unmodified opinion on annual financial report to the Maryland Higher Education Commission
- Single Audit in progress
- Discovered no material weakness in internal controls
- Recommendations provided to management

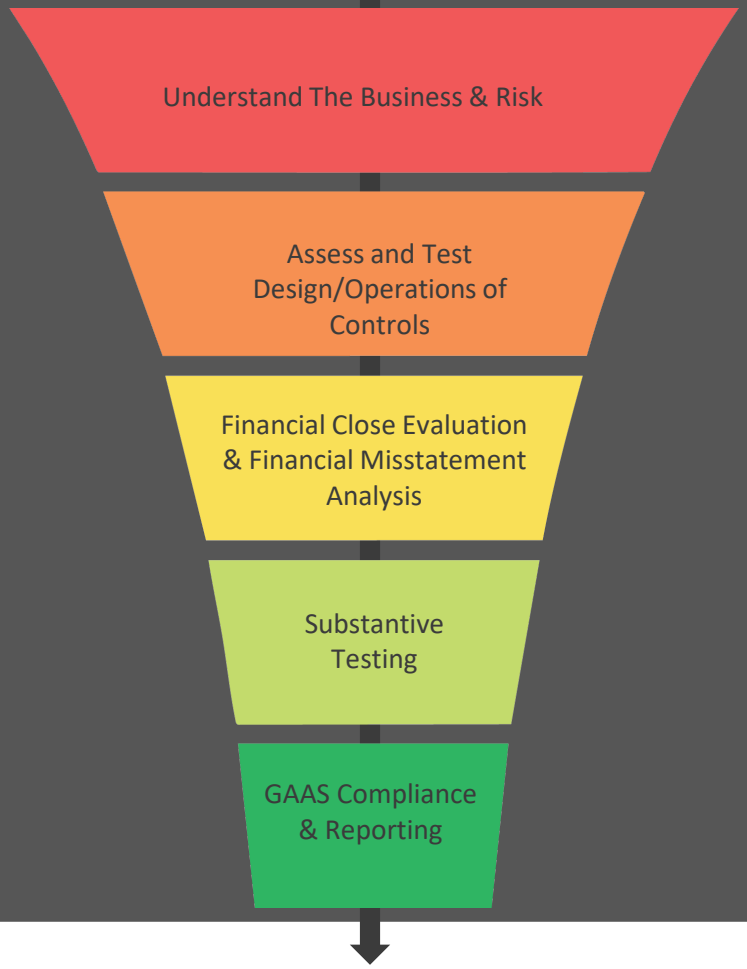
	2026	2025
Total assets	**$ 146,859,271**	$ 138,645,205
Net position	**131,751,665**	125,954,209
Unrestricted net assets	**41,280,366**	37,253,677
Total operating revenues	**33,383,809**	34,956,102
Total operating expenses	**90,011,356**	86,283,106
Change in net position	**5,797,456**	5,824,751

FORCAM Audit Approach

Focus On Risk, Controls, and Account Misstatement

Audit Goals

- Detect Financial Statement Misstatement Risk
- Detect Error:
  - Accounting Principle
  - Estimate
  - Information Processing
  - Account Balances
  - Footnote Disclosures
- Fraud
- Business Failure
- Risk Mitigation:
  1. Understand
  2. Evaluate
  3. Verify Facts
- Business Improvement Opportunities
- Client Expectations



Significant Areas of Audit Risk

Audit Risk Areas

- Cash controls and reconciliation
- Collectability of student and third-party receivables and adequacy of allowance for doubtful accounts
- Inventory accounting
- Completeness of accounts payable and accrued expenses
- Revenue recognition
- Functional allocation of expenses

Key Accounting Policies

- Basis of accounting
- Revenue recognition
- Functional allocation of expenses
- New accounting standards

Assessment of Control Environment

Area	Points to Consider		Effectiveness
Control Environment	▸ Key executive integrity, ethics, and behavior ▸ Control consciousness and operating style ▸ Commitment to competence ▸ Exercise oversight responsibility	▸ Organizational structure, responsibility, and authority ▸ Enforce accountability ▸ HR policies and procedures	Effective
Risk Assessment	▸ Define objectives and risk tolerances ▸ Identify, analyze, and respond to risk ▸ Assess fraud risk ▸ Identify, analyze, and respond to change	▸ Mechanisms to anticipate, identify, and react to significant events ▸ Processes and procedures to identify changes in GAAP, business practices, and internal control	Effective
Control Activities	▸ Design control activities ▸ Design activities for the information system ▸ Implement control activities ▸ Existence of necessary policies and procedures ▸ Clear financial objectives with active monitoring ▸ Assess controls in place	▸ Logical segregation of duties ▸ Periodic comparisons of book-to-actual and physical count-to-books ▸ Adequate safeguards of documents, records, and assets	Effective
Information and Communication	▸ Use quality information ▸ Communicate internally ▸ Communicate externally ▸ Adequate performance reports produced from information systems ▸ Information systems are connected with business strategy	▸ Commitment of HR and finance to develop, test, and monitor IT systems and programs ▸ Business continuity and disaster plan for IT ▸ Established communication channels for employees to fulfill responsibilities ▸ Adequate communication across organization	Effective
Monitoring Activities	▸ Perform monitoring activities ▸ Remediate deficiencies ▸ Frederick County Interagency Internal Audit Authority (IIAA)	▸ Periodic evaluations of internal controls ▸ Implementation of improvement recommendations	Effective

Evaluation of Key Processes

Area	Points to Consider		Effectiveness
Treasury	▸ Cash management ▸ Reconciliations	▸ Debt accounting	Effective
Estimation	▸ Methodology ▸ Calculation	▸ Information	Effective
Fixed Assets	▸ Physical custody ▸ Asset and construction in progress accounting	▸ Depreciation	Effective
Payroll	▸ Hiring ▸ Attendance reporting ▸ Payroll accounting and processing	▸ Payroll distribution ▸ Separation	Effective
Expenditures	▸ Purchasing ▸ Accounts payable ▸ Receiving	▸ Cash disbursements ▸ Purchase card transactions	Effective
Inventory	▸ Physical custody ▸ Inventory accounting	▸ Valuation	Effective
Revenue	▸ Billing ▸ Cash receipts	▸ Revenue recognition ▸ Cutoff	Effective
Financial Reporting	▸ Accounting principles and disclosure ▸ Closing the books ▸ Report preparation	▸ General ledger and journal entry processing ▸ Verification and review of results	Effective
Grant Compliance	▸ Acceptance ▸ Grant oversight ▸ Compliance ▸ Reporting	▸ Monitoring ▸ Accounting ▸ Billing and collection ▸ Grant close out	Effective

Evaluation of Key Processes

(continued)

Area	Points to Consider		Effectiveness
Information Technology	▸ Logical Access Controls ▸ Program Changes ▸ System Operations ▸ System Migration ▸ Physical and Environmental Controls ▸ Back-up and Recovery ▸ Cybersecurity Preparedness	▸ Networks and Communication ▸ Cloud Service Providers ▸ Encryption ▸ System Maintenance/Software Versions ▸ Information Technology Policy Framework ▸ Graham Leach Bliley Act (GLBA)	Effective

Financial Statement Highlights

Statements of Net Position as of June 30, 2026, 2025 and 2024

	2026	2025	2024
Current Assets			
Cash and cash equivalents	**$ 45,215,942**	$ 42,490,301	$ 36,167,477
Accounts receivable:			
Governmental	**4,389,380**	1,199,882	3,009,358
Student & third party, net of allowance	**471,536**	659,075	415,656
Other accounts receivable	**608,565**	630,286	628,486
Total Accounts Receivable	**5,469,481**	2,489,243	4,053,500
Prepaid expenses and other	**655,969**	809,668	808,986
Inventory	**194,015**	217,612	208,209
Total Current Assets	**51,535,407**	46,006,824	41,238,172
Noncurrent Assets			
Capital assets including SBITA, net of accumulated depreciation	**95,323,864**	92,638,381	92,425,798
TOTAL ASSETS	**146,859,271**	138,645,205	133,663,970
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	**3,636,692**	1,772,792	2,072,140
Accrued salaries	**1,061,335**	1,009,155	988,957
Accrued liabilities	**438,231**	574,847	813,607
Accrued leave	**2,469,274**	2,239,228	2,086,078
Bond payable	**360,000**	345,000	330,000
SBITA payable	**415,331**	236,614	333,324
Unearned revenue	**1,940,257**	2,180,383	1,924,757
Total Current Liabilities	**10,321,120**	8,358,019	8,548,863

Financial Statement Highlights

Statements of Net Position as of June 30, 2026, 2025 and 2024
(continued)

	2026	2025	2024
Noncurrent Liabilities			
Bonds payable, net	**$ 3,690,459**	$ 4,114,183	$ 4,528,050
SBITA payable	**1,066,486**	191,799	428,413
Accrued leave	**29,541**	26,995	29,186
Total Noncurrent Liabilities	**4,786,486**	4,332,977	5,722,809
TOTAL LIABILITIES	**15,107,606**	12,690,996	14,271,672
NET POSITION			
Net investment in capital assets	**89,791,588**	87,750,785	86,806,011
Net assets restricted by purpose or time	**679,711**	949,747	823,707
Unrestricted	**41,280,366**	37,253,677	32,499,740
TOTAL NET POSITION	**$ 131,751,665**	$ 125,954,209	$ 120,129,458

Financial Statement Highlights

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2026, 2025 and 2024

	2026	2025	2024
Operating Revenues			
Tuition and fees, net of scholarship	**$ 19,979,417**	$ 19,539,371	$ 18,071,414
Grants and contracts	**2,596,854**	2,896,681	3,365,604
Auxiliary enterprises	**1,770,754**	3,332,198	2,695,990
Other revenue	**3,084,072**	3,500,474	3,559,246
Student aid	**5,952,712**	5,687,378	5,059,385
Total Operating Revenues	**33,383,809**	34,956,102	32,751,639
Operating Expenses			
Instruction:			
Academic	**27,864,658**	26,379,485	25,358,783
Continuing education	**5,146,899**	4,736,027	4,288,990
Total Instruction	**33,011,557**	31,115,512	29,647,773
Academic support	**1,541,328**	1,486,316	1,338,319
Student services	**12,134,568**	11,206,909	9,970,492
Plant operations and maintenance	**12,342,915**	10,053,570	10,194,324
Institutional support	**16,792,178**	15,645,626	12,754,289
Scholarships	**2,703,210**	2,524,319	2,544,099
Student aid expenses	**4,136,438**	4,569,968	4,385,944
Depreciation	**5,428,740**	5,200,311	4,984,022
Auxiliary enterprises	**1,732,773**	3,392,254	3,041,613
Other expenses	**187,649**	1,088,321	611,441
Total Operating Expenses	**90,011,356**	86,283,106	79,472,316
Operating Loss	**(56,627,547)**	(51,327,004)	(46,720,677)

Financial Statement Highlights

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2026, 2025 and 2024(continued)

	2026	2025	2024
Noncapital subsidies			
State appropriations	**$ 22,624,752**	$ 20,743,432	$ 18,548,628
County appropriations	**27,033,605**	26,242,681	24,675,478
County paid benefits	**334,000**	-	-
State paid benefits	**3,771,636**	3,350,946	2,904,986
Total Noncapital subsidies	**53,763,993**	50,337,059	46,129,092
Operating Income (Loss) and Noncapital Subsidies	**(2,863,554)**	(989,945)	(591,585)
Nonoperating Revenue			
State and county capital projects appropriations	**7,331,505**	5,386,585	2,927,322
Investment income, net of fees	**1,329,505**	1,428,111	1,370,504
Total Net Nonoperating Revenue	**8,661,010**	6,814,696	4,297,826
Increase in Net Position	**5,797,456**	5,824,751	3,706,241
Net position - beginning of year	**125,954,209**	120,129,458	116,423,217
Net Position - End of Year	**$ 131,751,665**	$ 125,954,209	$ 120,129,458

Financial Statement Highlights

Statements of Expenses For the Years Ended June 30, 2026, 2025 and 2024

	For the Years Ended		
	June 30, 2026	**June 30, 2025**	**June 30, 2024**
Salaries and benefits	**$ 56,828,830**	$ 54,836,018	$ 50,550,627
Supplies and materials	**4,651,640**	4,028,237	3,562,680
Depreciation and amortization	**5,428,740**	5,200,311	4,984,021
Contracted services	**5,401,903**	7,028,131	5,176,383
Conferences and meetings	**1,197,760**	1,194,443	1,013,801
Communications	**143,680**	134,195	125,807
Utilities	**1,234,729**	1,111,990	1,125,091
Insurance	**327,303**	275,461	297,398
Scholarships	**6,839,648**	7,094,286	6,930,043
Campus projects and equipment	**2,317,129**	586,942	1,431,340
Cost of good sold (bookstore and food service)	**746,398**	734,626	743,659
Miscellaneous	**787,960**	707,520	626,480
Certain fringe benefits paid directly by the State of Maryland and Frederick County	**4,105,636**	3,350,946	2,904,986
Total	**$ 90,011,356**	$ 86,283,106	$ 79,472,316

New Accounting Pronouncements to be Adopted in the Future

GASB No.	Statement	Effect On FCC	Effective Date
103	*Financial Reporting Model Improvements*	Updated MD&A and statement of revenue, expenses and changes in net position	Fiscal Year 2026
104	*Disclosure of Certain Capital Assets*	Updated capital assets disclosure	Fiscal Year 2026
105	*Subsequent Events*	Updating disclosure of subsequent events	Fiscal Year 2027

Required Communications

1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

- ***The significant accounting policies used by management are described in the notes to the financial statements and all were appropriate.***

3. Auditor's Judgments About the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

- ***We have reviewed the significant accounting policies adopted and have determined that those policies are acceptable accounting policies.***

4. Audit Adjustments

We are required to inform the oversight body about adjustments arising from the audit (whether recorded or not) that could in our judgment, either individually or in the aggregate, have a significant effect on the entity's financial reporting process. We also are required to inform the association's oversight body about unadjusted audit differences that were determined by management to be, individually and in the aggregate, immaterial.

- ***There were no adjustments identified during the audit process.***

Required Communications

5. Fraud and Illegal Acts

We are required to report to the organization's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

- ***Our procedures identified no instance of fraud or illegal acts.***

6. Material Weaknesses in Internal Controls

We are required to communicate all significant deficiencies in the organization's systems of internal controls, whether or not they are also material weaknesses.

- ***There were no material weaknesses noted during the audit.***

7. Other Information in Documents Containing Audited Financial Statements

- ***None.***

8. Disagreements with Management on Financial Accounting and Reporting Matters

- ***None.***

9. Serious Difficulties Encountered in Performing the Audit

- ***None.***

10. Major Issues Discussed with Management Prior to Acceptance

- ***None.***

11. Management Representations

- ***We received written representations from management as part of the completion of the audit.***

12. Consultation with Other Accountants

- ***We are not aware of any consultation with other CPA firms.***

13. Independence

As part of our client acceptance process, we go through a process to ensure we are independent of the organization. We are independent.

14. Non-attest Services

We performed non-attest services for the organization related to assistance with drafting the financial statements, CC4, and Single Audit report and will prepare the 990-T tax return.

Required Communications

14. Our Responsibility Related to Fraud

We must:

- Plan and perform the audit to obtain reasonable assurance that there is no material misstatement caused by error or fraud;
- Comply with AU-C Section 240: Consideration of Fraud in a Financial Statement Audit;
- Approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone; and
- Perform mandatory procedures required by GAAS and our firm policies.

- ***Examples of Procedures Performed***
  - ***Discuss thoughts and ideas on where the financial statements might be susceptible to material misstatement due to fraud;***
  - ***Understand pressures on the financial statement results;***
  - ***Understand the tone and culture of the organization;***
  - ***Look for unusual or unexpected transactions, relationships, or procedures;***
  - ***Evaluate key processes and controls;***
  - ***Consider information gathered throughout the audit; and***
  - ***Apply professional skepticism***

Questions?

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SB & Company

Knowledge, Quality, Client Service

Thank you.

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Frederick Community College

ANNUAL FINANCIAL REPORT

JUNE 30, 2026

FREDERICK COMMUNITY COLLEGE

Financial Statements Together with Reports of Independent Public Accountants

For the Years Ended June 30, 2026 and 2025

FREDERICK COMMUNITY COLLEGE

Financial Statements Together with
Reports of Independent Public Accountants

JUNE 30, 2026 AND 2025

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 4

FINANCIAL STATEMENTS:

Statements of Net Position 13

Statements of Revenues, Expenses, and Change in Net Position 14

Statements of Cash Flows 15

Notes to the Financial Statements 17

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 44

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees
Frederick Community College

Opinion

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Frederick Community College (the College), a component unit of Frederick County, Maryland, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Basis for 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 College'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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 controls. 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 controls 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 College's internal controls. 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 College'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 controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 auditing standards generally accepted in

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the United States of America, 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 September 28, 2026 on our consideration of the College's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls 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 College's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 28, 2026

SB & Company, LLC

FREDERICK COMMUNITY COLLEGE

Management's Discussion & Analysis
June 30, 2026 and 2025

This Management's Discussion and Analysis (MD&A) provides an objective and easily readable analysis of the financial activities of Frederick Community College (the College) for the fiscal years ended June 30, 2026 and 2025, with fiscal year 2024 comparative financial information presented for additional context. It should be read in conjunction with the College's basic financial statements and related notes. The MD&A, financial statements, and related notes are the responsibility of management.

Overview of the Financial Statements

The College reports its financial activities using the business-type activities (BTA) model prescribed by the Governmental Accounting Standards Board (GASB) for public colleges and universities. This reporting model reflects the significance of tuition, fees, and other exchange transactions in financing higher education and follows GASB standards applicable to proprietary (enterprise) funds.

Under this reporting model, the College's basic financial statements consist of the Statements of Net Position; the Statements of Revenues, Expenses, and Change in Net Position; the Statements of Cash Flows; and the related notes. The Statements of Net Position reports the College's assets, liabilities, and net position at year-end. The Statements of Revenues, Expenses, and Change in Net Position reports the financial results of operations for the year. The Statements of Cash Flows reports the major sources and uses of cash by activity.

The College reporting entity also includes the Frederick Community College Foundation, Inc. (the Foundation), a discretely presented component unit. The following discussion focuses on the College as the primary component. Information about the Foundation is presented separately in the basic financial statements.

Financial Summary

The following schedule summarizes the condensed statements of net position of the College as of June 30, 2026, 2025, and 2024 and the changes between fiscal years.

	2026	2025	2024	2026/2025 Change	2025/2024 Change
Assets					
Current assets	**$ 51,535,407**	$ 46,006,824	$ 41,238,172	$ 5,528,583	$ 4,768,652
Non-current assets	**95,323,864**	92,638,381	92,425,798	2,685,483	212,583
Total Assets	**146,859,271**	138,645,205	133,663,970	8,214,066	4,981,235
Liabilities and Net Position					
Liabilities:					
Current liabilities	**10,321,120**	8,358,019	8,548,863	1,963,101	(190,844)
Noncurrent liabilities	**4,786,486**	4,332,977	4,985,649	453,509	(652,672)
Total Liabilities	**15,107,606**	12,690,996	13,534,512	2,416,610	(843,516)
Net Position:					
Net investment in capital assets	**89,791,588**	87,750,785	86,806,011	2,040,803	944,774
Restricted	**679,711**	949,747	823,707	(270,036)	126,040
Unrestricted	**41,280,366**	37,253,677	32,499,740	4,026,689	4,753,937
Total Net Position	**$ 131,751,665**	$ 125,954,209	$ 120,129,458	$ 5,797,456	$ 5,824,751

Financial Summary (continued)

The following schedule summarizes the condensed statements of revenue and expenses and changes in net position for the College as of June 30, 2026, 2025, and 2024 and the changes between fiscal years.

	2026	2025	2024	2026/2025 Change	2025/2024 Change
Operating Revenue					
Tuition and fees, net	**$ 19,979,417**	$ 19,539,371	$ 18,071,414	$ 440,046	$ 1,467,957
Grants and contracts	**2,596,854**	2,896,681	3,365,604	(299,827)	(468,923)
Auxiliary enterprises	**1,770,754**	3,332,198	2,695,990	(1,561,444)	636,208
Other revenue	**3,084,072**	3,500,474	3,559,246	(416,402)	(58,772)
Student Aid	**5,952,712**	5,687,378	5,059,385	265,334	627,993
Total Operating Revenue	**33,383,809**	34,956,102	32,751,639	(1,572,293)	2,204,463
Operating Expenses					
Education and general	**82,662,194**	76,602,220	70,835,240	6,059,974	5,766,980
Depreciation/ amortization expense	**5,428,740**	5,200,311	4,984,022	228,429	216,289
Auxiliary enterprises	**1,732,773**	3,392,254	3,041,613	(1,659,481)	350,641
Other expenses	**187,649**	1,088,321	611,441	(900,672)	476,880
Total Operating Expenses	**90,011,356**	86,283,106	79,472,316	3,728,250	6,810,790
Operating Loss	**(56,627,547)**	(51,327,004)	(46,720,677)	(5,300,543)	(4,606,327)
Noncapital Subsidies					
Government appropriations	**49,658,357**	46,986,113	43,224,106	2,672,244	3,762,007
County paid benefits	**334,000**	-	-	334,000	-
State retirement	**3,771,636**	3,350,946	2,904,986	420,690	445,960
Total Noncapital Subsidies	**53,763,993**	50,337,059	46,129,092	3,426,934	4,207,967
Nonoperating Revenue (Expenses)					
Capital appropriations	**7,331,505**	5,386,585	2,927,322	1,944,920	2,459,263
Investment income	**1,329,505**	1,428,111	1,370,504	(98,606)	57,607
Total Nonoperating Revenue	**8,661,010**	6,814,696	4,297,826	1,846,314	2,516,870
Change in Net Position	**$ 5,797,456**	$ 5,824,751	$ 3,706,241	$ (27,295)	$ 2,118,510

Detailed Analyses

Analysis of the Statement of Net Position

The College ended fiscal year 2026 with total net position of $131.7 million, an increase of $5.8 million, or 4.6 percent, from fiscal year 2025. Total assets increased $8.2 million, or 5.9 percent, while total liabilities increased $2.4 million, or 19.0 percent.

The increase in fiscal year 2026 assets was concentrated in current assets and capital assets. Cash and cash equivalents increased $2.7 million, governmental receivables increased $3.2 million, and capital assets, including SBITA right-to-use assets, net of accumulated depreciation and amortization, increased $2.7 million. The increase in fiscal year 2026 liabilities was concentrated in accounts payable and SBITA liabilities. For additional trend context, fiscal year 2024 total assets were $133.7 million, total liabilities were $13.5 million, and total net position was $120.1 million.

Detailed Analysis (continued)

Analysis of the Statement of Net Position (continued)

From fiscal year 2024 to fiscal year 2025, total assets increased $5.0 million, or 3.7 percent, from $133.7 million to $138.6 million. The increase was driven primarily by a $4.8 million increase in current assets, while noncurrent assets increased $213 thousand. Total liabilities decreased $844 thousand, or 6.2 percent, from $13.5 million to $12.7 million. As a result, total net position increased $5.8 million, or 4.8 percent, from $120.1 million to $126.0 million.

Current Assets

Fiscal year 2026 current assets increased $5.5 million, or 12.0 percent. Cash and cash equivalents increased from $42.5 million to $45.2 million. The increase in cash was supported by higher enrollment, which contributed to higher tuition and fee revenues, as well as lower-than-anticipated operating expenses. The Statement of Cash Flows shows that $50.0 million of State and County noncapital financing inflows and $7.3 million of capital appropriations, together with $1.3 million of investment income, more than offset the $48.5 million of net cash used in operating activities, $6.6 million of capital asset purchases, and $0.8 million of bond and SBITA payments. Increased spending on capital projects drove the increase in governmental accounts receivable, which rose from $1.2 million to $4.4 million, and also contributed materially to the increase in current assets. From fiscal year 2024 to fiscal year 2025, current assets increased $4.8 million, or 11.6 percent, from $41.2 million to $46.0 million. This increase accounted for nearly all of the $5.0 million growth in total assets during fiscal year 2025. As in fiscal year 2026, increased enrollment contributed to stronger operating revenues, while expenses were lower than anticipated, allowing the College to retain additional resources and contributing to growth in current assets.

Non-Current Assets

Fiscal year 2026 noncurrent assets increased $2.7 million, or 2.9 percent, to $95.3 million. This category consists of capital assets including SBITA right-to-use assets, net of accumulated depreciation and amortization. The increase in fiscal year 2026 was primarily attributable to continued investment in campus facilities, including construction related to the Campus Services Building and a new Biotech Lab, as well as the renovation of the Carl and Norma Miller Children's Center into the Miller Center for Healthcare Training. These projects reflect the College's ongoing investment in facilities and infrastructure to support institutional programs and services. During fiscal year 2026, the College purchased $6.6 million of capital assets and recorded $5.4 million of depreciation and amortization expense. The resulting year-end balance was $95.3 million compared with $92.6 million at June 30, 2025. From fiscal year 2024 to fiscal year 2025, noncurrent assets increased $213 thousand, or 0.2 percent, from $92.4 million to $92.6 million. The modest change indicates that additions to capital and right-to-use assets were largely offset by depreciation, amortization, and other reductions during fiscal year 2025.

Detailed Analysis (continued)

Liabilities

Fiscal year 2026 total liabilities increased $2.4 million. The increase was primarily attributable to outstanding commitments associated with campus construction projects and additional SBITA obligations related to multi-year software renewals. Accounts payable increased $1.9 million, from $1.8 million to $3.6 million, primarily reflecting amounts outstanding at year-end associated with ongoing campus construction and renovation projects. These projects included the Campus Services Building, the Biotech Lab, and the renovation of the Carl and Norma Miller Children's Center to the Miller Center for Healthcare Training. Total SBITA liabilities increased approximately $1.1 million, from $0.4 million to $1.5 million, reflecting additional subscription-based technology financing obligations associated primarily with multi-year software renewals. These increases were partially offset by a reduction in bonds payable. Accrued leave increased by approximately $233 thousand in total. From fiscal year 2024 to fiscal year 2025, total liabilities decreased $844 thousand, or 6.2 percent, from $13.5 million to $12.7 million.

Current liabilities decreased $191 thousand and noncurrent liabilities decreased $653 thousand, with the larger share of the overall decrease coming from noncurrent obligations. The total decrease in liabilities resulted from lower outstanding accounts payable obligations and principal payments on the outstanding bond debt.

Net Investment in Capital Assets

Fiscal year 2026 net investment in capital assets increased $2.0 million to $89.8 million, consistent with growth in net capital assets after accounting for related outstanding debt. Unrestricted net position increased $4.0 million to $41.3 million. Restricted net position decreased $270 thousand to approximately $680 thousand.

From fiscal year 2024 to fiscal year 2025, net investment in capital assets increased $945 thousand, restricted net position increased $126 thousand, and unrestricted net position increased $4.8 million. The growth in unrestricted net position was the principal reason total net position increased $5.8 million during fiscal year 2025.

<u>Analysis of the Statement of Revenue, Expenses and Changes in Net Position</u>

Revenue

Fiscal year 2026 operating revenues decreased $1.6 million, or 4.5 percent. The largest change was a $1.6 million decrease in auxiliary enterprise revenue. Auxiliary enterprise revenue declined significantly during fiscal year 2026 following the closure of the Carl and Norma Miller Children's Center at the end of fiscal year 2025. During fiscal year 2026, the facility was renovated in preparation for its conversion to the Miller Center for Healthcare Training, which opened in fiscal year 2027. As a result, the facility was no longer reported as an auxiliary enterprise during fiscal year 2026.

Detailed Analysis (continued)

Revenues (continued)

Grants and contracts and other revenue also decreased during fiscal year 2026, primarily due to lower State grant funding, a reduction in Federal Emergency Management Agency (FEMA) contract revenue, and reduced indirect cost recovery from auxiliary services associated with the conversion of the Miller Children's Center from an auxiliary operation to instructional space for healthcare training. These decreases were partially offset by a $440 thousand increase in net tuition and fee revenue and a $265 thousand increase in student aid revenue. The financial statements report tuition and fees net of scholarship allowances of $1.8 million in fiscal year 2026 and $1.1 million in fiscal year 2025.

From fiscal year 2024 to fiscal year 2025, operating revenues increased $2.2 million, or 6.7 percent. The increase was driven by higher net tuition and fee revenue of $1.5 million, higher auxiliary enterprise revenue of $636 thousand, and higher student aid revenue of $628 thousand. The increases in tuition and fee revenue and student aid revenue are directly related to higher enrollment, while the increase in auxiliary enterprise revenue reflects the needed subsidies to cover expenses. These increases were partially offset by decreases of $469 thousand in grants and contracts and $59 thousand in other revenue, primarily from Federal grants.

Expenses

Fiscal year 2026 operating expenses increased by $3.7 million, or 4.3 percent. The increase was primarily attributable to costs associated with enrollment growth, a 3 percent cost-of-living adjustment (COLA) for staff salaries approved for fiscal year 2026, and other operating cost pressures. The largest increases were in plant operations and maintenance ($2.3 million), academic instruction ($1.5 million), institutional support ($1.1 million), and student services ($0.9 million). Increased enrollment contributed to higher instructional and student support costs, while the COLA increased personnel costs across multiple functional areas. In addition, higher costs associated with maintaining and operating College facilities and other general operating cost pressures contributed to the year-over-year increase.

These increases were partially offset by lower auxiliary enterprise expenses and lower other expenses. As a result, the operating loss increased by $5.3 million to $56.6 million in fiscal year 2026. From fiscal year 2024 to fiscal year 2025, operating expenses increased $6.8 million, or 8.6 percent, with higher spending reported across all functional areas.

The increase was primarily attributable to enrollment growth, a 3 percent cost-of-living adjustment (COLA) for staff salaries approved for fiscal year 2025, and one-time payments to full-time faculty in accordance with the Agreement between the Board of Trustees of Frederick Community College and the United Academics of Maryland-AFT-AAUP of Maryland, Frederick Community College Chapter.

Detailed Analysis (continued)

Expenses (continued)

Additional factors contributing to the increase included a 10 percent year-over-year increase in fringe benefit costs and a 23 percent increase in contracted services expenditures. Contracted services included expenditures associated with initiatives such as Achieving the Dream, Institute for the Future, and grant and public safety assessments. The College also utilized $884 thousand, or 36 percent, of the $2.4 million budgeted for Strategic Reserves during fiscal year 2025. However, the $1.5 million originally designated for Unplanned Capital Repair and Replacement was not needed during the year.

Because operating expenses grew more rapidly than the $2.2 million increase in operating revenues, the operating loss increased by $4.6 million, from $46.7 million in fiscal year 2024 to $51.3 million in fiscal year 2025.

Noncapital subsidies

Fiscal year 2026 noncapital subsidies increased $3.4 million, or 6.8 percent, primarily because State appropriations increased $1.9 million, County appropriations increased $1.1 million, and State-paid benefits increased $421 thousand. The increases in State and County appropriations were primarily attributable to increased enrollment, which resulted in higher funding allocations to the College. The increase in State-paid benefits reflected higher State funding for eligible employee benefit costs.

Other nonoperating revenues increased $1.8 million, principally because State and County capital project appropriations increased $1.9 million. These capital appropriations supported the College's ongoing investment in campus facilities and construction projects.

Although the College's operating loss increased in fiscal year 2026, higher State and County appropriations, State-paid benefits, and capital project funding provided sufficient nonoperating support to more than offset the operating loss and other changes in net position. As a result, the College's net position increased $5.8 million during fiscal year 2026. This increase was essentially consistent with the $5.8 million increase in net position reported in fiscal year 2025, indicating that the College's overall financial position continued to improve despite higher operating expenses and the resulting increase in the operating loss.

From fiscal year 2024 to fiscal year 2025, noncapital subsidies increased $4.2 million, primarily reflecting increases in State and County appropriations associated with enrollment growth, as well as increased State funding for eligible employee benefit costs. Other nonoperating revenues increased $2.5 million, primarily reflecting increased State and County support for capital projects. Together, these increases in nonoperating support more than offset the $4.6 million increase in the operating loss.

Detailed Analysis (continued)

Noncapital subsidies (continued)

As a result, the College's net position increased $5.8 million in fiscal year 2025, compared with a $3.7 million increase in fiscal year 2024. The larger increase in net position demonstrates that growth in State and County operating and capital support was sufficient to offset the impact of higher operating expenses on the College's overall financial position.

Significant Capital Asset and Long-Term Financing Activity

Capital assets and related financing remain significant to the College's financial position. Capital assets including SBITA right-to-use assets, net of accumulated depreciation and amortization, totaled $95.3 million as of June 30, 2026, an increase of $2.7 million from the prior year. The Statement of Cash Flows reports $6.6 million of capital asset purchases during fiscal year 2026, while depreciation and amortization expense was $5.4 million. State and County capital project appropriations recognized during the year totaled $7.3 million, compared with $5.4 million in fiscal year 2025.

From fiscal year 2024 to fiscal year 2025, capital assets including SBITA right-to-use assets, net, increased $213 thousand, from $92.4 million to $92.6 million. The limited net increase indicates that capital and right-to-use asset additions during fiscal year 2025 only modestly exceeded depreciation, amortization, disposals, and other reductions.

As of June 30, 2026, SBITA liabilities totaled $1.5 million, consisting of $415 thousand due within one year and $1.1 million due thereafter. This compares with total SBITA liabilities of approximately $428 thousand at June 30, 2025. Bonds payable totaled $4.1 million as of June 30, 2026, including $360 thousand classified as current and $3.7 million reported as noncurrent, net of premium or discount. The Statement of Cash Flows reports $790 thousand of bond and SBITA payments during fiscal year 2026.

From fiscal year 2024 to fiscal year 2025, current liabilities decreased $191 thousand and noncurrent liabilities decreased $653 thousand. The combined $844 thousand reduction in liabilities, together with the $213 thousand increase in net capital assets, contributed to the $945 thousand increase in net investment in capital assets over the same period.

Currently Known Facts, Decisions, or Conditions

Combined Credit and Continuing Education and Workforce Development (CEWD) enrollment at Frederick Community College has increased each year since fiscal year 2021. Enrollment increased from 11,209 students in fiscal year 2021 to 12,351 in fiscal year 2022, an increase of approximately 10%. Enrollment subsequently increased 15% to 14,190 in fiscal year 2023 and 7% to 15,243 in fiscal year 2024. Growth moderated in fiscal year 2025, with enrollment increasing 0.5% to 15,323, followed by an increase of approximately 2.4% to 15,689 in fiscal year 2026. Overall, combined enrollment increased approximately 40% between fiscal years 2021 and 2026. The College expects enrollment to remain stable with opportunities for continued incremental growth over the next 10 years. While the significant increases experienced during fiscal years 2022 through 2024 are not assumed to continue at the same rates, recent enrollment results demonstrate sustained demand for the College's credit and workforce development programs. The College's continued emphasis on student recruitment, retention, community outreach, workforce development, and programs responsive to regional educational and employment needs is expected to support future enrollment.

Enrollment is also expected to benefit from provisions of the Blueprint for Maryland's Future that encourage Frederick County Public Schools (FCPS) students to participate in dual enrollment programs without tuition and fee costs to the students. The College receives reimbursement from FCPS for tuition associated with eligible dually enrolled students and receives State funding associated with eligible dual enrollment full-time equivalent enrollment. These programs provide an additional source of enrollment and related revenue while expanding access to higher education for Frederick County students.

Based on the College's enrollment experience since fiscal year 2021, current enrollment initiatives, dual enrollment opportunities, and anticipated demand for credit and workforce development programs, management anticipates modest long-term enrollment growth over the next 10 years. Corresponding tuition, fee, and enrollment-related revenues are therefore expected to increase incrementally over this period. Actual enrollment and related revenues may vary from these expectations as a result of demographic trends, economic conditions, State and local funding decisions, changes in educational delivery and student preferences, labor market conditions, and other external factors.

The College continues to operate under the collective bargaining agreement with United Academics of Maryland-AFT covering full-time faculty. The agreement, approved by the Board of Trustees on June 11, 2025, remains in effect through June 30, 2028, with renegotiation for compensation and benefits for fiscal years 2027 and 2028.

Fiscal year 2026 State and County operating appropriations totaled approximately $50.0 million, and capital project appropriations totaled $7.3 million. Future appropriations are subject to governmental budget decisions and could affect future operating results and the timing or scope of capital projects.

Contacting Frederick Community College Financial Management

This report is designed to provide interested parties with a general overview of the financial activities of the College. Questions about this report or requests for additional financial information may be directed to Frederick Community College, Finance Office, 7932 Opossumtown Pike, Frederick, Maryland 21702.

FREDERICK COMMUNITY COLLEGE

Statements of Net Position
As of June 30, 2026 and 2025

	Frederick Community College		Component Unit Frederick Community College Foundation, Inc.	
ASSETS	**2026**	**2025**	**2026**	**2025**
Current Assets				
Cash and cash equivalents	**$ 45,215,942**	$ 42,490,301	**$ 175,863**	$ 325,209
Investments	**-**	-	**25,247,270**	23,032,054
Accounts receivable:				
Governmental	**4,389,380**	1,199,882	**-**	-
Student & third party, net of allowance	**471,536**	659,075	**-**	-
Other accounts receivable	**608,565**	630,286	**-**	-
Total Accounts Receivable	**5,469,481**	2,489,243	**-**	-
Prepaid expenses and other assets	**655,969**	809,668	**46,008**	6,797
Inventory	**194,015**	217,612	**-**	-
Total Current Assets	**51,535,407**	46,006,824	**25,469,141**	23,364,060
Noncurrent Assets				
Beneficial interest in charitable remainder trust	**-**	-	**41,462**	24,842
Capital assets including SBITA, net of accumulated depreciation	**95,323,864**	92,638,381	**-**	-
Total Noncurrent Assets	**95,323,864**	92,638,381	**41,462**	24,842
TOTAL ASSETS	**146,859,271**	138,645,205	**25,510,603**	23,388,902
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable	**3,636,692**	1,772,792	**19,660**	37,966
Accrued salaries	**1,061,335**	1,009,155	**-**	-
Accrued liabilities	**438,231**	574,847	**-**	-
Accrued leave	**2,469,274**	2,239,228	**-**	-
Bond payable	**360,000**	345,000	**-**	-
SBITA payable	**415,331**	236,614	**-**	-
Unearned revenue	**1,940,257**	2,180,383	**4,943**	16,791
Total Current Liabilities	**10,321,120**	8,358,019	**24,603**	54,757
Non-current Liabilities:				
Bond payable, net of premium/discount	**3,690,459**	4,114,183	**-**	-
SBITA payable	**1,066,486**	191,799	**-**	-
Accrued leave	**29,541**	26,995	**-**	-
Total Non-current Liabilities	**4,786,486**	4,332,977	**-**	-
TOTAL LIABILITIES	**15,107,606**	12,690,996	**24,603**	54,757
NET POSITION				
Net investment in capital assets	**89,791,588**	87,750,785	**-**	-
Net assets restricted by purpose or time	**679,711**	949,747	**13,803,095**	12,618,378
Net assets restricted in perpetuity	**-**	-	**6,102,980**	5,829,911
Unrestricted net assets	**41,280,366**	37,253,677	**5,579,925**	4,885,856
TOTAL NET POSITION	**$ 131,751,665**	$ 125,954,209	**$ 25,486,000**	$ 23,334,145

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE

Statements of Revenues, Expenses, and Change in Net Position
For the Years Ended June 30, 2026 and 2025

	Frederick Community College		Component Unit Frederick Community College Foundation, Inc.	
Operating Revenues	**2026**	**2025**	**2026**	**2025**
Tuition and fees, net of scholarship allowances of $1,816,274 and $1,117,410, respectively	**$ 19,979,417**	$ 19,539,371	**$ -**	$ -
Grants and contracts	**2,596,854**	2,896,681	**-**	-
Auxiliary enterprises	**1,770,754**	3,332,198	**-**	-
Contributions	**-**	-	**584,036**	533,460
In-kind contributions	**-**	-	**688,965**	478,779
Other revenue	**3,084,072**	3,500,474	**345,234**	342,399
Student aid	**5,952,712**	5,687,378	**-**	-
Total Operating Revenues	**33,383,809**	34,956,102	**1,618,235**	1,354,638
Operating Expenses				
Instruction				
Academic	**27,864,658**	26,379,485	**-**	-
Continuing education	**5,146,899**	4,736,027	**-**	-
Total instruction	**33,011,557**	31,115,512	**-**	-
Academic support	**1,541,328**	1,486,316	**-**	-
Student services	**12,134,568**	11,206,909	**-**	-
Plant operations and maintenance	**12,342,915**	10,053,570	**-**	-
Institutional support	**16,792,178**	15,645,626	**-**	-
Scholarships	**2,703,210**	2,524,319	**-**	-
Student aid	**4,136,438**	4,569,968	**-**	-
Depreciation and amortization	**5,428,740**	5,200,311	**-**	-
Auxiliary enterprises	**1,732,773**	3,392,254	**-**	-
Program services	**-**	-	**1,433,628**	1,252,337
Support services	**-**	-	**574,033**	477,842
Other expenses	**187,649**	1,088,321	**-**	-
Total Operating Expenses	**90,011,356**	86,283,106	**2,007,661**	1,730,179
Operating Loss	**(56,627,547)**	(51,327,004)	**(389,426)**	(375,541)
Noncapital Subsidies				
State appropriations	**22,624,752**	20,743,432	**-**	-
County appropriations	**27,033,605**	26,242,681	**-**	-
County paid benefits	**334,000**	-	**-**	-
State paid benefits	**3,771,636**	3,350,946	**-**	-
Total Noncapital Subsidies	**53,763,993**	50,337,059	**-**	-
Operating Loss and Noncapital Subsidies	**(2,863,554)**	(989,945)	**(389,426)**	(375,541)
Other Nonoperating Revenues				
State and county capital projects appropriations	**7,331,505**	5,386,585	**-**	-
Investment income, net of fees	**1,329,505**	1,428,111	**54,231**	233,557
Net unrealized and realized gain on investments	**-**	-	**2,470,430**	1,425,134
Change in the value of charitable remainder trust	**-**	-	**16,620**	1,028
Total Other Nonoperating Revenues	**8,661,010**	6,814,696	**2,541,281**	1,659,719
Change in Net Position	**5,797,456**	5,824,751	**2,151,855**	1,284,178
Net Position - Beginning of Year	**125,954,209**	120,129,458	**23,334,145**	22,049,967
Net Position - End of Year	**$ 131,751,665**	$ 125,954,209	**$ 25,486,000**	$ 23,334,145

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE

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

Cash Flows From Operating Activities	**2026**	**2025**
Tuition and fees received	**$ 13,077,929**	$ 11,859,360
Payments to suppliers	**(14,967,646)**	(15,706,319)
Payments to employees	**(56,878,058)**	(54,421,328)
Auxiliary enterprise charges	**1,770,754**	3,332,198
Other receipts	**2,856,402**	8,201,785
Federal revenue	**5,952,712**	5,687,378
Net Cash From Operating Activities	**(48,187,907)**	(41,046,926)
Cash Flows From Noncapital Financial Activities		
State and county appropriations	**49,658,357**	46,986,113
Net Cash From Noncapital Financing Activities	**49,658,357**	46,986,113
Cash Flows From Capital and Related Financing Activities		
State and county capital appropriations	**7,331,505**	5,386,584
Purchase of capital assets	**(6,615,579)**	(5,767,734)
Payments of bonds and SBITA	**(790,240)**	(663,324)
Net Cash From Capital and Related Financing Activities	**(74,314)**	(1,044,474)
Cash Flows From Investing Activities		
Investment income, net of fees	**1,329,505**	1,428,111
Change in Cash and Cash Equivalents	**2,725,641**	6,322,824
Cash and Cash Equivalents, Beginning of Year	**42,490,301**	36,167,477
Cash and Cash Equivalents, End of Year	**$ 45,215,942**	$ 42,490,301
Schedule of Non-Cash Capital and Related Financing Activities:		
Right-of-use asset acquired through SBITA	**$ 1,498,644**	$ -

The accompanying notes are an integral part of these financial statements.

FREDERICK COMMUNITY COLLEGE

Statements of Cash Flows (continued)
For the Years Ended June 30, 2026 and 2025

	2026	2025
Operating Loss	**$ (56,627,547)**	$ (51,327,004)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities		
Amortization of deferred financing	**(63,724)**	(68,867)
Depreciation and amortization	**5,428,740**	5,200,311
State and county paid benefits	**4,105,636**	3,350,946
Loss on disposal of assets	**-**	354,841
Effect of the Changes in Non-Cash Operating Assets and Liabilities		
Accounts receivable	**(2,980,238)**	1,564,257
Prepaid expenses	**153,699**	(682)
Inventory	**23,597**	(9,403)
Accounts payable	**1,863,900**	(299,348)
Accrued salaries	**52,180**	20,198
Accrued liabilities	**(136,616)**	(238,760)
Accrued leave	**232,592**	150,959
Unearned revenue	**(240,126)**	255,626
Net Cash From Operating Activities	**$ (48,187,907)**	$ (41,046,926)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Frederick Community College (the College)

Frederick Community College (the College) is a comprehensive public community college serving Frederick County, Maryland, and the surrounding region. The College provides credit, continuing education and workforce development programs, including associate degrees, certificates, workforce and career training, continuing education, and dual enrollment opportunities. The College's primary purpose is to provide accessible educational opportunities that support student success, transfer, workforce development, and the educational and economic needs of the community. The College serves approximately 15,700 credit, continuing education and workforce development students annually.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Frederick Community College (the College) is considered a business-type special-purpose government using the activities reporting model. The business-type activities model requires the following financial statement components:

- Management’s Discussion and Analysis;
- Statement of Net Position;
- Statement of Revenues, Expenses and Change in Net Position;
- Statement of Cash Flows; and
- Notes to the Financial Statements.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. The summer semesters of the College overlap fiscal years. Consistent with generally accepted accounting principles, summer semester revenue is recorded as earned and expenditures are recorded as incurred in each fiscal year.

Reporting Entity

The College is a separate legal entity created by state law and accordingly prepares its own financial statements and reports. Since the County Council of Frederick County approves the operating budget of the College, the College is also included as a component unit in the financial statements of Frederick County, Maryland (the County). Although the College does not control the timing or amount of receipts from the Frederick Community College Foundation, Inc. (the Foundation), all of the resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Reporting Entity (continued)

Because these restricted resources held by the Foundation can only be used by, or for, the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the accompanying financial statements of the College.

Complete financial statements for the Foundation can be obtained by contacting Frederick Community College Foundation, Inc., 7932 Opossumtown Pike, Frederick, MD, 21702.

Budgetary Accounting

The College maintains a system of budgetary control for management purposes and to meet requirements of state law. Encumbrance accounting is used for budgetary purposes. Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in these financial statements.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Net Position and Statements of Cash Flows, cash and cash equivalents include deposits and short-term (mature within 90 days of purchase) investment funds held at financial institutions.

Accounts Receivable

Accounts receivable relates to transactions involving student tuition and fee billings, governmental appropriations, grants and contracts, financial aid, and other miscellaneous transactions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Allowance for Doubtful Accounts

Accounts receivable is reduced by a valuation allowance that reflects the best estimate by management of the amount of accounts receivable that will not be collected. This valuation allowance is based on the age, historical trends and estimated collectability of individual receivables. The allowance for doubtful accounts was $250,682 and $120,695, as of June 30, 2026 and 2025, respectively.

Scholarship Allowance

Student tuition and fees are reported net of any scholarship allowance. A scholarship allowance is the difference between the stated charge for tuition, goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. These scholarship allowances represent funds received from outside resources such as the Title IV Federal Grant Program.

Capital Assets

Capital assets are either recorded at cost or, in the case of contributed assets, at the fair value at the date of donation. The policy of the College is to include only those capital assets with a purchase price or fair value at donation of at least $5,000 and a minimum life of 1 year. The library collection is recorded and valued annually as a group at cost or estimated cost without regard to individual item cost. It is depreciated on a unit basis with additions for each year comprising an individual unit.

Capital asset additions constructed using funding provided by the State or County government agencies are stated at the cost incurred for such additions by the College. Depreciation is expensed over the estimated economic life of the asset on a straight line basis as follows:

	Number of Years
Buildings and improvements	10-40
Library collection	10
Furniture and equipment	5-10
SBITA right to use assets	1-5

Inventory

Inventory is carried at the lower of average cost or market as of June 30, 2026 and 2025.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Revenue Recognition and Unearned Revenue

Tuition revenue is recognized when instruction is provided. Grant and appropriation revenue is recognized when all of the conditions are met.

Unearned revenue is primarily tuition received for semesters beginning after year end.

Operating Revenue and Expenses

The principal ongoing operations of the College determine operating flow activities. Ongoing operations of the College include, but are not limited to, providing intellectual, cultural and social services through two-year associate degree programs, continuing education programs and continuous learning programs.

Operating revenue of the College consists primarily of tuition and fees, grants and contracts, and auxiliary enterprise income. Operating expenses include those expenses incurred in providing the College's educational programs, student services, institutional support, and other operating activities.

Revenues and expenses that are not directly related to the College's primary operating activities are classified as non-operating. Non-operating revenues consist primarily of State and County appropriations, State-paid and County-paid employee benefits, investment income, and other revenues that support the College's operations but are classified as non-operating under GASB reporting standards. Non-operating expenses include interest expenses and other financing-related expenses.

Because significant public funding provided by the State and County is classified as non-operating revenue, the College generally reports an operating loss. Accordingly, the operating loss should be considered in conjunction with non-operating revenues when evaluating the College's overall financial results and change in net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Expenses

The Statements of Revenues, Expenses, and Change in Net Position categorize expenses by function. The following summarizes expenses by type:

	For the Years Ended June 30,	
	2026	2025
Salaries and benefits	**$ 56,828,830**	$ 54,836,018
Supplies and materials	**4,651,640**	4,028,237
Depreciation and amortization	**5,428,740**	5,200,311
Contracted services	**5,401,903**	7,028,131
Conferences and meetings	**1,197,760**	1,194,443
Communications	**143,680**	134,195
Utilities	**1,234,729**	1,111,990
Insurance	**327,303**	275,461
Scholarships and student aid	**6,839,648**	7,094,286
Campus projects and equipment	**2,317,129**	586,942
Cost of good sold (bookstore)	**746,398**	734,626
Miscellaneous	**787,960**	707,520
Certain fringe benefits paid directly by the State of Maryland and Frederick County	**4,105,636**	3,350,946
Total	**$ 90,011,356**	$ 86,283,106

Compensated Absences

Eligible full-time regular administrators, full-time regular support staff, and interpreter support staff on a full-time schedule will receive twenty (20) days (140 hours) of annual leave per year, which is earned monthly. All employees who are part-time regular administrators, part-time regular support staff, or interpreters on a part-time schedule and who work at least 17.5 hours per week are eligible for a prorated share of annual leave.

Regular employees hired and working prior to July 1, 1987 may accumulate a maximum of 40 days of annual leave and are paid up to a maximum of 30 days upon separation from employment for resignation, retirement, or non-renewal. Those hired after June 30, 1987 may accumulate a maximum of 30 days and there is no cash payout of unused annual leave upon separation from employment.

Annual leave benefits earned but not yet taken are charged to expense in the current fiscal year. These benefits will be funded by future appropriations when paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College (the College) (continued)

Compensated Absences (continued)

All full-time regular administrators, full-time regular support staff, interpreter support staff on a full-time schedule, and full-time faculty are eligible for sick leave, earned at a rate of one (1) day (7 hours) of sick leave for each month worked. All employees who are part-time regular administrators, part-time regular support staff, or interpreters on a part-time schedule and who work at least 17.5 hours per week are eligible for sick leave earned on a prorated basis. Unlimited sick leave may be accumulated. Eligible staff employed prior to July 1, 1985 are eligible for payout upon termination of 40% of sick leave accumulated up to a maximum of 120 days. For those hired after July 1, 1985, there is no cash payout of unused sick leave upon separation from employment.

The College analyzed the historical usage of sick leave to estimate the sick leave "that is more likely than not" going to be used in the future. The compensated absences related to sick leave is measured based on the LIFO (Last-In, First-Out) assumption, which assumes that leave usage will come from the most recently earned hours first. Leave that is more likely than not to be used as well as the related payroll taxes are recorded in the compensated absences liability.

Federal and State Income Tax Status

The College is exempt from federal and state income taxes as it is essentially a political subdivision of the state. The Foundation is exempt from taxation under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no income taxes are reflected in these financial statements.

Net Position

The College maintains the following net position classifications:

Net Investment in Capital Assets
Capital assets, including Subscription Based Information Technology arrangements (SBITA), net of accumulated depreciation, amortization and outstanding debt and SBITA liability.

Restricted
Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.

Unrestricted
Unrestricted net position may be designated for specific purposes by the College Board of Trustees. When both restricted and unrestricted net position are available for expenditure, the decision as to which assets are used first is left to the discretion of the College.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation)

Basis of Accounting

The Foundation is a publicly supported foundation incorporated under the laws of the State of Maryland. The Foundation is organized exclusively for charitable, scientific, literary and educational purposes; to promote, augment and further the educational purposes and programs of the College, a non-profit educational institute of higher learning; and to assist in developing and carrying out the educational functions of the College for the benefit of students, faculty and the community at large. The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Revenue Recognition

The Foundation is a private non-profit organization that accounts for its activities under the Financial Accounting Standards Board (FASB) standards, as denoted in the FASB Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation financial information included in the College's financial statements for these differences.

Foundation Assets

The Foundation was notified that it was one of several remainder beneficiaries of an irrevocable Charitable Remainder Unitrust (CRUT).

A qualifying charitable remainder trust provides lifetime income to the donor and/or family members of the donor, with the remaining trust assets passing to the Foundation when the trust ends. The trust was created by donors independent of the Foundation and is neither in the possession nor under the control of the Foundation. The Trust is administered by outside fiscal agents as designated by the donors. The original trust agreement was signed February 24, 1998.

The Foundation recorded the present value of the remainder interest in the CRUT, discounted at a rate of 5.44%, totaling $41,462 and $24,842, as of June 30, 2026 and 2025, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation) (continued)

Endowment Fund Management Policy

The Foundation follows accounting principles generally accepted in the United States of America (GAAP). GAAP requires that the amount classified as with donor restrictions shall be the amount of the fund (a) that must be retained in accordance with explicit donor stipulations, or (b) that in the absence of such stipulations, determined by the governing board of the organization, must be retained consistent with the relevant law. GAAP also expands the disclosures required for both donor-restricted and board-designated endowment funds.

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as it relates to making a determination to appropriate or accumulate donor restricted endowment funds and as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary.

Fair Value Measurement

GAAP establish a 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 described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation) (continued)

Fair Value Measurement (continued)

Realized and unrealized gains and losses are reflected in the Statements of Revenues, Expenses, and Change in Net Position. Investment income from money market funds is recognized on a monthly basis. Investment income from the University System of Maryland Foundation (USMF) is recorded on a monthly basis as notified by the fund. At year-end, an accrual is made for interest earned through that date. The investment objectives of the Foundation are to provide stable and predictable spendable cash income from year to year, and to preserve the capital value of the fund protecting it from wide variations in market value. The investment manager and custodial management fees are deducted from investment income earned.

Classification of Net Assets

As required under generally accepted accounting principles in the United States, the Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Contributions not subject to donor-imposed stipulations, or whose restrictions have been satisfied in the same reporting period in which the contribution is received, are recorded as net assets without donor restrictions. As of June 30, 2026 and 2025, net assets without donor restrictions were $5,579,925 and $4,885,856, respectively.

Net assets with donor restrictions are contributions subject to donor-imposed stipulations that will be met by the Foundation through the passage of time, conduct of service, or incurrence of expenditures. When donor restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions with donor restrictions that are received and expended in the same fiscal year are treated as restricted revenue and net assets with donor restrictions released from restrictions in that year.

Net assets with donor restrictions by purpose as of June 30, 2026 and 2025, consisted of the following:

	As of June 30,	
	2026	2025
Scholarships	**$ 6,151,528**	$ 5,475,162
Scholarship quasi-endowment	**6,849,817**	6,369,152
Program support	**657,274**	615,330
Academic purposes	**144,476**	158,734
Total Net Assets Restricted by Purpose	**$ 13,803,095**	$ 12,618,378

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Frederick Community College Foundation, Inc. (the Foundation) (continued)

Classification of Net Assets (continued)

Net assets released from donor restrictions during the years ended June 30, 2026 and 2025, were as follows:

	For the Years Ended June 30,	
	2026	2025
Scholarships	**$ 946,528**	$ 934,588
Program services	**264,688**	91,768
Support services	**12,053**	17,469
Administrative fees	**109,704**	102,103
Total Net Assets Released from Donor Restrictions	**$ 1,332,973**	$ 1,145,928

Certain net assets with donor restrictions are contributions subject to donor imposed restrictions that must be maintained in perpetuity by the Foundation. Net assets with donor restrictions in perpetuity as of June 30, 2026 and 2025, consisted of the following:

	As of June 30,	
	2026	2025
Scholarships	**$ 6,011,498**	$ 5,738,428
Other program support	**91,482**	91,483
Total Net Assets Restricted in Perpetuity	**$ 6,102,980**	$ 5,829,911

Implemented Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues of the reporting model. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College implemented this standard during the year ended June 30, 2026. The implementation did not have a material effect on the financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College implemented this standard during the year ended June 30, 2026. The implementation did not have a material effect on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upcoming Accounting Pronouncements

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The College will be analyzing the effects of this standard and will adopt by its effective dates.

Reclassifications

Certain reclassifications have been made to the 2025 balances to conform with the 2026 presentation. The reclassifications had no effect on the changes in net assets.

Subsequent Events

The College's management evaluated the accompanying financial statements for subsequent events and transactions through September 28, 2026, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Frederick Community College

The College includes cash on hand, cash in bank accounts and cash invested in the Maryland Local Government Investment Pool (MLGIP) as cash and cash equivalents in the accompanying financial statements. Cash on hand for petty cash and change funds as of June 30, 2026 and 2025, was $4,000 for both years.

Deposits

The carrying amount of the College deposits as of June 30, 2026 and 2025, was $31,802,969 and $29,599,725, respectively, and the bank balance was $32,034,085 and $29,710,048, respectively. All of the College bank balances are collateralized by federal agency securities held in safekeeping by the Federal Reserve.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

MLGIP

Article 95, Section 22 of the Annotated Code of the Public General Laws of Maryland and the College investment policy, determines the allowable investments the College can make. The College may invest in certificates of deposit with commercial banks in the State of Maryland, direct U.S. obligations, U.S. government agency obligations, repurchase agreements, bankers acceptances from approved banks with acceptable credit ratings, commercial paper from entities with an acceptable credit rating, money market funds and the MLGIP. The College investment balance in the MLGIP as of June 30, 2026 and 2025, was $13,408,973 and $12,886,576, respectively. This investment is considered to be a cash equivalent for financial statement purposes. The College has no unfunded commitments nor significant terms or conditions for redemption.

Reconciliation of Cash and Cash Equivalents as shown on the Statements of Net Position:

	As of June 30,	
	2026	2025
Cash on hand	**$ 4,000**	$ 4,000
Carrying amount of deposits	**31,802,969**	29,599,725
Carrying amount of MLGIP	**13,408,973**	12,886,576
Total Cash and Cash Equivalents	**$ 45,215,942**	$ 42,490,301

Investment income includes net interest and dividends of $1,329,505 and $1,428,111, for the years ended June 30, 2026 and 2025, respectively.

Investment Rate Risk

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit the College exposure to fair value losses arising from increasing rates, the College investment policy limits the term of investment maturities. For the years ended June 30, 2026 and 2025, the College investments were limited to the MLGIP. College management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the College from having to sell investments below original cost for that purpose. The investments as of June 30, 2026 and 2025, met the College investment policy.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

The College invests in MLGIP which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95, Section 22G, of the Annotated Code of Maryland and is rated AAAm by Standard & Poors, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of $1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a $1.00 per unit constant value.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover all or a portion of the value of its investments or collateral securities that are in possession of an outside party. The College investments were all invested in the MLGIP.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Frederick Community College Foundation, Inc.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund scholarships and programs. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the fiscal year of the Foundation.

The Foundation has a policy to structure its financial assets to be available as general expenditure, liabilities and other obligations come due. The Foundation operating cash account balance was $175,863 as of June 30, 2026. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments including a Certificate of Deposit. The Foundation has a one-year Certificate of Deposit in the amount of $229,561 as of June 30, 2026 at 3.75% APY, which it can draw upon in the event of an unanticipated liquidity need. In addition, as of June 30, 2026, the Foundation had $4,916,777 in unrestricted non-endowed investments at the USMF that is readily available for withdrawal if needed, upon Board approval.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

Frederick Community College Foundation, Inc. (continued)

The Foundation's endowment funds consist of donor-restricted and board restricted quasi-endowments. Investments and income from donor-restricted and quasi-endowments are restricted for specific purposes and therefore are not available for general expenditure.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents the Foundation's financial assets available for general expenditures within one year as of June 30, 2026, and 2025:

	2026	2025
Financial assets at year-end:		
Cash and cash equivalents	**$ 175,863**	$ 325,209
Certificate of deposit	**229,561**	220,881
Investments	**25,017,709**	22,811,173
Total	**25,423,133**	23,357,263
Less amounts not available to be used within one year:		
Net assets with donor restrictions:		
Purpose restrictions	**13,803,095**	12,618,378
Perpetual in nature	**6,102,980**	5,829,911
Total	**19,906,075**	18,448,289
Total Financial Assets Available to Meet Cash Needs	**$ 5,517,058**	$ 4,908,974

4. RELATIONS WITH FREDERICK COUNTY, MARYLAND

Frederick Community College

The County provides approximately 35% of the operating budget of the College. The College budget is subject to the approval of the County Council. The County provided an in-kind appropriation for PeopleSoft and information technology support of $319,185 and $467,833, for the years ended June 30, 2026 and 2025, respectively. They also provided an in-kind appropriation for internal audit services and appraisals of $125,185 and $19,396, for the years ended June 30, 2026 and 2025, respectively. These amounts have been included in the County appropriation revenue and as part of Institutional Support expenses in the accompanying financial statements.

5. CAPITAL ASSETS

Frederick Community College

Capital assets and accumulated depreciation activity for the years ended June 30, 2026 and 2025, were as follows:

	July 1, 2025	Additions & Transfers	Retirements & Transfers	June 30, 2026
Capital Assets not Being Depreciated				
Land	$ 271,620	$ -	$ -	**$ 271,620**
Construction in progress	1,054,977	5,479,204	(143,391)	**6,390,790**
Total Capital Assets not Being Depreciated	1,326,597	5,479,204	(143,391)	**6,662,410**
Capital Assets Being Depreciated				
Building and improvements	147,307,886	49,038	-	**147,356,924**
Site improvements	11,274,626	720,264	-	**11,994,890**
Furniture and equipment	8,603,277	510,464	(74,590)	**9,039,151**
Library collection	2,090,347	-	-	**2,090,347**
Right to use asset, SBITA	1,371,079	1,498,644	(1,194,216)	**1,675,507**
Total Capital Assets Being Depreciated	170,647,215	2,778,410	(1,268,806)	**172,156,819**
Less: Accumulated Depreciation and Amortization				
Building and improvements	(63,011,181)	(3,764,897)	-	**(66,776,078)**
Site improvements	(7,249,206)	(430,869)	-	**(7,680,075)**
Furniture and equipment	(6,023,346)	(740,935)	74,590	**(6,689,691)**
Library collection	(2,070,272)	(4,126)	-	**(2,074,398)**
Right to use asset, SBITA	(981,426)	(487,913)	1,194,216	**(275,123)**
Total Accumulated Depreciation	(79,335,431)	(5,428,740)	1,268,806	**(83,495,365)**
Total Assets Being Depreciated, Net	91,311,784	(2,650,330)	-	**88,661,454**
Capital Assets, Net	$ 92,638,381	$ 2,828,874	$ (143,391)	**$ 95,323,864**

	June 30, 2024	Additions & Transfers	Retirements & & Transfers	June 30, 2025
Capital Assets not being Depreciated				
Land	$ 271,620	$ -	$ -	**$ 271,620**
Construction in progress	2,355,324	715,786	(2,016,133)	**1,054,977**
Total Capital Assets not being Depreciated	2,626,944	715,786	(2,016,133)	**1,326,597**
Capital Assets being Depreciated				
Building and improvements	144,131,323	3,599,542	(422,979)	**147,307,886**
Site improvements	8,789,797	2,812,654	(327,825)	**11,274,626**
Furniture and equipment	8,106,373	649,261	(152,357)	**8,603,277**
Library collection	2,083,723	6,624	-	**2,090,347**
Right to use asset, SBITA	1,371,079	-	-	**1,371,079**
Total Capital Assets being Depreciated	164,482,295	7,068,081	(903,161)	**170,647,215**
Less: Accumulated Depreciation and Amortization				
Building and improvements	(59,394,724)	(3,771,995)	155,538	**(63,011,181)**
Site improvements	(7,086,047)	(407,115)	243,956	**(7,249,206)**
Furniture and equipment	(5,484,631)	(687,540)	148,825	**(6,023,346)**
Library collection	(2,064,165)	(6,107)	-	**(2,070,272)**
Right to use asset, SBITA	(653,872)	(327,554)	-	**(981,426)**
Total Accumulated Depreciation	(74,683,439)	(5,200,311)	548,319	**(79,335,431)**
Total Assets being Depreciated, Net	89,798,856	1,867,770	(354,842)	**91,311,784**
Capital Assets, Net	$ 92,425,800	$ 2,583,556	$ (2,370,975)	**$ 92,638,381**

6. LONG-TERM LIABILITIES

Frederick Community College

The College records a liability for accrued annual leave for eligible employees and a liability for sick leave based on expected retirement age and to the extent payable to its employees at retirement according to College policy. Employees hired after June 30, 1985 must use their sick leave prior to termination.

	For the Years Ended June 30,				
	2024	Addition (Reduction) in Accrual	2025	Addition (Reduction) in Accrual	2026
Annual leave liability	$ 1,910,597	$ 154,622	$ 2,065,219	$ 213,633	**$ 2,278,852**
Sick leave liability	54,349	(13,445)	40,904	2,430	**43,334**
Estimated payroll taxes	150,318	9,782	160,100	16,529	**176,629**
Total Liability	2,115,264	150,959	2,266,223	232,592	**2,498,815**
Current Portion	(2,086,078)	(153,150)	(2,239,228)	(230,046)	**(2,469,274)**
Long-term portion	$ 29,186	$ (2,191)	$ 26,995	$ 2,546	**$ 29,541**

During the year ended June 30, 2022, the College issued Refunding Certificates of Participation, Series 2021 in the amount of $4,820,000 with a premium of $624,550 to refinance the bonds outstanding of $5,102,192. The financing was for the funding of a parking garage and a portion of the enrollment services building. The refunding resulted in an economic savings of $605,760 over the life of the bonds.

The College has entered into intangible subscription-based information technology agreements for the right to use vendor-provided software. At the commencement of a SBITA, the College initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the SBITA payable is reduced by the principal portion of lease payments made. The SBITA right to use asset is initially measured as the initial amount of the liability and is amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset.

The following table summarizes the bond and SBITA payable:

	July 1, 2025	Additions	Principal Payment	Amortization of Premium	June 30, 2026	Current Portion
Bond payable	$ 4,090,000	$ -	$ (345,000)	$ -	**$ 3,745,000**	**$ 360,000**
Premium	369,183	-	-	(63,724)	**305,459**	**-**
SBITA payable	428,413	1,498,644	(445,240)	-	**1,481,817**	**415,331**
Total	$ 4,887,596	$ 1,498,644	$ (790,240)	$ (63,724)	**$ 5,532,276**	**$ 775,331**

	July 1, 2024	Additions	Principal Payment	Amortization of Premium	June 30, 2025	Current Portion
Bond payable	$ 4,420,000	$ -	$ (330,000)	$ -	$ 4,090,000	$ 345,000
Premium	438,050	-	-	(68,867)	369,183	-
SBITA payable	761,737	-	(333,324)	-	428,413	236,614
Total	$ 5,619,787	$ -	$ (663,324)	$ (68,867)	$ 4,887,596	$ 581,614

6. LONG-TERM LIABILITIES (continued)

The future principal and interest payable on the bonds as of June 30, 2026 were as follows:

Bond Component	Maturity Date	Original Issue Amount	Interest	Rate of Interest	Premium
Serial Bonds:	June 1, 2027	$ 360,000	$ 131,700	4.00%	$ 58,351
	June 1, 2028	370,000	117,300	4.00%	52,740
	June 1, 2029	385,000	102,500	4.00%	46,976
	June 1, 2030	400,000	87,100	4.00%	40,977
	June 1, 2031	420,000	71,100	4.00%	34,745
	June 1, 2032	430,000	54,300	3.00%	28,201
	June 1, 2033	445,000	41,400	3.00%	21,501
	June 1, 2034	460,000	28,050	3.00%	14,568
	June 1, 2035	475,000	14,250	3.00%	7,400
		$ 3,745,000	$ 647,700		$ 305,459

The future principal and interest payable on the SBITA payables as of June 30, 2026 were as follows:

Fiscal Years Ending June 30,	Principal	Interest
2027	$ 415,331	$ 37,828
2028	440,685	21,801
2029	221,294	14,755
2030	233,650	7,229
2031	170,857	-
	$ 1,481,817	$ 81,613

7. PENSION AND RETIREMENT PLAN

Frederick Community College

All regular employees of the College are covered under one of the two cost-sharing multiple-employer pension/retirement plans.

One of these plans is provided directly by the State of Maryland, and the employer funding for eligible College employees is provided directly by the State. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the state does not provide employer share funding of retirement benefits.

Maryland State Teachers Retirement and Pension System

Plan description. Eligible employees employed by the College are provided with pensions through the Teachers' Pension System of the State of Maryland (TPS) – a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at https://sra.maryland.gov.

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Benefits provided. A member of the Teachers' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.818%) of the member's Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of the Teachers' Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Teachers' Pension System on or after July 1, 2011 is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Teachers' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' Pension System.

Early Service Retirement

A member of the Teachers' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' Retirement System member is 30%.

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Early Service Retirement (continued)

An individual who is a member of the Teachers' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' Pension System is 42%. An individual who becomes a member of the Teachers' Pension System on or after July 1, 2011 may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 60. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Cost of Living Adjustments

The benefit attributable to service on or after July 1, 2011 now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or the increase in the CPI, based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

Contributions (TPS)

The article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The Board's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies for as a special funding situation.

7. PENSION AND RETIREMENT PLAN (continued)

Maryland State Teachers Retirement and Pension System (continued)

Unfunded Pension Liability

In accordance with the parameters of generally accepted accounting standards, the College is not required to record its proportionate share of the unfunded pension liability since it is in a special funding situation. The Maryland Higher Education Commission (MHEC) makes the pension plan contribution directly to the Maryland State Retirement and Pension System (SRPS) on behalf of the College, and the College is not responsible for the contribution.

The College received state contributions toward retirement in the amount of $3,771,636 and $3,350,946, for the years ended June 30, 2026 and 2025, respectively. These amounts have been recorded as revenue and expenses in the accompanying financial statements.

Other Retirement Plans

A retirement plan is provided through TIAA/CREF or Fidelity for permanent employees of the College who are not eligible for the Maryland State Teachers Retirement or Pension systems. The state also provides employer share funding for professional employees of the College who choose certain other retirement plans in lieu of participating in the state's retirement systems. These other plans include TIAA/CREF and Fidelity. The other plans are defined contribution plans requiring an employer contribution of 7.25% of the employee's base salary.

Employee contributions to a selected plan are not mandatory. Employees are 100% vested upon enrollment in a plan. All assets of the plan are held and managed by the other retirement plan providers who issue individual annuity contracts to each employee.

Summary of Pension and Retirement Plans

The annual pension and retirement cost and the percentage of that amount contributed for the past five years for the aforementioned plans are as follows:

Fiscal Years	MD State Teachers Retirement and Pension System Annual Cost	Percentage Contributed	Other Plans Annual Cost	Percentage Contributed
2026	**$ 2,764,261**	**100%**	**$ 1,280,825**	**100%**
2025	2,408,743	100%	1,212,190	100%
2024	1,961,691	100%	1,202,708	100%
2023	1,915,203	100%	1,110,834	100%
2022	1,846,842	100%	1,079,542	100%
2021	1,867,234	100%	1,092,648	100%
2020	1,850,720	100%	1,134,001	100%

8. RISK MANAGEMENT

Frederick Community College

The College is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College carries commercial insurance to insure against major loss related to these risks. The College also carries commercial insurance for employee health, long-term disability, life and worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage. No significant reductions in insurance coverage have occurred.

The College is contingently liable with respect to lawsuits and other claims that may arise in the ordinary course of its operations. The College actively defends its position in all cases. In the opinion of the College, resolution of these matters will not have a material adverse effect on the financial statements.

9. CONTINGENT LIABILITIES AND COMMITMENTS

Frederick Community College

Grants and Contracts

Most grants and cost-reimbursable contracts specify the types of expenditure for which the grant or contract funds may be used. The expenditures made by the College under some of these grants and contracts are subject to audit. To date, the College has not been notified of any significant unallowable costs relating to its grants and contracts. In the opinion of management, the expenditures that have been made for grants and contracts were made in accordance with the provisions of such grants and contracts. In the opinion of management, any adjustments for unallowable costs that would result from audits will not have a material effect on the College's financial statements.

Commitments

Total outstanding construction commitments as of June 30, 2026 were $11.7 million.

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST

Frederick Community College Foundation, Inc.

In determining fair value, the Foundation uses various valuation approaches within the GAAP fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. The Foundation investments are pooled with USMF. USMF investment pool includes investments in all three investments levels and at Net Asset Value (NAV), as described in Note 1. Because the Foundation receives the fair value for the per unit share of the Unitized Investment Fund and the investments are valued using significant unobservable inputs, the Foundation classified its investments in the pool as Level 3 as of June 30, 2026 and 2025.

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST (continued)

Frederick Community College Foundation, Inc. (continued)

The Foundation's certificate of deposit is valued at the estimated market value based on the price of similar certificates of deposit. Due to the short maturity of the certificate of deposit, market value approximates cost.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USMF believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2026 and 2025.

	As of June 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment in external investment pool	**$ -**	**$ -**	**$ 25,017,710**	**$ 25,017,710**
Investment in certificate of deposit	**229,561**	**-**	**-**	**229,561**
Investment in charitable remainder trust	**-**	**-**	**41,462**	**41,462**
Total	**$ 229,561**	**$ -**	**$ 25,059,172**	**$ 25,288,733**

	As of June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment in external investment pool	$ -	$ -	$ 22,811,173	$ 22,811,173
Investment in certificate of deposit	220,881	-	-	220,881
Investment in charitable remainder trust	-	-	24,842	24,842
Total	$ 220,881	$ -	$ 22,836,015	$ 23,056,896

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST (continued)

Frederick Community College Foundation, Inc. (continued)

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2026 and 2025:

	USMF Pool		Charitable Remainder Trust	Charitable Remainder Trust
	(Level 3) 2026	(Level 3) 2025	(Level 3) 2026	(Level 3) 2025
Balance, July 1,	**$ 22,811,174**	21,521,449	**$ 24,842**	$ 23,814
Net realized gains	**826,210**	1,725,148	**-**	-
Net unrealized (loss)/gains	**1,644,220**	(300,014)	**16,620**	1,028
Foundation's Share in Total Change in Market Value of the USMF Pool	**2,470,430**	1,425,134	**16,620**	1,028
Investment income	**238,373**	410,178	-	-
Investment fees	**(202,267)**	(195,587)	-	-
Withdrawals	**(300,000)**	(350,000)	-	-
Balance, June 30	**$ 25,017,710**	$ 22,811,174	**$ 41,462**	$ 24,842

As of June 30, 2026, the Foundation had 360,460.11 units of the USMF Unitized Investment Fund valued at $69.40 per unit with a total value of $25,017,710. As of June 30, 2025, the Foundation had 364,541.60 units of the USMF Unitized Investment Fund valued at $62.58 per unit with a total value of $22,811,174.

Investments are carried at market value in the accompanying financial statements. The cost and market value of investments as of June 30, 2026 and 2025, are as follows:

	As of June 30, 2026		
	Cost	Market	Unrealized Gain (Loss)
Investment in USMF investment pool	**$ 22,567,137**	**$ 25,017,710**	**$ 2,450,573**
Investment in certificate of deposit	**229,561**	**229,561**	**-**
Investment in charitable remainder trust	**21,604**	**41,462**	**19,858**
Total	**$ 22,818,302**	**$ 25,288,733**	**$ 2,470,431**

10. INVESTMENTS AND INTEREST IN CHARITABLE REMAINDER TRUST (continued)

Frederick Community College Foundation, Inc. (continued)

	As of June 30, 2025		
	Cost	Market	Unrealized Gain
Investment in USMF investment pool	$ 21,389,277	$ 22,811,173	$ 1,421,896
Investment in certificate of deposit	220,881	220,881	-
Investment in charitable remainder trust	21,604	24,842	3,238
Total	$ 21,631,762	$ 23,056,896	$ 1,425,134

Unrealized gains and losses are recognized as changes in the with and without donor restrictions classes of net assets. For the years ended June 30, 2026 and 2025, the Foundation reported a net gain and loss on investments of $1,644,220 and $(300,015), respectively.

11. ENDOWMENTS

Frederick Community College Foundation, Inc.

The Foundation endowments consist of 136 funds established to support a variety of scholarships and programs at the College. Its endowments consist of both donor restricted endowment funds and funds designated by the Board to function as endowments.

As required by accounting principles generally accepted in the United States of America net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies net assets with donor restrictions in perpetuity as:

- The original value of gifts donated to the permanent endowment; and
- The original value of subsequent gifts to the permanent endowment.

11. ENDOWMENTS (continued)

Frederick Community College Foundation, Inc. (continued)

Interpretation of Relevant Law (continued)

The Foundation will disclose any endowment contributed in perpetuity in which the present investment balance is below the original contribution. As of June 30, 2026, the Foundation had none to report. The remaining portion of the donor-restricted endowment fund not classified as restricted in perpetuity is classified as restricted by purpose or time until those amounts are appropriated for expenditure by the Foundation Board. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to preserve and enhance the principal value of the fund while protecting it from wide variations in market value.

Spending Policy

The Foundation has a policy of appropriating up to 3.5% of a twenty-quarter trailing market value average ending December 31, provided the donor contributions (principal) are not invaded. The Finance Committee recommends to the Foundation Board the spending rate in the spring preceding the fiscal year in which the distribution is planned.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain the original fair value of the gift.

11. ENDOWMENTS (continued)

Frederick Community College Foundation, Inc. (continued)

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment Net Asset Composition by Type of Fund as of June 30, 2026

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Donor restricted endowment funds	$ 5,146,209	$ 6,102,980	$ 11,249,189
Board designated quasi endowments for General & Erwin Scholarships	6,849,817	-	6,849,817
Total Funds	$ 11,996,026	$ 6,102,980	$ 18,099,006

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2026

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	$ 10,714,942	$ 5,829,911	$ 16,544,853
Investment return:			
Investment income	27,028	-	27,028
Net depreciation	1,780,180	-	1,780,180
Total earnings	1,807,208	-	1,807,208
Contributions collected	24,804	258,640	283,444
Reclassification	1,653	14,429	16,082
Release of endowment assets for expenditure	(552,581)	-	(552,581)
Endowment Net Assets, End of Year	$ 11,996,026	$ 6,102,980	$ 18,099,006

Endowment Net Asset Composition by Type of Fund as of June 30, 2026

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Donor restricted endowment funds	$ 4,345,790	$ 5,829,911	$ 10,175,701
Board designated quasi endowments for General & Erwin Scholarships	6,369,152	-	6,369,152
Total Funds	$ 10,714,942	$ 5,829,911	$ 16,544,853

11. ENDOWMENTS (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2026

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Endowment Net assets, beginning of year	$ 10,044,149	$ 5,534,135	$ 15,578,284
Investment return:			
Investment Income	154,623	-	154,623
Net appreciation	1,024,516	-	1,024,516
Total	1,179,139	-	1,179,139
Contributions collected	5,916	298,904	304,820
Reclassification	(2,535)	(3,128)	(5,663)
Release of endowment assets for expenditure	(511,727)	-	(511,727)
Endowment Net Assets, End of Year	$ 10,714,942	$ 5,829,911	$ 16,544,853

12. FREDERICK COMMUNITY COLLEGE FOUNDATION, INC.

The Foundation is a component unit of the College. The Foundation operates exclusively for charitable and educational purposes, including but not limited to receiving contributions, accepting holdings and investing and reinvesting any gifts or other donations for the benefit of the College, its students and faculty. The Foundation and the College have a written agreement specifying the details of their relationship. State regulations require that the Foundation reimburse the College for any costs or services provided to the Foundation, or that the cost of these services be offset, by the Foundation providing contributions or services to the College.

The College estimates the approximate value of services (including staff time) provided to the Foundation to be $551,965 and $478,779, for the years ended June 30, 2026 and 2025, respectively. These amounts have been included in the financial statements of the Foundation.

The value of contributions and support provided by the Foundation to the College is $1,203,222 and $1,026,856, for the years ended June 30, 2026 and 2025, respectively.

13. RELATIONSHIP BETWEEN FREDERICK COMMUNITY COLLEGE FOUNDATION, INC. AND FOUNDATION FOR THE FCC FUND, INC.

The Foundation for the FCC Fund, Inc. (the Affiliate) was established during fiscal year 2000 to handle non-cash gifts, where potential liability may be involved (i.e. Gifts of land or buildings). The Foundation board governs the operations of the Affiliate and thus the Affiliate has been consolidated in accordance with the accounting principles generally accepted in the United States of America.

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

To the Board of Trustees
Frederick Community College

We have audited, in accordance with 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 Frederick Community College (the College) and the discretely presented component unit as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 28, 2026.

The financial statements of the Frederick Community College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal controls over financial reporting (internal controls) as a basis for designing 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 College's internal controls. Accordingly, we do not express an opinion on the effectiveness of the College's internal controls.

A *deficiency in internal controls* 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 controls, such that there is a reasonable possibility that a material misstatement of the College'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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies.

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Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 College'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 College'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 College's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
September 28, 2026

SB & Company, LLC

ANNUAL FINANCIAL REPORT TO THE MARYLAND HIGHER EDUCATION COMMISSION FROM FREDERICK COMMUNITY COLLEGE

Annual Financial Report Together with Report of Independent Public Accountants

For the Fiscal Year Ended June 30, 2026

ANNUAL FINANCIAL REPORT TO THE
MARYLAND HIGHER EDUCATION COMMISSION
FROM FREDERICK COMMUNITY COLLEGE

Annual Financial Report Together with
Report of Independent Public Accountants

JUNE 30, 2026

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS

Summary Statement of Revenues 4
Summary Statement of Current General Funds 5
Educational and General Expenditures of the Unrestricted Current Fund by Function and Object 6
Summary Statement of Education and General Expenditures by Fund and Object Classification, Unrestricted Current and Restricted Current Funds 7

SUPPLEMENTAL INFORMATION

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution 8
Summary of Full-Time Equivalent Students and Student Tuition and Fees 9
Summary of Restricted Federal Grant Programs 10
Summary of Restricted State Grant Programs 11
Summary of Restricted Local Grant Programs 12
Summary of Other Sources of Unrestricted Current General Revenue 13
Reconciliation of State Aid 14
Reconciliation of Maryland Full-Time Equivalent Students 15
Student – Faculty Ratio (Credit Courses Only) 16
Funding of Statewide Programs 17
Funding of ESOL Grant Program 18
CC4 Reconciliation 19
Retirement System Payments to/from MHEC 20
Note to the Annual Report 21

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees
Frederick Community College

Opinion

We have audited the financial statements included in the Annual Financial Report to the Maryland Higher Education Commission (MHEC-CC-4) of Frederick Community College (the College) for the year ended June 30, 2026, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the revenues and expenditures of the unrestricted current fund and the restricted current fund, and the enrollment data of the College for the year ended June 30, 2026. In our opinion, the principles governing the interrelationship between the unrestricted current general fund and expenditures result in the fair presentation of the unrestricted current general fund revenues and expenditures.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the financial reporting provisions prescribed and permitted by the Maryland Higher Education Commission and the laws and regulations contained in Title 16 of the Education Article of the Annotated Code of Maryland and Title 13B.07.03 of the Code of Maryland Regulations. Our responsibilities under GAAS standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by the College on the basis of the financial reporting provisions prescribed and permitted by the Maryland Higher Education Commission and the laws and regulations contained in Title 16 of the Education Article of the Annotated Code of Maryland and Title 13B.07.03 of the Code of Maryland Regulations, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Maryland. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements, enrollment data and the supplemental schedules, in accordance with the financial reporting provision of the Maryland Higher Education Commission and the laws and regulations contained in Title 16 of the Education Article of the Annotated Code of Maryland and Title 13B.07.03 of the Code of Maryland Regulations, and for the design, implementation, and maintenance of internal controls 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 College's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 controls. 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, 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 controls 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 College's internal controls. Accordingly, no such opinion is expressed.

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- 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 College'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 controls-related matters that we identified during the audit.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements included in the MHEC-CC-4 Annual Financial Report. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing principles applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying supplemental information of the full-time equivalent (FTE) enrollment data shown on pages 8, 9, 14, 15, 16, 17 and 18, is the responsibility of management and derived from and relates directly to the College's enrollment data. This supplemental information is presented in accordance with instructions set forth in Title 13B.07.03.02C, inclusive of the Code of Maryland Regulations and in our opinion are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Restricted Use

This report is intended solely for filing with Maryland Higher Education Commission, and is not intended to be and should not be used for any other purpose.

Owings Mills, Maryland
September 28, 2026

SB & Company, LLC

FREDERICK COMMUNITY COLLEGE

Summary Statement of Revenues
For Fiscal Year Ended June 30, 2026

	Unrestricted Current Fund	Restricted Current Fund	TOTAL REVENUES
Revenue Sources			
Student Tuition and Fees:			
1. Credit	$ 19,590,404	$ -	$ 19,590,404
2. Noncredit	2,008,792	-	2,008,792
3. TOTAL STUDENT TUITION AND FEES	21,599,196	-	21,599,196
Governmental: (Explain Restricted Funds on Exhibits VII, VIII, and IX)			
4. Federal	-	7,012,584	7,012,584
5. State	22,624,752	1,522,061	24,146,813
6. Local			
a. Operating Appropriations	26,255,452	14,922	26,270,374
b. In-Kind Appropriations	778,153	-	778,153
c. Other County Funding	-	-	-
7. TOTAL GOVERNMENTAL	49,658,357	8,549,567	58,207,924
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	1,770,754	-	1,770,754
Other:			
9. Gifts/Grants (Explain on Exhibit X)	-	1,605,130	1,605,130
10. Other - Miscellaneous (Explain on Exhibit X)	2,952,585	-	2,952,585
11. TOTAL OTHER	2,952,585	1,605,130	4,557,716
12. TOTAL REVENUES	$ 75,980,892	$ 10,154,697	$ 86,135,590

Exhibit I

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary Statement of Current General Funds
For Fiscal Year Ended June 30, 2026

	Unrestricted Current Fund	Restricted Current Fund
Revenues:		
1. TOTAL REVENUES (Per Line 12, Exhibit I)	$ 75,980,892	$ 10,154,697
Expenditures by Function:		
Instruction	$ 29,190,411	$ 1,909,483
Research	-	-
Public Service	-	-
Academic Support	1,500,748	1,000
Student Services	10,792,971	124,316
Institutional Support	15,847,807	2,031
Operation and Maintenance of Plant	9,429,708	-
Scholarships and Fellowships	287,759	8,368,163
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	67,049,404	10,404,993
3. TOTAL MANDATORY TRANSFERS	-	-
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	67,049,404	10,404,993
5. TOTAL AUXILIARY ENTERPRISES	1,732,773	-
6. TOTAL OTHER TRANSFERS	504,980	-
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	$ 69,287,157	$ 10,404,993

Exhibit II

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Educational and General Expenditures of the Unrestricted Current Fund by Function and Object
For Fiscal Year Ended June 30, 2026

Acct. No.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	TOTAL
5xxx	Compensation (including Fringe Benefits)	$ 27,771,660	$ -	$ -	$ 1,209,512	$ 9,376,252	$ 10,296,660	$ 6,169,133	$ -	$ 54,823,217
60xx	Contracted Services	283,751	-	-	21,397	686,560	3,043,404	630,329	-	4,665,441
61xx	Supplies and Materials	230,369	-	-	135,943	264,892	977,801	264,175	-	1,873,180
62xx	Communications	14,649	-	-	159	31,438	79,344	12,990	-	138,580
63xx	Conferences/Meetings	224,332	-	-	366	341,837	401,189	40,112	-	1,007,836
64xx	Grants/Subsidies	-	-	-	-	-	-		-	-
65xx	Utilities	-	-	-	-	-	-	1,234,729	-	1,234,729
66xx	Fixed Charges	-	-	-	-	-	430,879	-	-	430,879
67xx	Open (specify below) BAD DEBTS	-	-	-	-	-	182,412	-	-	182,412
68xx	Open (specify below) SCHOLARSHIPS	-	-	-	-	-	-	-	287,759	287,759
69xx	Open (specify below) COURSE COSTS/OTHER	476,614	-	-	-	29,702	-	-	-	506,316
7xxx	Furniture and Equipment	189,036	-	-	133,371	62,290	436,118	1,078,240	-	1,899,055
8xxx	Bond Issue Cost	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES		$ 29,190,411	$ -	$ -	$ 1,500,748	$ 10,792,971	$ 15,847,807	$ 9,429,708	$ 287,759	$ 67,049,404

Exhibit III

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary Statement of Education and General Expenditures by Fund and Object Classification, Unrestricted Current and Restricted Current Funds For Fiscal Year Ended June 30, 2026

Acct. No.	Object Classification	Unrestricted Current Fund	Restricted Current Fund	TOTAL EXPENDITURES
5xxx	Compensation (including Fringe Benefits)	$ 54,823,217	$ 1,513,996	$ 56,337,213
60xx	Contracted Services	4,665,441	115,871	4,781,312
61xx	Supplies and Materials	1,873,180	65,646	1,938,826
62xx	Communications	138,580	3,962	142,542
63xx	Conferences/Meetings	1,007,836	44,784	1,052,620
64xx	Grants/Subsidies	-	-	-
65xx	Utilities	1,234,729	-	1,234,729
66xx	Fixed Charges	430,879	-	430,879
67xx	Open (specify below) Bad Debts	182,412	-	182,412
68xx	Open (specify below) Scholarships	287,759	8,206,794	8,494,553
69xx	Open (specify below) Course Costs/Other	506,316	231,001	737,317
7xxx	Furniture and Equipment (including Library Books)	1,899,055	222,940	2,121,995
8xxx	Bond Issue Cost	-	-	-
TOTAL EXPENDITURES		67,049,404	10,404,993	77,454,396
TOTAL MANDATORY TRANSFERS		-	-	-
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		$ 67,049,404	$ 10,404,993	$ 77,454,396

Exhibit IV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution For Fiscal Year Ended June 30, 2026

The finalized State aid adjustment or payment for the fiscal year will be made with the November State aid payment. Certification will be made to the respective political subdivisions based on the following information.

1.	Total Unrestricted Current General Fund operating expenditures (From Exhibit II, Line 4)					$ 67,049,404
2.	Subtract any expenditures included in 1. above which do not fall within the definition of Unrestricted Unrestricted Current General operating expenditures. List and specify items below. Indicate objects and functions in which these expenditures are shown on Exhibits III and IV.					
	Item	Object	Function	Amount		
a)	Scholarships			$ 287,759		
b)						
c)						
d)						
e)						
	TOTAL DEDUCTIONS					$ 287,759
3.	Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2e)					$ 66,761,645
4.	Total FTE students for fiscal year (From Exhibit VI)			4,594.69		
5.	Total Adjusted Unrestricted Current Operating Expenditures divided by Total FTE students (yields adjusted cost per FTE)					$ 14,530
6.	Total Maryland eligible FTE students (From Exhibit VI)			4,387.37		
7.	State aid paid fiscal year ending JUNE 30, 2026 (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs)					$ 22,624,752
8.	TOTAL LOCAL CONTRIBUTIONS *					$ 27,033,605
9.	Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision (Line 8 divided by Line 3) *					40.49%

* Regional community colleges must supply this information for each county supporting the college.

Exhibit V

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Full-Time Equivalent Students and Student Tuition and Fees
For Fiscal Year Ended June 30, 2026

	FTE Students	Student Tuition and Fees
Eligible Students		
1. In-County (credit)	3,591.35	$ 16,944,419
2. Out-of-County (credit)	197.88	1,733,343
3. Noncredit	598.14	1,500,610
TOTAL ELIGIBLE STUDENTS	4,387.37	20,178,372
Ineligible Students		
Credit		
4. Out-of-State	103.40	884,504
5. Other	33.06	28,138
Noncredit		
6. Out-of-State	-	-
7. Other	70.86	508,182
TOTAL INELIGIBLE STUDENTS	207.32	1,420,824
TOTAL STUDENTS	4,594.69	$ 21,599,196

NOTE: Regional community colleges are required to submit the above data for each of the counties supporting the college. Eligible refers to State fundable. FTEs shall be reported to the second decimal place.

Exhibit VI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted Federal Grant Programs
For Fiscal Year Ended June 30, 2026

Program Title	July 1, 2025 Balance	Revenues	Expenditures	June 30, 2026 Balance
Federal Government				
PELL	$ -	$ 5,818,162	$ 5,818,162	$ -
PELL Administrative Allowance	34,241	7,960	350	41,851
SEOG	-	134,550	134,550	-
Federal Work Study	-	141,606	141,606	-
SEOG/FWS Admin Cost Allowance	42,933	-	3,589	39,344
Child Care Access Means Parents in School Program - USDOE	-	78,688	78,688	-
Title IC Program Improvement - Regular	-	86,132	86,132	-
Emergency Planning for Juvenile Justice Facilities	-	68,174	68,174	-
NSF ATE Biotech	-	64,777	64,777	-
Veterans Education Outreach Program	11,959	4,096	3,917	12,138
Consolidated Adult Education and Literacy Services	-	501,917	501,917	-
Economic Development Administration State Tourism	28,095	(1,174)	27,312	(391)
Apprenticeship USA	(14)	107,697	107,683	-
TOTAL FEDERAL	$ 117,214	$ 7,012,584	$ 7,036,856	$ 92,942

Exhibit VII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted State Grant Programs
For Fiscal Year Ended June 30, 2026

Program Title	July 1, 2025 Balance	Revenues	Expenditures	June 30, 2026 Balance
State Government				
MHEC ESOL Grant	$ 222,806	$ 228,832	$ 289,875	$ 161,763
State Scholarships	(9,924)	762,214	767,730	(15,440)
Adult Education-Literacy Works	-	405,855	405,855	-
Dept of Service and Civic Innovation	1,668	-	1,281	387
Build Our Future Grant	146,300	-	91,613	54,687
MSDE One-Time CC Retention Pay Grant	52	-	-	52
MSDE Child Care Career and Professional Development Fund	-	54,228	54,228	-
MHEC Academic Nurse Educator Certification Award	1,236	-	372	864
MHEC Nursing Faculty Fellowships	20,686	49,923	69,792	817
Campus Public Art Project	950	-	-	950
Plus Apprenticeship (FY26)	-	11,009	-	11,009
MD Food Bank Emerg Rsps Grant	-	10,000	10,000	-
TOTAL STATE	$ 383,774	$ 1,522,061	$ 1,690,745	$ 215,089

Exhibit VIII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Restricted Local Grant Programs
For Fiscal Year Ended June 30, 2026

Program Title	July 1, 2025 Balance	Revenues	Expenditures	June 30, 2026 Balance
Local Government				
Family Partnership Grant	$ (768)	$ 14,922	$ 14,922	$ (768)
FCPS Career Coach (MD BP)	768	-	-	768
TOTAL LOCAL	$ (0)	$ 14,922	$ 14,922	$ -

Exhibit IX

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Summary of Other Sources of Unrestricted Current General Revenue
For Fiscal Year Ended June 30, 2026

Other Revenue Sources		Amount
Gifts:		
	Restricted Gifts and grants-restricted fund	$ 1,431,298
	Other Income-restricted fund	173,832
TOTAL GIFTS		$ 1,605,130
Other - Miscellaneous:		
	Investment Income-unrestricted fund	$ 1,329,505
	Other Income-unrestricted fund	633,829
	Contract Revenue-unrestricted fund	788,805
	Special Revenue Fund	200,446
TOTAL OTHER - MISCELLANEOUS		$ 2,952,585
TOTAL OTHER REVENUE SOURCES		$ 4,557,716

Exhibit X

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Reconciliation of State Aid
For Fiscal Year Ended June 30, 2026

		Amount
4,250.36	Marginal Cost Component - State Aid FTE @ 3,459.96 E	$ 14,706,088
4,250.36	Fixed Cost Component - State Aid FTE @ 1,863.06 E	7,918,664
Supplemental Grant		-
Other (specify below)		
	TOTAL STATE AID	$ 22,624,752

Exhibit XI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Reconciliation of Maryland Full-Time Equivalent Students
For Fiscal Year Ended June 30, 2026

	Eligible Maryland FTEs Accepted by MHEC	Maryland FTEs Now Claimed per Audit
Summer Credit Enrollment (SBCC-CC-2)	305.46	305.46
Summer Noncredit Enrollment (SBCC-CC-3)	0.00	0.00
Fall Credit Enrollment (SBCC-CC-2)	1,772.50	1,772.50
Fall Noncredit Enrollment (SBCC-CC-3)	0.00	0.00
Spring Credit Enrollment (SBCC-CC-2)	1,711.27	1,711.27
Spring Noncredit Enrollment (SBCC-CC-3)	0.00	0.00
Other Credit Enrollment (SBCC-CC-2)	0.00	0.00
Other Noncredit Enrollment (SBCC-CC-3)	598.14	598.14
TOTAL ENROLLMENT	4,387.37	4,387.37
Total Eligible Maryland FTEs accepted by SBCC during fiscal year	4,387.37	4,387.37
Additional Eligible Maryland FTEs claimed per audit * (deletions)		
TOTAL ELIGIBLE MARYLAND FTES **	4,387.37	4,387.37
TOTAL UNDUPLICATED PART-TIME STUDENTS	N/A	N/A

* When additional FTEs not previously reported to the State Board are claimed as a result of the audit, a properly executed SBCC-CC-2 or SBCC-CC-3 must be filed with the SBCC-CC-4 to substantiate the claim.

** This number of FTEs will be the basis for the payment of State aid two years hence. FTEs shall be reported to the second decimal place.

Exhibit XII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Student-Faculty Ratio (Credit Courses Only)
For Fiscal Year Ended June 30, 2026

TOTAL CREDIT HOURS GENERATED (Per Exhibit VI, Lines 1, 2, 4, and 5)		117,917
	3,925.69	
TOTAL COURSE CREDIT HOURS TAUGHT THIS FISCAL YEAR		7,985
STUDENT-FACULTY RATIO (Total credit hours generated divided by total course credit hours taught)	14.77	

NOTE: Information for the computation of the student-faculty ratio is to be supplied by the chief academic officer in conformity with the guidelines decided upon by the Maryland Council of Community Colleges Academic Deans as follows:

- Student credit hours generated and course credit hours taught are to be measured at the end of the third week of classes.
- Laboratory courses and independent study courses are to be excluded from the denominator if they did not appear independently on the printed class schedule.
- Continuing education (noncredit) courses are to be excluded.
- Includes all sessions (Summer and Winter).

Exhibit XIII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Funding of Statewide Programs
For Fiscal Year Ended June 30, 2026

	Prior Year Balance	Fall ** SBCC-CC-2A and CC-2D	Spring ** SBCC-CC-2A and CC-2D	Total
1. TOTAL OUT-OF-COUNTY/CITY STUDENTS ENROLLED IN STATEWIDE PROGRAMS *		28	17	45
2. TOTAL CREDIT HOURS *		212	146	358
3. TOTAL TUITION DIFFERENTIAL *	$16,224.78	$34,062.84	$23,506.00	$73,793.62
TOTAL STATE AID RECEIVED FOR STATEWIDE PROGRAMS		$22,767.01	$15,710.99	$38,478.00
Minus: MHEC Write-offs	$0.00	$8,112.39	$8,112.39	$16,224.78
TOTAL AUDITED STATE AID FOR STATEWIDE PROGRAMS	$16,224.78	$3,183.44	($317.38)	$19,090.84

* Per audit.
** Totals include supplemental requests

Exhibit XIV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Funding of ESOL Grant Program
For Fiscal Year Ended June 30, 2026

	TOTAL
1. TOTAL NUMBER OF STUDENTS ENROLLED IN NONCREDIT ESOL PROGRAMS	1726
2. TOTAL NONCREDIT EQUATED FTE	218.1
TOTAL NONCREDIT ESOL FUNDING NONCREDIT EQUATED FTE X $800	$ 174,480
TOTAL NONCREDIT ESOL FUNDING	$ 1,160,688.00

	TOTAL
1. ESOL CREDIT HOURS	276
2. TOTAL CREDIT FTE	9.2
TOTAL ESOL CREDIT FTE X $800	$ 7,360
TOTAL CREDIT ESOL FUNDING	$ 7,360
TOTAL NONCREDIT AND CREDIT ESOL FUNDING	$ 1,168,048

Exhibit XV

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

CC4 Reconciliation
For Fiscal Year Ended June 30, 2026

REVENUES

Revenues per financial statements	$	95,808,812
Scholarship Allowance		1,816,274
		97,625,086
Revenues not included in the CC-4 report		
Capital		(7,383,860)
Fringe benefits provided directly by state of Maryland		(3,771,636)
Fringe benefits provided directly by Frederick County, Maryland		(334,000)
Revenues per CC-4 report - (Exhibit I, Line 12)	$	86,135,590

EXPENDITURES AND TRANSFERS

Expenditures/transfers per financial statements	$	90,011,356
Expenses included in the CC-4 report		
Capitalized assets		6,600,368
Scholarship Allowance		1,816,274
Expenses not included in the CC-4 report		
Plant Fund less depreciation		(8,735,303)
Depreciation		(5,428,740)
Fringe benefits provided directly by state of Maryland		(3,771,636)
Fringe benefits provided directly by Frederick County, Maryland		(334,000)
Other		(466,169)
Expenditures/transfers per CC-4 report (Exhibit II, Line 7 unrestriced and restricted)	$	79,692,150

Exhibit XVI

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

Retirement System Payments To/From MHEC
For Fiscal Year Ended June 30, 2026

Optional Retirement System Reimbursements from MHEC	
Reimbursement Requested from MHEC - Carryforward	$ 90,779
Reimbursement Requested from MHEC	1,002,498
Audit Adjustment	-
Less Amount Received from MHEC	(995,001)
Balance Due From/(To) MHEC	98,277
Teachers Retirement and Pension System Reimbursements to MHEC	
Required Reimbursement Reported to MHEC	
Audit Adjustment	-
Less Amount Paid to MHEC	
Balance Due (From)/To MHEC	-
Amount Due From MHEC for Cost of Audit Verification	-
Total Amount Due From/(To) MHEC	$ 98,277

Exhibit XVII

The accompanying note is an integral part of this statement.

FREDERICK COMMUNITY COLLEGE

June 30, 2026
Note to the Annual Report

1. BASIS OF PRESENTATION

The Frederick Community College (the College) annual financial report has been prepared in accordance with the basis of accounting prescribed and permitted by the Maryland Higher Education Commission and the laws and regulations contained in Title 16 of the Education Article of the Annotated Code of Maryland and Title 13B.07.03 of the Code of Maryland Regulations. These requirements do not present the College's revenue and expenditures in accordance with accounting principles generally accepted in the United States of America. The report includes the restricted and unrestricted funds only of the College. A reconciliation of the differences is provided on page 19 of this report.

Frederick Community College

Enclosure 6
October 2026

Board of Trustees Draft FY 2028 Budget

Context: The draft FY 2028 Board Budget is being presented for discussion. Board Policy GP-9 Investment in Governance provides that the Board will invest in its governance capacity and establish an annual budget for its governance and related functions.

Board Policy References:

- GP-9 Investment in Governance
- GP-6 Board Linkage with External Organizations

Background:

- The draft FY 2028 budget is being presented to provide Trustees an opportunity to review anticipated governance needs and provide input as part of the College FY 2028 budgeting process. Key highlights from the FY 2028 budget include:
    - The total budget is $356,750, approximately $30,000 less than last year.
    - Approximately 71% of the budget is allocated to College legal and audit expenses.
    - The budget includes ongoing training and professional development for Trustees per Section 16-407(g) of the Education Article of the Annotated Code of Maryland.
- Board policy prescribes:
    - The Board, in consultation with executive leadership and as part of the institution's annual budgeting process, will establish an annual budget for its governance and related functions.
    - The budget may include Board meeting costs; Board education and orientation; fiscal audit, legal counsel, and other outside monitoring assistance; methods for obtaining Owner viewpoints and values; professional development; travel; and other governance-related expenses.
    - The Board shall annually consider the merits of membership in organizations relevant to governance.
- The Board Chair will lead discussion regarding the proposed budget.

Attachment: Draft FY 2028 Board Budget

Frederick Community College
7932 Opossumtown Pike • Frederick, MD 21702

FY 2028 Proposed Board of Trustees Budget

Item	FY 27 Budget	FY 28 Proposed	FY 28 Budgeted Items
Contracted Services	321,000.00	309,000.00	Legal fees, auditor fees, consulting fees, training, facilitators
Honorariums	3,500.00	3,500.00	$500 stipend per Trustee per State law
Rentals and Leases	6,000.00	4,200.00	Rental of facilities for three days of retreats and rental for MACC Trustee Conference in Annapolis
Supplies and Materials	1,500.00	950.00	Supplies, printing costs, and publications
Shipping and Postage	100.00	50.00	Mailing costs
Prof. Conf & Travel w/ Accom	27,000.00	18,300.00	Conference travel fees (ACCT Leadership Congress, Govern for Impact Annual Conference, ACCT Legislative Summit)
Professional Dues and Fees	24,000.00	16,500.00	Conference registration fees (ACCT Leadership Congress, Govern for Impact Annual Conference, ACCT Legislative Summit) & annual memberships (ACCT and Govern for Impact)
Food for Business Purposes	5,000.00	4,000.00	Board meeting catering and ownership linkage encounters
Travel without Accommodations	250.00	250.00	Local mileage and parking
	388,350.00	**356,750.00**	**(31,600.00)**

FY 2028 Proposed Budget Detail

Contracted Services		
Legal Fees	215,000.00	
Auditor	37,500.00	
Consulting	24,000.00	
Board Training and Retreat Facilitator (2-day July and 1-day other)	22,500.00	
Ownership Linkage Research/Coordination	10,000.00	
	Total	**309,000.00**
Honorariums		
$500 per Trustee per State Law	**Total**	**3,500.00**
Rentals and Leases		
Retreats (2-day July and 1-day other)	3,000.00	
Van Rental	1,200.00	
	Total	**4,200.00**
Supplies and Materials		
Supplies	250.00	
Printing Services	450.00	
Publications	250.00	
	Total	**950.00**
Shipping and Postage		
Postage for mailings to Board members	**Total**	**50.00**
Prof. Conf & Travel w/Accom		
Hotels (Govern for Impact and ACCT)	10,200.00	
Airfare (Govern or Impact and ACCT)	3,600.00	
Travel Reimbursements: mileage, meals, etc.	4,500.00	
	Total	**18,300.00**
Professional Dues and Fees		
Membership Dues: ACCT	7,000.00	
Membership Dues: Govern for Impact	500.00	
Conference Registrations (Govern for Impact and ACCT)	9,000.00	
	Total	**16,500.00**
Food for Business Purposes		
Catering for Board Meetings	**Total**	**4,000.00**
Travel Without Accommodations		
Mileage, parking, etc.	**Total**	**250.00**
	GRAND TOTAL	**356,750.00**

Frederick Community College

Enclosure 7
October 2026

Policy Review: GP-3 Board Code of Conduct

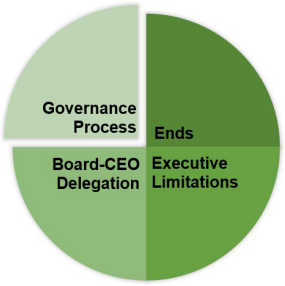
Context: Policy GP-3 Board Code of Conduct is being presented for review according to the approved Policy Content Review Schedule. This policy sets expectations for ethical, business-like, and lawful conduct for the Board and its members, emphasizing proper use of authority and decorum. It requires loyalty to the Ownership (Frederick County residents), avoidance of conflicts of interest, respect for confidentiality, and prohibits individual Trustees from exercising authority over the organization or the President.

Board Policy Reference: GP-9 Investment in Governance

Background:

- Per Board policy (GP-9) and in alignment with Policy Governance® practice, the Board regularly reviews Governance Process and Board-CEO Delegation policies to determine if any updates are needed.
- Chair Reid and President Cheek are not recommending any changes at this time.
- The Board Chair will lead discussion at the meeting to consider any amendments to the policy.

Attachment: GP-3 Board Code of Conduct



FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Code of Conduct
Policy Number: GP-3
Date Adopted: 2.21.2024

Version: 1.0
Date Last Reviewed: 4.22.2026
Office Responsible: Board of Trustees

Reviewing Committee: Board of Trustees

The Frederick Community College Board of Trustees expects of itself and its members, ethical business-like and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Trustees. This Code of Conduct is intended to set basic rules of conduct for Trustees in order to maintain the Board's integrity and the confidence of the community. This policy applies to all Trustees including the Board Chair.

1. Ever mindful of their responsibilities under State law, Trustees must have loyalty to the Ownership (the residents of Frederick County) that supersedes any loyalties to the appointing authority, the President, College employees, other organizations or any personal interest as a consumer. This accountability also supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs.

2. Trustees are accountable to exercise the powers and discharge the duties of their office honestly and in good faith. Trustees shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3. Trustees will respect the confidentiality appropriate to issues of a sensitive nature, including at all times the content of legally held, closed meetings of the Board, in perpetuity.

4. Trustees must avoid a conflict of interest with respect to their fiduciary responsibility.

    4.1. There must be no self-dealing or any conduct of private business or personal services between any Trustee and the organization, except as procedurally

controlled to assure openness, competitive opportunity, and equal access to otherwise "inside" information. Trustees must stay informed on requirements of the State Ethics Law.

4.2. Trustees will disclose at the regular monthly meetings any new involvements with other organizations, vendors, or any associations that might be or might reasonably be seen as being a conflict.

4.3. When the Board is to decide upon an issue, about which a Trustee has an unavoidable conflict of interest, that Trustee shall recuse themselves without comment, from not only the vote, but also excuse themselves from the physical or virtual deliberation. This absence shall be recorded in the minutes.

4.4. Trustees will not use their Board position to furnish services or goods of the College to themselves, family members, associates or organizations upon which a Trustee serves as a Board member.

4.5. Trustees will not use their Board position to obtain College employment for themselves, family members, or associates. Should a Trustee become employed by the College, they must resign from the Board before the first day of said employment.

4.6. Trustees will maintain impartiality in hiring by neither writing letters of recommendation nor acting as a reference for candidates for any position at the College.

5. Trustees shall not attempt to exercise individual authority over the organization or the President.

5.1. When interacting with College employees, Trustees must recognize that individual Trustees have no authority to instruct or evaluate employees, and no authority to insert themselves into employee operations.

5.2. The Board Chair or designee is the only person authorized to speak to the public, the media or other entities on behalf of the Board. Trustees shall not presume to speak for the Board when interacting with the press or the public. Media inquiries should be directed to the Board Chair.

6. Trustees shall be familiar with the incorporating documents, relevant legislation and regulations, by-laws, governing policies of the organization, issues pertaining to higher education, as well as the rules of procedure and proper conduct of a meeting so that any decision of the Board may be made in an efficient, knowledgeable and expeditious fashion.

7. Trustees will be properly prepared for Board deliberation through the review of all Board meeting materials in advance of Board meetings.

8. Trustees will collaborate with other Trustees and share information on matters of substance related to their governance role so that no one Trustee possesses information that all other Trustees should have. Such collaboration must adhere to legal requirements of board assemblage.

9. Trustees will support the authority of Board decisions, regardless of the member's personal position on the issue.

10. Trustees shall review community college publications and regularly take part in educational activities including state, regional and national meetings and events that will assist them in their ability to serve effectively as a member of the College's governing Board.

11. Trustees are encouraged to communicate the Board's interest and respect for student accomplishments by attending student commencement ceremonies and events.

12. Trustees shall hold themselves and other Trustees accountable for complying with this Code of Conduct.

Handling Violations of the Code of Conduct

13. If there is a perceived violation by a Trustee(s), it is incumbent upon the involved members to attempt to resolve the conflict. If resolution is not reached, members will engage the Chair in an attempt to reach resolution prior to engagement of the Board as a whole.

14. Trustees who are found to have violated the Board's Code of Conduct are subject to a Board review of their actions and a possible formal Board rebuke in the form of a direct criticism noted in the Board minutes.

Date Of Change	Version	Description of Change	Responsible Party
2/21/2024	1.0	First release following Policy Governance consulting work.	President

Frederick Community College

Enclosure 8
October 2026

Revisions to EL-3 Communication & Support to the Board

Context: Revisions to EL-3 Communication & Support to the Board are being presented for discussion. This policy mandates that the President must proactively communicate, provide information, and offer counsel to the Board in a timely manner. It prohibits withholding relevant information and requires timely submission of monitoring data, notification of any actual or anticipated policy non-compliance, and keeping the Board informed of incidental information such as potential media coverage or legal actions.

Board Policy Reference: EL-3 Communication & Support to the Board

Background:

- The Board held a retreat on December 3, 2025, during which Trustees discussed decision, monitoring, and incidental information; the need to clearly identify recurring information the Board expects to receive; and the importance of providing appropriate monitoring information with Required Approvals.
- At the June 10, 2026 regular meeting, Trustees identified additional procurement information that would assist with review of significant Required Approvals, including process, evaluation, scope, bidders, pricing, and rationale.
- The Board held a retreat on July 16, 2026, during which Trustees supported codifying the information expected for significant Required Approvals and incorporating the procurement information framework into a consistent written process.
- The proposed revisions address these discussions by strengthening requirements for sufficient decision information, clarifying recurring and incidental information, establishing expectations for significant procurements, and requiring applicable monitoring information with Required Approvals. Other refinements in the markup are recommendations from the Policy Governance® consultant for the Board's consideration.
- The Board discussed the revisions at the September Board meeting. Feedback has been incorporated and changes were reviewed by the Policy Governance® consultant. Upon further reflection, Chair Reid has withdrawn his edits to Section 1.5.

Attachments:

- EL-3 Communication & Support to the Board markup (highlighted portions show the changes based on discussion at the September Board meeting)
- EL-3 Communication & Support to the Board clean

FCC BOARD OF TRUSTEES POLICY

Policy Type: Executive Limitations

Policy Title: Communication & Support to the Board
Policy Number: EL-3
Date Adopted: 10.18.2023

Version: 1.0
Date Last Reviewed: 10.18.2023
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

DRAFT

The President shall not permit the Board to be uninformed or unsupported in its work ~~and shall not fail to proactively communicate, provide information and counsel to the Board in a timely manner~~.

Further, without limiting the scope of the above statement by the following list, the President shall not:

1. Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

    1.1. Allow the Board to be without sufficient and timely decision information to support informed Board choices, including, as appropriate, regular updates on the status of the Board's Policy Governance expenditures, environmental scanning data, and risk assessment.

    1.2. Neglect to submit timely monitoring data including interpretations of Board policies that provide the observable metrics or conditions that would demonstrate compliance, rationale for why the interpretations are reasonable and evidence of compliance.

    1.3. Let the Board be unaware of any actual or anticipated non-compliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.

    1.4. Let the Board be unaware of any incidental information it requires, including ~~A~~anticipated ~~negative~~ media coverage, ~~A~~actual or anticipated material legal

actions, and material or publicly visible internal changes or events, including ~~C~~changes in executive personnel.~~;~~

- ~~Anticipated noncompliance with federal law, state law or local;~~

1.4.1. Quarterly financial statement~~s;~~

1.4.2. Annually, year-end financial report~~; or~~

1.4.3. Annually at the beginning of the FY, the ~~N~~names and titles of two executive administration members familiar with Board and presidential matters and processes and notice of changes in the executive administrative members ~~[time frame]~~ as soon as reasonably possible in advance of the effective date of the change~~.~~

1.4.4. Quarterly, or at the request of Board, ~~At least every quarter~~ a presentation from ~~a~~ Board-designated areas~~.~~

1.4.5. ~~On a timely basis, an overview of new projects or initiatives.~~Timely notification of the initiation of the requests for proposals procurement process of budgeted items over $100,000 that identifies:

- Identification of the top three or four bidders
- The College's scoring rubric regarding how each bidder scored
- A brief statement regarding the rationale for selecting the winning bid

1.5. Allow the Board to be unaware that, in the President's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the President.

1.6. Present information in unnecessarily complex or lengthy form.

2. ~~Withhold from~~ Allow the Board to be without the support ~~needed~~ for ~~its~~ the Board's official functioning and communications.

~~2.~~2.1. Neglect to designate the support required for the organization and administration of regular, closed, and special meetings. [option for consideration]

3. ~~Favor any Board Member or Members above the Board as a whole.~~Impede the Board's holism, misrepresent its processes and role, impede its lawful obligations, or assume prerogatives of the Board.

DRAFT

3.1. Interact with the Board in a way that favors or privileges certain Trustees over others except when (a) fulfilling an individual request for information, or (b) responding to officers or committees duly charged by the Board.

~~2.1.~~3.2. Neglect to supply for the Required Approvals agenda all items delegated to the President, yet required by law, regulation, or contract to be Board-approved, along with the applicable monitoring information.

NOTES.

Change in highest level policy. Uninformed and unsupported are large enough values to hold the values of timeliness, proactivity, and counsel to the board that are more appropriately expressed in lower level more detailed policies.

 # 1.4 The policy speaks to 'incidental' information. Most of the bulleted items are an integral part of the policy statement. They are intended to communicate the types of information the board considers 'incidental' that it wishes to know about as and when it happens. However, there are items that Board specifically wants to hear about at specific scheduled. These appear as lower level policies 1.4.1 to 1.4.5 because they cannot be omitted from the President's reasonable interpretation of incidental information.

#3 provides a policy that holds the more detailed policy about favoring any Trustee by placing it within policy that addresses Board holism and the Board's legal obligations. The two lower level policies (#3.1 and #3.2) speak further to 'impeding Board holism' and "impeded legal obligations".

DRAFT

Date Of Change	Version	Description of Change	Responsible Party
10/18/2023	1.0	First release following Policy Governance consulting work.	President

DRAFT

FCC BOARD OF TRUSTEES POLICY

Policy Type: Executive Limitations

Policy Title: Communication & Support to the Board
Policy Number: EL-3
Date Adopted: 10.18.2023

Version: 1.0
Date Last Reviewed: 10.18.2023
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

DRAFT

The President shall not permit the Board to be uninformed or unsupported in its work.

Further, without limiting the scope of the above statement by the following list, the President shall not:

1. Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

    1.1. Allow the Board to be without sufficient and timely decision information to support informed Board choices, including, as appropriate, regular updates on the status of the Board's Policy Governance expenditures, environmental scanning data, and risk assessment.

    1.2. Neglect to submit timely monitoring data including interpretations of Board policies that provide the observable metrics or conditions that would demonstrate compliance, rationale for why the interpretations are reasonable and evidence of compliance.

    1.3. Let the Board be unaware of any actual or anticipated non-compliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.

    1.4. Let the Board be unaware of any incidental information it requires, including anticipated media coverage, actual or anticipated material legal actions, and material or publicly visible internal changes or events, including changes in executive personnel.

1.4.1. Quarterly financial statement

1.4.2. Annually, year-end financial report

1.4.3. Annually at the beginning of the FY, the names and titles of two executive administration members familiar with Board and presidential matters and processes and notice of changes in the executive administrative members as soon as reasonably possible in advance of the effective date of the change

1.4.4. Quarterly, or at the request of Board, a presentation from Board-designated areas

1.4.5. Timely notification of the initiation of the requests for proposals procurement process of budgeted items over $100,000 that identifies:

- Identification of the top three or four bidders
- The College's scoring rubric regarding how each bidder scored
- A brief statement regarding the rationale for selecting the winning bid

1.5. Allow the Board to be unaware that, in the President's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the President.

1.6. Present information in unnecessarily complex or lengthy form.

2. Allow the Board to be without the support for the Board's official functioning and communications.

2.1. Neglect to designate the support required for the organization and administration of regular, closed, and special meetings. [option for consideration]

3. Impede the Board's holism, misrepresent its processes and role, impede its lawful obligations, or assume prerogatives of the Board.

3.1. Interact with the Board in a way that favors or privileges certain Trustees over others except when (a) fulfilling an individual request for information, or (b) responding to officers or committees duly charged by the Board.

3.2. Neglect to supply for the Required Approvals agenda all items delegated to the President, yet required by law, regulation, or contract to be Board-approved, along with the applicable monitoring information.

DRAFT

Date Of Change	Version	Description of Change	Responsible Party
10/18/2023	1.0	First release following Policy Governance consulting work.	President

DRAFT

Frederick Community College

Enclosure 9
October 2026

Revisions to GP-6 Board Linkage with External Organizations

Context: Revisions to GP-6 Board Linkage with External Organizations are being presented for discussion. This policy requires the Board to identify and maintain good working relationships with external organizations (federal, state, and local governing bodies, as well as other public and private entities) to share and enhance its role in determining the most appropriate Ends.

Board Policy Reference: GP-6 Board Linkage with External Organizations

Background:

- The Board held a retreat on December 3, 2025, during which Trustees discussed role clarity and the principle that the Board speaks with one voice through its adopted policies, rather than through the authority of individual Trustees.
- At the March 18, 2026 regular meeting, Trustees discussed strategic engagement and government relations and emphasized the need for ongoing, intentional planning, coordination, purpose, and alignment in legislative and partnership activities, appropriately coordinated with the President.
- The Board held a retreat on July 16, 2026, during which Trustees identified the Board's role in advocacy and external relations for further policy review and discussed distinguishing the Board's governance role from the administration's responsibility for coordinated government relations and relationship-building.
- The proposed revisions address these discussions by clarifying the scope and purpose of the Board's external relationships and establishing a framework for Board engagement and representation with governmental and other external entities. The specific procedures for legislative conferences, appointment of Trustee representatives, information sharing, reporting, and other implementation details reflected in the markup are recommendations from the Policy Governance® consultant for the Board's consideration.
- The Board discussed the revisions at the September Board meeting. Feedback has been incorporated and changes were reviewed by the Policy Governance® consultant.

Attachments:

- GP-6 Board Linkage with External Organizations markup (highlighted portions show the changes based on discussion at the September Board meeting)
- GP-6 Board Linkage with External Organizations clean

FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Linkage with External Organizations
Policy Number: GP-6
Date Adopted: 4.17.2024

Version: 1.0
Date Last Reviewed: 10.15.2025
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

DRAFT

The Frederick Community College Board of Trustees shall identify ~~other organizations~~ external bodies with which it requires good working relationships in order to share and enhance its role as Owner representative in determining the most appropriate Ends. The Board's external relationships shall be conducted consistent with its governance role and shall not interfere with the President's delegated responsibility for administration and operational relationships with external organizations.

1. The Board shall establish mechanisms for maintaining open communication with federal, state, and local governing bodies as well as other public and private entities regarding Ends. Such mechanisms may include, but are not limited to:

    - Inviting representatives of governing bodies or boards of public or private entities to ~~those organizations to~~ Board meetings

    - Meeting jointly with other ~~B~~boards ~~on occasion~~when appropriate

2. Prior to the Maryland Association of Community Colleges (MACC) Legislative Reception or the Association of Community College Trustees (ACCT) National Legislative Summit or any similar conference where the Board interacts with elected officials, the Board shall determine matters, if any, to be addressed consistent with the Board's role.

3. Upon request for Board representation at meetings convened by state or local level governments or public or private entities, the Board will first decide whether such representation is appropriate within the Board's role in ownership linkage and future foresight ~~stated policies~~. If this assessment is positive, the

Board Chair will appoint appropriate Trustee representative(s). Issues of confidentiality and information sharing shall be clarified for the appointed Trustee(s) by the Board Chair.

3.1. Individual Trustees shall not represent that they speak on behalf of the Board unless authorized by the Board or Board Chair pursuant to Board policy.

3.2. The appointed Trustee(s) shall provide information reports as determined by the Board.

3.3. Any representations made by the Trustee on behalf of the Board shall adhere to the stated policies of the Board. Any issues requiring the statement of a new policy position on the part of the Board shall be brought to the Board for decision.

~~2.~~4. For organizational memberships relevant to governance, the Board shall consider the merits of membership in other organizations annually.

DRAFT

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President

DRAFT

FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Linkage with External Organizations
Policy Number: GP-6
Date Adopted: 4.17.2024

Version: 1.0
Date Last Reviewed: 10.15.2025
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

DRAFT

The Frederick Community College Board of Trustees shall identify external bodies with which it requires good working relationships in order to share and enhance its role as Owner representative in determining the most appropriate Ends. The Board's external relationships shall be conducted consistent with its governance role and shall not interfere with the President's delegated responsibility for administration and operational relationships with external organizations.

1. The Board shall establish mechanisms for maintaining open communication with federal, state, and local governing bodies as well as other public and private entities regarding Ends. Such mechanisms may include, but are not limited to:

    - Inviting representatives of governing bodies or boards of public or private entities to Board meetings

    - Meeting jointly with other boards when appropriate

2. Prior to the Maryland Association of Community Colleges (MACC) Legislative Reception or the Association of Community College Trustees (ACCT) National Legislative Summit or any similar conference where the Board interacts with elected officials, the Board shall determine matters, if any, to be addressed consistent with the Board's role.

3. Upon request for Board representation at meetings convened by state or local level governments or public or private entities, the Board will first decide whether such representation is appropriate within the Board's role in ownership linkage and future foresight. If this assessment is positive, the Board Chair will

appoint appropriate Trustee representative(s). Issues of confidentiality and information sharing shall be clarified for the appointed Trustee(s) by the Board Chair.

3.1. Individual Trustees shall not represent that they speak on behalf of the Board unless authorized by the Board or Board Chair pursuant to Board policy.

3.2. The appointed Trustee(s) shall provide information reports as determined by the Board.

3.3. Any representations made by the Trustee on behalf of the Board shall adhere to the stated policies of the Board. Any issues requiring the statement of a new policy position on the part of the Board shall be brought to the Board for decision.

4. For organizational memberships relevant to governance, the Board shall consider the merits of membership in other organizations annually.

DRAFT

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President

DRAFT

Frederick Community College

Enclosure 10
October 2026

Revisions to GP-7 Board Planning Cycle and Agenda Control

Context: Revisions to GP-7 Board Planning Cycle and Agenda Control are being presented for approval. This policy outlines that the Board will develop and follow a multi-year cycle that includes all elements of its work to accomplish its responsibilities. It mandates Board control of its own agenda, including timely review of Ends, linkage with Ownership, education and professional development, risk assessment, content review of policies, self-evaluation, and documentation of President's compliance.

Board Policy Reference: GP-7 Board Planning Cycle and Agenda Control

Background:

- The Board held a retreat on December 3, 2025, during which Trustees identified the need to establish a Governance Process for how and when individual Trustee questions should be raised.
- At the April 22, 2026 regular meeting, Trustees discussed Open Meetings Act considerations and clarified that matters requiring Board discussion should be placed on a future agenda and that agenda requests may be submitted to the Chair.
- At the June 10, 2026 regular meeting, Trustees discussed the process for submitting questions regarding Board packet materials and agenda items and clarified that questions should be directed to the Chair.
- The Board held a retreat on July 16, 2026, during which Trustees supported codifying a process for requesting clarification through the Chair, sharing material responses with all Trustees, and addressing resource-intensive requests consistent with the Board's delegation policies.
- The proposed revision formalizes that process by routing clarification requests through the Chair, who coordinates with the President, and providing materially relevant factual responses to all Trustees. The specific timing and rationale requirements reflected in the markup are recommendations from the Policy Governance® consultant for the Board's consideration.
- The Board discussed the revisions at the September Board meeting and no further revisions were identified. Changes were reviewed by the Policy Governance® consultant.

Attachments:

- GP-7 Board Planning Cycle and Agenda Control markup showing changes since the last meeting
- GP-7 Board Planning Cycle and Agenda Control clean

FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Planning Cycle and Agenda Control
Policy Number: GP-7
Date Adopted: 4.17.2024

Version: 1.0
Date Last Reviewed: 10.15.2025
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

DRAFT

To accomplish its responsibilities with a governance style consistent with Frederick Community College Board of Trustees' policies, the Board will develop and follow a multi-year cycle that includes all elements of the Board's work.

1. The Board shall maintain control of its own agenda by developing an annual schedule based on the multi-year cycle.

   1.1. Review of the Ends in a timely fashion which allows the President to build a budget based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.

   1.2. Linkage with the Ownership (the residents of Frederick County) to gain a representative mix of Owner values, perceptions and expectations, prior to the above review.

   1.3. Education and professional development related to development and revision of Ends. The Board will consider including environmental scanning, review of professional articles and publications, conference attendance, participation in presentations by thought leaders or experts, and activities which develop strategic foresight.

   1.4. Risk assessment, including probability of risks and impact of particular risks, as background context for policy review.

   1.5. Content review of selected Executive Limitations, Governance Process and Board – CEO Delegation policies, consistent with a multi-year schedule that includes all policies.

1.6. Self-evaluation of the Board's own compliance with Governance Process and Board – CEO Delegation policies, consistent with the schedule in the policy *Investment in Governance*.

1.7. Documentation of monitoring compliance by the President with Executive Limitations and Ends policies. Monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.

1.8. Education and professional development about the process of policy governance.

1.9. The Board will have planning sessions as needed or at the President's request. The Board will schedule a Summer retreat no later than July.

2. Based on the outline of the annual schedule, the Board delegates to the Board Chair the authority to fill in the details of the meeting content. Potential agenda items shall be carefully screened. Screening questions shall include:

2.1. Does the issue clearly belong to the Board or the President?

2.2. What category does the issue relate to? Ends, Executive Limitations, Governance Process, Board-President Delegation?

2.3. What has the Board already said in this category (i.e., via policy review), and how is the current issue related?

3. Once the agenda and agenda materials are circulated to Trustees, a Trustee may seek clarification of any item on the Board agenda by directing their inquiry to the Board Chair/Chief Governance Officer at least three business days in advance of the published meeting start time [with rationale for question/critical to ability to make decision]. The Chair will coordinate with the President to facilitate a timely response. Factual information provided in response that is materially relevant to the Board's consideration of the agenda item shall be made available to all Trustees.

~~3.~~4. Throughout the year, the Board will work to limit the number of, and attend to Required Approvals Agenda items as expeditiously as possible. When an item is brought to the Board via the Required Approvals Agenda, deliberation, if any, will only be in regard to whether or not the President's decision complies with relevant Board policies.

DRAFT

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President

DRAFT

FCC BOARD OF TRUSTEES POLICY

Policy Type: Governance Process

Policy Title: Board Planning Cycle and Agenda Control
Policy Number: GP-7
Date Adopted: 10.14.2026

Version: 2.0
Date Last Reviewed: 10.14.2026
Office Responsible: President's Office

Reviewing Committee: Board of Trustees

To accomplish its responsibilities with a governance style consistent with Frederick Community College Board of Trustees' policies, the Board will develop and follow a multi-year cycle that includes all elements of the Board's work.

1. The Board shall maintain control of its own agenda by developing an annual schedule based on the multi-year cycle.

   1.1. Review of the Ends in a timely fashion which allows the President to build a budget based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.

   1.2. Linkage with the Ownership (the residents of Frederick County) to gain a representative mix of Owner values, perceptions and expectations, prior to the above review.

   1.3. Education and professional development related to development and revision of Ends. The Board will consider including environmental scanning, review of professional articles and publications, conference attendance, participation in presentations by thought leaders or experts, and activities which develop strategic foresight.

   1.4. Risk assessment, including probability of risks and impact of particular risks, as background context for policy review.

   1.5. Content review of selected Executive Limitations, Governance Process and Board – CEO Delegation policies, consistent with a multi-year schedule that includes all policies.

1.6. Self-evaluation of the Board's own compliance with Governance Process and Board – CEO Delegation policies, consistent with the schedule in the policy *Investment in Governance*.

1.7. Documentation of monitoring compliance by the President with Executive Limitations and Ends policies. Monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.

1.8. Education and professional development about the process of policy governance.

1.9. The Board will have planning sessions as needed or at the President's request. The Board will schedule a Summer retreat no later than July.

2. Based on the outline of the annual schedule, the Board delegates to the Board Chair the authority to fill in the details of the meeting content. Potential agenda items shall be carefully screened. Screening questions shall include:

   2.1. Does the issue clearly belong to the Board or the President?

   2.2. What category does the issue relate to? Ends, Executive Limitations, Governance Process, Board-President Delegation?

   2.3. What has the Board already said in this category (i.e., via policy review), and how is the current issue related?

3. Once the agenda and agenda materials are circulated to Trustees, a Trustee may seek clarification of any item on the Board agenda by directing their inquiry to the Board Chair/Chief Governance Officer at least three business days in advance of the published meeting start time [with rationale for question/critical to ability to make decision]. The Chair will coordinate with the President to facilitate a timely response. Factual information provided in response that is materially relevant to the Board's consideration of the agenda item shall be made available to all Trustees.

4. Throughout the year, the Board will work to limit the number of, and attend to Required Approvals Agenda items as expeditiously as possible. When an item is brought to the Board via the Required Approvals Agenda, deliberation, if any, will only be in regard to whether or not the President's decision complies with relevant Board policies.

Date Of Change	Version	Description of Change	Responsible Party
4.17.2024	1.0	First release following Policy Governance consulting work.	President
10.14.2026	2.0	Addition of new item 3, with existing renumbered to 4	President

Frederick Community College

Enclosure 11
October 2026

Acceptance: E-1 Ends (2.0) Monitoring Report

Context: The Monitoring Report for E-1 Ends (2.0) is being presented for acceptance according to the Board-approved Monitoring and Policy Review Schedule.

Board Policy References:

- BCD-4 Monitoring President Performance
- GP-7 Board Planning Cycle and Agenda Control

Background:

- Per Board policy (BCD-4) and in alignment with Policy Governance® practice, the Board regularly reviews monitoring reports for Ends and Executive Limitations policies to determine compliance.

- Per Board policy (GP-7), monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.

- President Cheek is reporting full compliance.

Attachment: Monitoring Report: E-1 Ends (2.0)

Frederick Community College
Board of Trustees

Monitoring Report:
E 1 – Ends (2.0)

[Full Compliance]

Report Date: 10/14/2026
Reporting Period: 7/1/2025 – 6/30/2026

This is the annual report on compliance with the Board's Ends Policy: "E-1 Ends (2.0)." I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the established policy, unless specifically stated otherwise below. Please note that all of my interpretations of the policy remain unchanged from the previous report, unless otherwise noted.

Annesa Cheek 10/14/2026

Annesa Cheek, Ed.D. Date
President

2.0 Diverse populations of learners experience learning and academic success responsive to their unique whole learner needs.

2.1. Educational opportunities exist for those that might not otherwise have them.

Interpretation

I interpret "…those that might not otherwise have educational opportunities…" as learners of diverse backgrounds, student-parents, students with disabilities, military veterans, and first-generation and PELL-eligible students.

Compliance will be demonstrated when:

a. *The College's tuition is lower than comparable four-year private or state colleges and universities.*

Evidence

On 9/1/2026, the CFO and VP for Administration confirmed the College's tuition (tuition per credit hour) is lower than every four-year public college and university in the State of Maryland as reported on the Maryland Higher Education Commission's interactive Tuition and Fees dashboard. The Integrated Postsecondary Education Data System (IPEDS) was used to confirm that the College's tuition is also lower than that of every four-year private institution in the state.

Status

In compliance.

Interpretation

b. *The College provides federal, state, and institutional financial aid.*

Evidence

On 9/16/2026, the Interim Vice President for Student Experience confirmed that FCC continued to provide federal, state, and institutional financial aid that supported student access, persistence, and completion.

During FY26, Frederick Community College provided substantial federal, state, and institutional financial aid that reduced financial barriers to enrollment, persistence, and completion. The College disbursed $9,943,861 in federal and state financial aid to 1,878 unduplicated credit students. This included $6,152,371 in federal grants to

1,474 students, $2,959,186 in federal student loans to 556 students, and $832,304 in state aid to 452 students. The College also provided $31,249.50 in institutional assistance through the Financial Wellness Fund in the Financial Aid Office to 49 students.

The total headcount for all non-dual enrollment credit students for FY26 was 4,690. The 1,878 unduplicated students who received federal or state financial aid represented approximately 40% of the headcount.

These totals do not include scholarships, emergency assistance, or other student support provided through the FCC Foundation. Foundation-supported resources provide an additional layer of financial assistance for students and are addressed separately within the monitoring report's evidence concerning resource development and student scholarships.

Together, these federal, state, and institutional resources expanded students' ability to access and continue their education while allowing the College to respond to both broad financial need and individual circumstances that could otherwise interrupt students' educational progress.

Status

In compliance.

Interpretation

c. *The College provides support services for students with diverse backgrounds, student-parents, students with disabilities, military veterans, and first-generation students.*

Evidence

On 9/16/2026, the Interim Vice President for Student Experience confirmed that FCC continued to provide support services for students with diverse backgrounds, student-parents, students with disabilities, military veterans, and first-generation students.

During FY26, Disability Access Services data reflected 591 enrolled credit students with accommodation requests in Fall 2025 and 584 in Spring 2026, as well as 55 CEWD students during July–December 2025 and 65 during January–June 2026.

Also, the Student Success Programs (SSP) office provided specialized support programs. As of Spring 2026, SSP reported 123 participants across its specialized program cohorts, including Child Care Access Means Parents in School (CCAMPIS), Parents Lead, Partnership to Achieving Student Success (PASS), and Project Forward Step. Among these learners, 85% maintained a cumulative GPA of 2.0 or higher, 98% completed at least two success-coaching meetings during the semester, and 89% were in good academic standing or academic alert with progress.

Retention data further demonstrated strong persistence among these learners. Of 122 specialized program participants enrolled in Fall 2025, 110, or 90%, were retained through Spring 2026 or graduated. Program-level results were strong, with fall-to-spring retention and graduation rates ranging from 82% to 100%, meaning that many participants either continued their studies into Spring 2026 or successfully graduated.

Finally, Veteran and Military Student Services (VMS) served as a one-stop resource for veterans, service members, dependents, and their families, supporting their transition to and success at Frederick Community College. VMS served more than 206 students in Fall 2025 and 200 students in Spring 2026, representing 267 unique, unduplicated students across the academic year. Through personalized guidance, benefits assistance, academic support, and connections to campus resources, VMS strengthened students' ability to navigate the college experience while honoring and supporting the veteran and military-connected community.

Status

In compliance.

Interpretation

d. Learners have access to multiple modalities of course delivery (i.e., online, face to face, and hybrid).

Evidence

On 9/10/2026, the Provost and Vice President of Teaching, Learning, and Student Success confirmed that students had access to credit courses in the following modalities in the approximate proportion indicated: in person (65%), online (23%), and hybrid (12%); students have access to noncredit courses in the following

modalities with the approximate proportion indicated: in person (67%), online (21%), hybrid (12%). Course materials for all modalities were available to students through the College's online Learning Management System. In addition, students had access to learning through courseware, white papers, and videos as part of the Mid-Atlantic Center for Emergency Management & Public Safety's library of free educational materials developed and maintained by subject matter experts in the emergency management field.

Status

In compliance.

This interpretation is reasonable because it addresses the primary barriers students face accessing higher education based on research conducted by the Community College Research Center (CCRC). Further, multiple delivery modalities provide more options for learners to access education.

2.2. Learners have access to learning and academic support consistent with current technology and research.

Interpretation

Compliance will be demonstrated when:

a. *The College's annual budget supports classroom technology that meets the needs of learners.*

Evidence

On 9/28/2026, the Provost and Vice President of Teaching, Learning, and Student Success confirmed that $369,000 was allocated through the FY26 budgeting process for computer and IT equipment. This investment sustained instructional technology across all the College's 121 instructional spaces, as defined by the State's higher education facilities inventory standards, including projection, audio, and instructor console systems that met instructional AV standards. Of these spaces, 86 classrooms provided Hyflex capabilities to support both in-person and virtual learning.

Status

In compliance.

Interpretation

b. The College's annual budget supports equipment and technology that meet the requirements of academic programs or professional fields of study.

Evidence

On 9/6/2026, the Provost and Vice President of Teaching, Learning, and Student Success confirmed that annual requests for equipment in support of academic and workforce training began with recommendations made by program faculty based on evaluation of relevant and current academic and industry standards. Requests were then reviewed and prioritized by Deans and elevated to the Provost. Requests for equipment over $5,000 were submitted to the Associate Vice President for Operations for funding consideration. In FY26, the College budgeted $150,000 for equipment; approximately $98,644 was used to fund equipment for instructional programs. In addition, the College budgeted $250,000 for furniture; approximately $88,482 was used to fund furnishings for instructional programs.

Further, operating funds within the Teaching, Learning, and Student Success division program budgets included $157,300 for purchases of instructional equipment costing less than $5,000. The College also received funding for equipment through various grants. In FY26, $143,747 was allocated to fund equipment for degree and workforce programs through the Perkins grant, and $62,500 was allocated for equipment through the MD Department of Commerce Build Our Future grant.

Examples of equipment purchased that demonstrate the College met current technological needs of the field include, but are not limited to (1) industry standard biotechnology equipment including a safety cabinet, automated cell counter, and digital water bath; (2) state-of-the-art fitness testing equipment (Ergometer) for use in the Human Performance testing lab and health sciences instruction; (3) upgrades to lighting in the JBK Theater (modern LED fixtures and dual level of control) allowing students to have bright and colorful backgrounds during performances.

Status

In compliance.

Interpretation

c. *The College's Center for Teaching and Learning provides evidence-based academic support services to meet the needs of learners.*

Evidence

On 9/3/2026, the Provost and Vice President of Teaching, Learning, and Student Success confirmed that the academic support provided by the Center for Teaching and Learning are grounded in evidence-based practices and delivered through the (1) Library Services, (2) the Learning Centers, and (3) the Testing Center.

(1) Library Services at the College adhere to the Association of College and Research Libraries (ACRL) Standards for Libraries in Higher Education in the design and delivery of its services and aligns all instructional efforts with the ACRL Framework for Information Literacy for Higher Education. Key services offered by the library include:

(a) Management of library print and digital collections that support the college curriculum. Usage of collections continues to be robust: 2,838 physical items circulated last year with noticeable usage increases in textbook course reserves which rose by 87%. In Fall 2025, the Library introduced OneSearch, a system offering a unified search across the Library's databases, increasing usage of the digital collection by 31% to 312,654 items compared to the prior year. A user survey showed 83.5% of respondents were satisfied with OneSearch noting the ease of use and the ability to locate scholarly materials efficiently.

(b) Access to technology and study spaces to support student learning including collaborative and quiet study areas with capacity for 160 students, 6 group project rooms with whiteboards and projectors, 72 computers, 2 printers, 1 copier/scanner for student use, and a Digital Makerspace with 4 computers providing access to specialized software and to CPR-RQI manikins. In Spring 2026, the Library successfully partnered with Student Success and the Computer Science program to become the primary manager of student laptop lending at FCC. Since the Library assumed this role, the Student Success lending program has expanded by 76%, from 34 to 60 laptops, including 25 cellular-enabled devices. In a Spring 2026 survey conducted by Student Success, 96% of

respondents rated the checkout process as easy or very easy, and 96% said access to a laptop was important or very important to their academic success.

(c) Technology, reference, and research support. The Library/Learning Commons recorded 73,818 visits, and the Service Desk facilitated 12,556 direct student contacts, a 34% increase over the previous year. Librarians conducted 1,072 research consultations, including live chat assistance. User feedback on chat services averaged a satisfaction rating of 3.91 out of 4, highlighting the effectiveness and student-centered nature of support provided.

(d) Information literacy, instruction, and resources. For FY26, the Library's instruction was redesigned to incorporate the new OneSearch system. Librarians led 146 in-person instruction sessions which showed significant gains in student confidence to conduct academic research in OneSearch with average self-assessment ratings increasing from 1.8 out of 5 prior to instruction to 4.6 out of 5 post sessions exceeding the 3.5 post-test benchmark.

(2) Learning Centers at the College include both the Tutoring and Writing Center (assists with writing across the curriculum, research, study skills, and foundational languages) and the STEM Learning Center (assists with science, technology, engineering, and math). The tutor training program is College Reading & Learning Association (CRLA) certified through their International Tutor Training Program for both Level 1 and Level 2. The Learning Centers follow these standards which include: Basics of the Role of Tutor, Communication, Learning/Studying Techniques, Ethics and Equity, Practical Applications of Contemporary Research in the Field and Institutional Policies.

(a) In FY26, the Learning Center conducted 10,134 sessions which included the following services: Drop-in on-campus tutoring (individual and group), online appointment individual tutoring, online appointment group tutoring, asynchronous paper review, embedded tutoring in gateway courses, supplemental instruction in A&P support, in-person and online academic coaching, and in-person and online learning workshops. There were 1,808 unique students served under 327 instructors across 249 different courses.

(b) Special highlights to note are that during FY26, 27.2% of all new-to-college students accessed one or more Learning Center support services, demonstrating the Centers' early impact on student engagement during the critical first year of college and those who utilized Learning Center services earned an overall course success rate across all enrolled courses, not solely those in which students sought tutoring, 6.6% higher than peers who did not

access Learning Center support, reinforcing the Learning Centers' holistic approach to developing independent, confident learners.

(c) Embedded tutoring in ENGL 100/101 supported every linked course section, with the ENGL 101 component reaching an overall 80% success rate and improving by 1.7 percentage points over the previous spring.

(d) In MATH 145S, sections with embedded tutoring achieved a 72.2% success rate, compared with 42.9% in comparable sections without embedded support.

(e) The Supplemental Instruction pilot for Anatomy and Physiology exceeded expectations, increasing student success in PTHA 110 by 8.2%.

(f) Student satisfaction with the Learning Centers continues to be high, with 94% or above satisfaction levels in all categories.

(3) The Testing Center advances student success and community impact by providing evidence-based academic support in accordance with National College Testing Association (NCTA) standards. Through equitable placement, accessible testing accommodations, professional licensing, and academic preparation, the Center delivers measurable educational and financial outcomes. Key FY26 performance and impact metrics include:

(a) Academic Placement & Retention: Administered over 2,000 placement tests to ensure appropriate course placement in English and math, driving foundational academic success.

(b) Course & Accessibility Support: Facilitated over 5,700 departmental exams, directly supporting students requiring disability testing accommodations, online learners needing ID-verification, and students completing make-up exams.

(c) Community Workforce & Revenue Generation: Delivered 2,100 professional certification and licensure exams for students and local community members, generating over $46,500 in revenue through strategic vendor partnerships.

(d) Student Preparation & Resource Engagement: Equipped students with effective time management and test-preparation strategies for the ACCUPLACER exam and beyond. The Placement Test Study Guide recorded over 40,000 visits in FY26, remaining the #1 most visited Library Guide across the institution.

Status

In compliance.

This interpretation is reasonable because the College has an existing process for acquisition and replacement of instructional technologies, software, and equipment to support up-to-date classroom and career instruction. Further, research by the National

Association of Student Personnel Administrators (NASPA) shows that academic support services contribute to improved academic outcomes.

2.3. Learners have ancillary support that meet their unique needs.

Interpretation

I interpret "ancillary support" that meets learners' unique needs as nonacademic wraparound services.

Compliance will be demonstrated when:

a. Learners have access to mental health resources and programming.

Evidence

On 9/15/2026, the Interim VP for Student Experience confirmed that learners had access to mental health resources and programming.

FCC LiveWell serves as the College's holistic wellness framework with the Counseling and Wellness Center responsible for delivering these services. Resources available to students included short-term counseling services, crisis response support, wellness education, and opportunities to connect with trained staff and campus resources. The College also continued to promote mental health awareness through campus programming, workshops, classroom presentations, and collaborative outreach efforts designed to reduce barriers to care and encourage help-seeking behaviors.

During FY26, the Counseling and Wellness Center provided:

- 447 individual counseling sessions
- 54 crisis or urgent support appointments
- 228 intake appointments and walk-in consultations
- 195 unique students served

Additionally, the Center and its campus partners facilitated 105 outreach and educational programs, including wellness workshops, awareness campaigns, classroom presentations, and Mental Health First Aid or related training opportunities for students and employees.

These services demonstrate the College's commitment to creating a supportive learning environment where students can access the resources necessary to address mental health concerns, build resilience, and persist towards their educational goals. Mental health and wellness services continued to be provided in a manner that prioritizes accessibility, confidentiality, and student-centered support.

Status

In compliance.

Interpretation

b. Learners have access to food support.

Evidence

On 9/15/2026, the Interim Vice President for Student Experience confirmed that the College continued to provide learners access to food support through the Cougar Mart, Grab and Go Hubs, and Cougar Pods food locker program within the LiveWell department.

During the 2025-2026 academic year, Cougar Mart recorded 1,511 visits from 514 unique students. The Cougar Pods food locker program received 195 student sign-ups. Grab & Go Hubs recorded 12,053 visits at Main Campus and 410 visits at the Monroe Center.

These resources provided students with access to groceries, prepared food, and other nutritional support. These services were also connected with broader student assistance programs, with referrals available through advising, counseling, student success coaching, and case management processes.

Status

In compliance.

Interpretation

c. Learners have access to financial resources that support emergency needs (childcare, transportation, and housing).

Evidence

On 9/15/2026, the Interim Vice President for Student Experience confirmed that FCC learners had access to financial resources that supported emergency needs.

In FY26, 20 students accessed $14,517.15 in emergency assistance through the Student Emergency Assistance Fund through the FCC Foundation. The top three uses of these funds were for Housing, Utilities, and Tuition assistance. In addition, the Student Success Programs Office coordinated related support mechanisms designed to address financial disruptions that might otherwise prevent continued enrollment.

These resources helped reduce non-academic barriers to persistence and support the College's commitment to student success.

FCC also provided targeted support for parenting students through the Child Care Access Means Parents in School (CCAMPIS) program and related parenting student initiatives. During FY26, 14 students received CCAMPIS support and 29 students participated in Parents Lead. Collectively, specialized Student Success Programs (SSP) serving parenting students and other high-need populations supported strong academic outcomes, with 90% of participants retained through Spring 2026 or graduating, demonstrating the impact of coordinated financial, coaching, and resource interventions on student persistence.

Transportation barriers were addressed through individualized student support and resource referral processes. FCC continued to leverage Navigate360, our customized student success Customer Relationship Management (CRM) tool, and support from staff in the SSP department to identify transportation-related challenges and connect students with appropriate community and institutional resources. Prior reporting demonstrated substantial student demand for transportation assistance, with more than 100 students seeking transportation-related support and receiving individualized referrals through coordinated case management efforts.

Together, emergency financial assistance, childcare support, transportation resource coordination, and case management services helped reduce non-academic barriers to persistence and advanced the College's commitment to student success, retention, and equitable educational opportunities.

Status

In compliance.

Interpretation

d. Learners have employment opportunities on campus.

Evidence

On 9/15/2026, the Interim Vice President for Student Experience confirmed that FCC continued to provide on-campus employment opportunities through the Federal Work-Study (FWS) program and other student employment initiatives.

These opportunities were available in multiple departments and provided students with income, workplace exposure, and opportunities to build experience while pursuing their educational goals. In FY26, 29 students participated in the Federal Work-Study program, earning $107,771 in FWS compensation. Additional student employment opportunities were also available outside of the Federal Work-Study program.

Student employment positions provided learners with opportunities to gain workplace experience and practice career-readiness skills in a professional environment. The College continued to promote student employment opportunities through Financial Aid, connections to careers, and direct outreach to eligible students, helping connect learners with meaningful work experiences that support both academic and career success.

Status

In compliance.

This interpretation is reasonable, as research by the Council for the Advancement of Standards in Higher Education (CAS) and the Hope Center for College, Community, and Justice indicates that non-academic support is essential to academic success.

Frederick Community College

Enclosure 12
October 2026

Acceptance: EL-1 Treatment of Students Monitoring Report

Context: The Monitoring Report for EL-1 Treatment of Students is being presented for acceptance according to the approved Monitoring and Policy Review Schedule.

Board Policy References:

- BCD-4 Monitoring President Performance
- GP-7 Board Planning Cycle and Agenda Control

Background:

- Per Board policy (BCD-4) and in alignment with Policy Governance® practice, the Board regularly reviews monitoring reports for Ends and Executive Limitations policies to determine compliance.

- Per Board policy (GP-7), monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.

- President Cheek is reporting full compliance.

Attachment: Monitoring Report: EL-1 Treatment of Students

Frederick Community College
Board of Trustees

Monitoring Report:
EL 1 – Treatment of Students

[Full Compliance]

Report Date: 10/14/2026
Reporting Period: 7/1/2025 – 6/30/2026

This is the annual report on compliance with the Board's Executive Limitation Policy: "EL-1 Treatment of Students." I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the established policy, unless specifically stated otherwise below. Please note that all of my interpretations of the policy remain unchanged from the previous report, unless otherwise noted.

Annesa Cheek 10/14/2026

Annesa Cheek, Ed.D. Date
President

Note: Board Policy is indicated in bold typeface throughout the report.

The President shall not cause or allow conditions, procedures, or decisions related to the treatment of students that are unsafe, unfair, disrespectful, or unnecessarily intrusive.

Further, without limiting the scope of the above statement by the following list, the President shall not:

1. **Allow a learning culture without equity, inclusion, collegiality, and a sense of belonging**.

Interpretation

Compliance will be demonstrated when:

a. *The College delivered or made available cultural training and ongoing professional development to all employees*.

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the College continues to implement leadership development, professional learning, and employee engagement initiatives aligned with its priorities for employee development, belonging, transparency, and organizational effectiveness. The Foundations of Leadership Program, launched in January 2026, established a structured leadership development pathway for mid-level managers, with an initial 21-participant pilot cohort focused on communication, decision-making, team leadership, and strategic thinking.

Employee engagement with professional learning also continued to increase, with 50 employees completing the LinkedIn Learning Spring Challenge and FY26 reflecting the highest level of LinkedIn Learning participation over the past three years. Bias and Cultural Humility Training and other professional learning opportunities received strong preliminary participant feedback.

Progress in employee engagement and belonging was also demonstrated through five sessions involving 44 participants, with 100% of respondents agreeing or strongly

agreeing that they felt comfortable sharing their perspectives and that the sessions fostered increased transparency and open communication.

Overall, implementation remains in compliance, with participation and feedback data demonstrating continued progress in leadership capacity, professional development, employee engagement, belonging, and organizational culture.

Status

In compliance.

Interpretation

b. The College evaluated the curriculum to ensure it is unbiased, inclusive and creates a sense of belonging.

Evidence

On 9/8/2026, the Provost and Vice President for Teaching, Learning, and Student Success confirmed that the College has processes in place to regularly and systematically evaluate curriculum through a lens of anti-bias and inclusion. Evidence of this commitment is reflected in the following curriculum-related processes.

(1) Evaluation of new and revised course learning outcomes (CLOs) and program learning outcomes (PLOs) by the Curriculum Committee.

The Curriculum Committee is responsible for the development, review, and revision of curricula for credit certificate and degree programs. To systematically ensure that all new and revised CLOs and PLOs are measurable, written in student-accessible language without bias, and align with assessments, all curricular proposals include an evaluation by the Director of Learning Assessment to and provide guidance to faculty for revisions if warranted. During FY26, 25 CLOs were reviewed and revised through the curriculum committee.

(2) Evaluation of curriculum during the systematic 5-year program review process:

In FY26, eight academic programs completed their program review. As part of this review, program faculty are asked to report how curriculum is regularly evaluated to ensure it is unbiased, inclusive and creates a sense of belonging. Seven of the eight programs identified a recurring process for determining the inclusivity of course materials and/or assessments. Strategies include the use of open-sourced content, assessments designed to address a wide array of cultural perspectives

and experiences, reflective assessments, and a concerted effort to supplement primary texts with secondary materials that ensured a wider and more diverse array of accessible and diverse content. One program identified a lack of a systematized process and created an action plan to develop and include one moving forward.

(3) Evaluation of textbook and course materials:

As part of the preparation to launch courses each semester, faculty complete a rubric for evaluating the inclusivity and anti-bias of course materials (e.g. textbooks, supplementary readings, lab activities). The rubric includes evaluation of course materials for use of inclusive language, use of images and examples that represent different cultural perspectives, inclusion of a wide array of demographic groups, and accessibility of formats. In FY26, faculty were asked to evaluate up to three course materials against the rubric. Faculty reported the following results for the evaluated materials: 90-93% used inclusive language; 76%-87% had examples and images reflecting diverse identities, cultural perspectives, and/or intersectionality; 75-84% of content included representation of marginalized/underrepresented groups; and 71-83% of content was provided in accessible formats. These data will be used to refine the rubric in collaboration with the AVP for Diversity, Equity, Inclusion, and Belonging, and inform changes to course materials selections.

(4) Review of Cultural Competence Courses

As part of all credit degree requirements, students must complete a class that is designated as a cultural competence course. In FY26, FCC completed a comprehensive review of courses that satisfy the Cultural Competence (CC) requirement. The General Education Committee revised the CC criteria, developed a new application and review process, and evaluated all existing CC-designated courses. Of the 58 courses reviewed, 41 retained their CC designation, 3 gained a new designation, 1 newly approved course received designation, 11 courses lost designation, and 2 courses were inactivated. As a result of this review, FCC now offers 45 Cultural Competence designed courses across 22 subject areas, providing students with multiple opportunities to develop the knowledge and skills needed to engage effectively in diverse and multicultural environments.

Status

In compliance.

Interpretation

c. *The College facilitated student focus groups to increase understanding, connection, and a sense of belonging.*

Evidence

On 9/2/2026, the Interim Vice President for Student Experience confirmed that the College facilitated student focus groups to increase understanding, connection, and a sense of belonging. These focus groups and interviews elevated student voice to gain deeper understanding of students' experiences regarding belonging, connection, and navigation of College services. Participants represented a diverse range of student populations and experiences, including graduating students, parenting students, working students, and student athletes. Focus group questions were informed by Community College Survey of Student Engagement (CCSSE) data and aligned with institutional student success priorities.

Student feedback consistently affirmed that FCC is a welcoming, inclusive, and supportive institution. Participants specifically identified faculty, staff, advisors, tutoring services, Student Success Programs, transfer resources, and campus engagement opportunities as significant contributors to their sense of belonging, persistence, and academic success. Students repeatedly emphasized that relationships with faculty and staff were among the most important factors helping them navigate challenges and achieve their educational goals.

Feedback also identified opportunities to simplify and strengthen the student experience, particularly through the College's communication of clearer pathways, earlier and more consistent guidance, improved navigation of institutional systems and processes, and additional support for students with diverse needs and circumstances. Findings are being incorporated into FY27 planning and continuous improvement efforts within the Division of Student Experience as part of the College's commitment to building student confidence, strengthening belonging, and improving student success outcomes.

Status

In compliance.

This interpretation is reasonable because it supports the College's mission, vision, and values, and is consistent with practices employed by other higher education institutions.

2. **Permit students and others who use College property to be without reasonable protections against hazards or conditions that might threaten their health, safety, or well-being.**

Interpretation

Compliance will be demonstrated when:

a. *The College's Campus Safety Report is published annually.*

Evidence

On 8/20/2026, the Chief Financial Officer (CFO) and VP for Administration confirmed that the College's Annual Security Report, due every October, was posted on the Consumer Information Disclosure page of the College website on 9/29/2025.

Status

In compliance.

Interpretation

b. *Operational policies are established to protect students and provide information about conditions that may impact their health, safety, and well-being.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the following College administrative policies and procedures outline the rules and expectations for employees, students, and campus visitors. This information is accessible on the Policies and Procedures page of the College website.

- Alcohol, Tobacco, Opioid, and Other Drug Use and Awareness
- Behavioral Evaluation and Response Team (BERT)
- Code of Student Conduct

- Code of Conduct for Visitors, Guests, and Volunteers
- Employee Code of Ethics
- Employee Misconduct
- Expressive Activity
- Maryland Values Act Policy
- Inclement Weather College Closing Policy
- Non-Discrimination
- Religious Accommodations
- Solicitation
- Title IX
- Weapons

Status

In compliance.

Interpretation

c. *Safety signage is posted at building entry points which provides contact information to the Office of Public Safety.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that safety signage, which includes contact information for Campus Police & Public Safety, is posted at all building entry points.

Status

In compliance.

Interpretation

d. *Classrooms have emergency reference guides posted for review and guidance.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that an Emergency Response Guide is available on the Public Safety page of the College website and that all classrooms have emergency reference guides posted for review and guidance.

Status

In compliance.

Interpretation

e. The Continuity of Operations Plan (COOP) is reviewed annually.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the Continuity of Operations Plan (COOP) was most recently reviewed in September 2025 and in January 2026.

Status

In compliance.

Interpretation

f. Students were provided access to a text communication system that provides updates about campus closures and cancellations due to weather and emergencies.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the College's mass communication system, Omnilert, was functioning as intended. Students were able to register for FCC alerts online and/or download a mobile app to subscribe to receive texts, phone calls, and/or email notifications about campus closures and cancellations due to weather and emergencies.

Status

In compliance.

Interpretation

g. The College has a procedure for evaluating safety during weather emergencies.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the College has a procedure for evaluating safety during weather emergencies (Inclement Weather College Closing Policy). This information is accessible on the Policies and Procedures page of the College website.

Status

In compliance.

Interpretation

h. The College provided mental health services through licensed therapists at no cost to students.

Evidence

On 9/15/2026, the Interim VP for Student Experience verified that the College provided mental health services through licensed therapists at no cost to students through the Counseling and Wellness Services Office, located in the Student Center, Suite 103 or by visiting the LiveWell page of the College website. Additionally, Zoom remains a HIPAA-compliant platform to support telehealth counseling appointments for students.

During FY26, the Counseling and Wellness Center provided:

- 447 individual counseling sessions
- 54 crisis or urgent support appointments
- 228 intake appointments and walk-in consultations
- 195 unique student clients served

Additionally, the Center and its campus partners facilitated 105 outreach and educational programs, including wellness workshops, awareness campaigns, classroom presentations, and Mental Health First Aid or related training opportunities for students and employees.

Status

In compliance.

Interpretation

i. The College provided mental health first aid certification training at no cost to students.

Evidence

On 9/3/2026, the Interim VP for Student Experience confirmed that Mental Health First Aid (MHFA) certification classes were offered (at no cost) six times during FY26: 9/12/2025, 10/10/2025, 11/7/2025, 12/16/2025, 3/27/2026, and 4/24/2026. Nineteen students participated in these trainings, representing a strong increase in early intervention capacity across the campus community.

The trainings strengthened FCC's capacity for early identification and referral of individuals experiencing mental health challenges while supporting a culture of care and belonging across the campus community. Counseling and Wellness staff reported increased referrals from peers, faculty, and staff, suggesting that participants were applying MHFA skills to connect students with available support resources.

Status

In compliance.

Interpretation

j. Safety Data Sheets (SDS) are current and accessible upon request to students, in compliance with OSHA standard 1910.1200(b)(4)(ii).

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the Safety Data Sheets for all chemicals on campus were current and accessible on the Campus Police and Public Safety page of the College intranet site. Students may contact Public Safety at publicsafety@frederick.edu to request copies.

Status

In compliance.

Interpretation

k. Elevators, fire systems, and boiler inspections are conducted annually.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed with Plant Operations that elevator inspections were completed on 7/30/2025, 7/31/2025 and 8/1/2025. Fire alarm panel inspections were completed on 3/2/2026. Inspection of the suppression systems, which include sprinklers and devices, were completed on 3/2/2026. The boilers are inspected every two years and were last inspected 11/21/2024, with the next inspection due before 12/11/2026.

Status

In compliance.

Interpretation

l. Emergency and safety drills are conducted each semester.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2026 as follows:

- Main campus:
  - 2/28/2026 - evacuation
  - 9/22/2025 and 3/11/2026 - shelter-in-place
  - 10/24/2025, and 2/19/2026 - lockdown
- Monroe Center:
  - 10/2/2025 and 10/31/2025 - shelter-in-place
  - 9/17/2025 and 2/16/2026 - lockdown
  - 9/2/2025, 2/28/2026, and 4/22/2026 - evacuation

Status

In compliance.

This interpretation is reasonable because it ensures compliance with State of Maryland and nationally accepted safety and security practices for higher education institutions.

2.1. Allow students to be without current, enforced policies that minimize the potential for exposure to harassment, provide remedy for harassment situations, and provide methods for dealing with individuals who harass.

Interpretation

Compliance will be demonstrated when:

a. The College has current Title IX and Non-Discrimination Policies available.

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the Title IX Policy & Procedures and Non-Discrimination Policy & Procedures were current and available on the Policies and Procedures page of the College website.

Status

In compliance.

Interpretation

b. The College's Campus Safety Report is published annually.

Evidence

On 8/20/2026, the Chief Financial Officer (CFO) and VP for Administration confirmed that the College's Annual Security Report, due every October, was posted on the Consumer Information Disclosure page of the College website on 9/29/2025.

Status

In compliance.

Interpretation

c. The College has an Incident Reporting Form available.

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that a Title IX Incident Report Form is available under the *Reporting* section of the Title IX Policy & Procedures and Non-Discrimination Policy & Procedures page on the College website.

Status

In compliance.

Interpretation

d. The College has identified a Title IX Coordinator and a Deputy Title IX Coordinator, whose contact information is accessible.

Evidence

On 9/9/2026, the Vice President for Talent and Culture confirmed that the College identified a Title IX Coordinator and a Deputy Title IX Coordinator, whose contact information was accessible in two locations on the Title IX Policy & Procedures and Non-Discrimination Policy & Procedures page of the College website:

1. Under the Reporting section, and
2. Under the Policy Information section, on page 37 of the Title IX and Sex Discrimination Policy & Procedures.

Status

In compliance.

Interpretation

e. All employees completed the required annual Title IX training.

Evidence

On 9/9/2026, the Vice President for Talent and Culture confirmed that all employees classified as "active" successfully completed the mandatory annual Title IX training within the designated reporting period. Human Resources tracked compliance with the training requirements and finalized documentation at the close of FY 2026 (6/30/2026).

Status

In compliance.

This interpretation is reasonable because it complies with federal regulations outlined by the U.S. Department of Education.

3. Deliver programs in a manner that is insensitive to students' culture.

Interpretation

Compliance will be demonstrated when:

a. The College provided inclusive programming that allows students to learn more about different cultures.

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the Making Our Spaces an Inclusive Community (MOSAIC) Center provided robust inclusive programming that allowed students to engage with and learn from diverse cultures. In total, during FY 2026, the MOSAIC Center offered 59 events, with a combined reach of more than 2,500 attendees. These programs primarily concentrated on the MOSAIC Center themes for the year: Survivors of Power-Based Violence, Substance Use, People with Disabilities, and Gender and Sexuality.

Programs of note this year include activist Daryl Davis speaking on Building Bridges in a Time of Walls, a Know Your Rights campaign focused on Immigration Rights which included speakers from the local police and immigration lawyers, and the martial arts Henan Province Performers group from China which brought faculty, staff, students, and community members alike together. This breadth of themes, intentionality of design, and level of engagement demonstrates the College's commitment to fostering cultural awareness, inclusion, and belonging.

Status

In compliance.

Interpretation

b. The College has dedicated space for celebrating the cultural diversity of students.

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the MOSAIC Center, a dedicated space for students to celebrate cultural diversity, remains operational on the first floor of the Student Center.

Status

In compliance.

Interpretation

c. The College delivered or made available cultural training and ongoing professional development to all employees.

Evidence

On 9/14/2026, the VP for Talent and Culture confirmed that LinkedIn Learning was made available to all employees throughout the reporting period. FCC LinkedIn Learning offers a digital library of 6,722 courses covering a broad spectrum of topics, including technical skills, leadership, business, software, and creative subjects. The platform also features training focused on diversity and cultural awareness. Within this library, FCC LinkedIn Learning provides 185 DEIB-related courses, 636 leadership-related courses, and 66 specific DEIB-leadership related courses. During FY 2026, 174 employees completed courses on the platform. In addition, the Center for Teaching and Learning consistently hosted workshops centered on diversity, equity, inclusion, and belonging.

The MOSAIC Center led a professional development series called Empathy Allies focused on understanding one's own cultural lens, getting to know others from different backgrounds and life circumstances, understanding the systems and structures of our culture, institutions, and values, and finally how to talk to people about our new understanding of people who are different. Forty-five digital badges were awarded which represented over 350 hours of volunteer professional development by faculty and staff in FY26.

Status

In compliance.

Interpretation

d. The College evaluated the curriculum to ensure it is unbiased, inclusive and creates a sense of belonging.

Evidence

On 9/8/2026, the Provost and Vice President for Teaching, Learning, and Student Success confirmed that the College has processes in place to regularly and systematically evaluate curriculum through a lens of anti-bias and inclusion. Evidence of this commitment is reflected in the following curriculum-related processes.

(1) Evaluation of new and revised course learning outcomes (CLOs) and program learning outcomes (PLOs) by the Curriculum Committee.

The Curriculum Committee is responsible for the development, review, and revision of curricula for credit certificate and degree programs. To systematically ensure that all new and revised CLOs and PLOs are measurable, written in student-accessible language without bias, and align with assessments, all curricular proposals include an evaluation by the Director of Learning Assessment to and provide guidance to faculty for revisions if warranted. During FY26, 25 CLOs were reviewed and revised as necessary.

(2) Evaluation of curriculum during the systematic 5-year program review process:

In FY26, eight academic programs completed their program review. As part of this review, program faculty are asked to report how curriculum is regularly evaluated to ensure it is unbiased, inclusive and creates a sense of belonging. Seven of the eight programs identified a recurring process for determining the inclusivity of course materials and/or assessments. Strategies include the use of open-sourced content, assessments designed to address a wide array of cultural perspectives and experiences, reflective assessments, and a concerted effort to supplement primary texts with secondary materials that ensured a wider and more diverse array of accessible and diverse content. One program identified a lack of a systematized process and created an action item to develop one.

(3) Evaluation of textbook and course materials:

As part of the preparation to launch courses each semester, faculty complete a rubric for evaluating the inclusivity and anti-bias of course materials (e.g. textbooks, supplementary readings, lab activities). The rubric includes evaluation of course materials for use of inclusive language, use of images and examples that represent different cultural perspectives, inclusion of a wide array of demographic groups, and accessibility of formats. In FY26, faculty were asked to evaluate up to three course materials against the rubric. Faculty reported the following results for the evaluated materials: 90-93% used inclusive language; 76%-87% had examples and images reflecting diverse identities, cultural perspectives, and/or intersectionality; 75-84% of content included representation of marginalized/underrepresented groups; and 71-83% of content was provided in accessible formats. These data will be used to refine the rubric in collaboration with the AVP for Diversity, Equity, Inclusion, and Belonging, and inform changes to course materials selections.

(4) Review of Cultural Competence Courses

As part of all credit degree requirements, students must complete a class that is designated as a cultural competence course. In FY26, FCC completed a comprehensive review of courses that satisfy the Cultural Competence (CC) requirement. The General Education Committee revised the CC criteria, developed a new application and review process, and evaluated all existing CC-designated courses. Of the 58 courses reviewed, 41 retained their CC designation, 3 gained a new designation, 1 newly approved course received designation, 11 courses lost designation, and 2 courses were inactivated. As a result of this review, FCC now offers 45 Cultural Competence designed courses across 22 subject areas, providing students with multiple opportunities to develop the knowledge and skills needed to engage effectively in diverse and multicultural environments.

Status

In compliance.

Interpretation

e. *The College facilitated student focus groups to increase understanding, connection, and a sense of belonging.*

Evidence

On 9/2/2026, the Interim Vice President for Student Experience confirmed that the College facilitated student focus groups to increase understanding, connection, and a sense of belonging. These focus groups and interviews elevated student voice to gain deeper understanding of students' experiences regarding belonging, connection, and navigation of College services. Participants represented a diverse range of student populations and experiences, including graduating students, parenting students, working students, and student athletes. Focus group questions were informed by Community College Survey of Student Engagement (CCSSE) data and aligned with institutional student success priorities.

Student feedback consistently affirmed that FCC is a welcoming, inclusive, and supportive institution. Participants specifically identified faculty, staff, advisors, tutoring services, Student Success Programs, transfer resources, and campus engagement opportunities as significant contributors to their sense of belonging, persistence, and academic success. Students repeatedly emphasized that relationships with faculty and staff were among the most important factors helping them navigate challenges and achieve their educational goals.

Feedback also identified opportunities to simplify and strengthen the student experience, particularly through the College's communication of clearer pathways, earlier and more consistent guidance, improved navigation of institutional systems and processes, and additional support for students with diverse needs and circumstances. Findings are being incorporated into FY27 planning and continuous improvement efforts within the Division of Student Experience as part of the College's commitment to building student confidence, strengthening belonging, and improving student success outcomes.

Status

In compliance.

This interpretation is reasonable because it adheres to the Maryland Higher Education Commission regulations for cultural diversity and is consistent with practices employed by other higher education institutions.

4. **Permit violation of student confidentiality and privacy, except where specific disclosure is required by legislation or regulation.**

Interpretation

Compliance will be demonstrated when:

a. *The College has current policies that ensure compliance with the Family Educational Rights and Privacy Act (FERPA), Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act (HIPAA).*

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed the College has current policies that ensure compliance with the FERPA and GLBA, with HIPAA nested within FERPA.

Status

In compliance.

Interpretation

b. *All College employees who handle student data have completed mandatory training to ensure student confidentiality and privacy.*

Evidence

On 9/30/2026, the Interim Vice President for Student Experience confirmed that 100% of active College employees who handle student data completed mandatory training to ensure student confidentiality and privacy.

FERPA training was delivered through Vector Solutions and remains a required annual compliance activity for all employees who access or handle student information. New employees with access to student data are required to complete training within 30 days of employment. Collaboration among Student Experience, Human Resources, TLSS, and Information Technology has improved assignment accuracy, compliance tracking, and reporting reliability, helping ensure continued protection of student educational records.

Status

In compliance.

This interpretation is reasonable because it is consistent with federal law.

4.1. Use forms or procedures that elicit information for which there is no clear necessity.

Interpretation

Compliance will be demonstrated when:

a. No requests for data/information were approved without a necessary or legal reason.

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed that no requests for data/information were approved without a necessary or legal reason.

During FY26, documented disclosures were limited to two Solomon Amendment requests, seven Maryland Public Information Act (MPIA) requests related to students, one personally identifiable information request, and one subpoena. Each request was processed through established legal and regulatory frameworks, supporting the College's commitment to protecting student privacy while meeting applicable compliance requirements.

Status

In compliance.

The interpretation is reasonable because it ensures compliance with college policies and practices.

4.2. Use methods of collecting, reviewing, storing, or transmitting student information that inadequately protect against improper access to personal information.

Interpretation

Compliance will be demonstrated when:

a. *Student information is collected, stored, and transmitted in accordance with the Family Educational Rights & Privacy Act (FERPA), the Health Insurance Portability and Accountability Act (HIPAA), and the Gramm-Leach-Bliley Act (GLBA).*

Evidence

On 9/9/2026, the Interim Vice President for Student Experience confirmed that student information was collected, stored, and transmitted in accordance with the Family Educational Rights and Privacy Act (FERPA), the Health Insurance Portability and Accountability Act (HIPAA), and the Gramm-Leach-Bliley Act (GLBA).

Student information protected under the Family Educational Rights and Privacy Act (FERPA) was collected, accessed, stored, transmitted, and disclosed in accordance with College policy and federal requirements. The Registrar's Office maintained oversight of student education records, student consent processes, disclosure requests, and requests to inspect or amend records. Across the College, employees accessed student information only for legitimate educational purposes and through role-based permissions. FERPA-protected information was routinely administered through student-facing functions including Advising, Enrollment Services, and Financial Aid. Annual FERPA training and institutional privacy controls reinforced employee responsibilities regarding the appropriate access, use, disclosure, and protection of student educational records.

Under GLBA, the College maintained safeguards for nonpublic personal information collected in connection with financial services, including financial aid processing, student accounts, student loans, and related financial transactions. Covered information includes student and parent financial information, Social Security numbers, addresses, and other personally identifiable information maintained by Financial Aid, Finance, Student Accounts, Information Technology, and authorized service providers. The College's information-security framework addresses risks associated with the processing, storage, transmission, and disposal of this information

and includes employee training, risk assessment, system safeguards, monitoring, incident response, and contractual expectations for third-party service vendors.

Under HIPAA, Counseling and Wellness Services maintained procedures designed to protect the confidentiality of student health information and used approved systems for the provision of services, including a HIPAA-compliant Zoom environment for telehealth counseling appointments. Athletics also maintained confidentiality safeguards for student-athlete medical information. Medical information used for injury evaluation, treatment, athletic participation, and return-to-play decisions was maintained through the Athletic Training System, with access limited to authorized personnel.

Across these areas, the College maintained policies and procedures, role-based access controls, employee training, privacy safeguards, and information-security practices designed to prevent improper access, disclosure, alteration, or transmission of student information. These coordinated measures supported the secure handling of education records, financial information, and applicable health information throughout this reporting period.

Status

In compliance.

Interpretation

b. Cybersecurity practices and safeguards are in place and functioning as designed.

Evidence

On 9/14/2026, the Chief Information Officer confirmed that in FY 2026 the IT department offered cybersecurity training to all employees. Multi-factor authentication was implemented to align with security practices. In addition, the IT department annually performs security assessments, audits, and periodic network penetration tests. IT also performs system upgrades, patching and related refinements in keeping with best IT security practices and controls, as evidenced by their use in higher education and other appropriate commercial technology settings.

Status

In compliance.

The interpretation is reasonable because it is consistent with federal law.

5. Permit admission, registration, evaluation, or recognition processes that treat students unfairly.

Interpretation

Compliance will be demonstrated when:

a. The College has policies and procedures to address incidents where students felt unfairly treated or graded.

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed that the College has a Student Complaints Policy and Procedures to address incidents where students felt unfairly treated or graded.

During this reporting period, 48 formal student complaints were received and documented. Review of complaint narratives indicated that approximately 38 complaints (79%) involved student perceptions of unfair treatment, unfair grading, or both. This included approximately 14 of 19 (74%) non-grade complaints and 24 of 29 (83%) grade complaints. All complaints were reviewed and addressed through the College's established complaint and appeal procedures, and all were resolved within published timelines.

Status

In compliance.

Interpretation

b. The College recognizes students' accomplishments, skills, and abilities.

Evidence

On 9/11/2026, the Interim VP for Student Experience and Provost and VP for Teaching, Learning and Student Success confirmed that events recognizing students' accomplishments, skills, and abilities included:

- Adult Education & English Speakers of Other Languages (ESOL) Graduation & Recognition of Student Excellence – 11/12/2025
- Fall Student Juried Art Show Awards – 12/8/2025
- Nursing and Surgical Technology Pinning Ceremonies – 12/16/2025
- CEWD Healthcare Careers Graduation – 1/22/2026
- SALUTE Induction Ceremony and Graduation Celebration – 4/30/2026
- Phi Theta Kappa Induction Ceremony – 5/1/2026
- PTK All-Maryland Recognition Dinner – 5/6/2026
- Frederick Douglass Transfer Reception – 5/6/2026
- Spring Student Juried Art Show Awards – 5/11/2026
- Student Leadership Awards Ceremony – 5/18/2026
- TLSS Academic Achievement Awards Ceremony – 5/18/2026
- Hospitality Culinary Tourism Institute End of Year Ceremony - 5/19/2026
- Early College Celebration – 5/20/2026
- Nursing and Health Sciences Pinning Ceremonies – 5/20/2026
- Commencement – 5/21/2026

Status

In compliance.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

6. Permit unfair, inconsistent, or untimely handling of student complaints.

Interpretation

Compliance will be demonstrated when:

a. *The College has policies and procedures with clear timelines to address student complaints.*

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed that the College has a Student Complaints Policy and Procedures with clear timelines to address student complaints.

During this reporting period, 48 formal student complaints were received and documented, including 19 non-grade complaints (40%) and 29 grade complaints (60%).

Complaints spanned a variety of departments and programs and most involved concerns related to faculty or staff engagement, program decisions, and/or communication processes. All complaints were acknowledged, addressed, and closed with students through written communications and meeting our published timelines.

Status

In compliance.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

6.1. Permit students to be without a process for registering a complaint or concern, including an appeal process, or to be uninformed of the process.

Interpretation

Compliance will be demonstrated when:

a. The College has informed students about the process for registering a complaint or concern, including the appeal process.

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed that the College has informed students about the process for registering a complaint or concern, including the appeal process. Specifically, the College maintains publicly accessible information on the College's websites focused on Student's Rights and Responsibilities, the Code of Student Conduct policy and procedures, and the Student Resources page.

In addition to maintaining publicly accessible information on the College's website focused on Student's Rights and Responsibilities, the College communicated to students about this process through multiple student-facing channels, including Go2Orientation for new students and reinforced through electronic Student NewsBlast emails.

Status

In compliance.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

7. **Permit students to be uninformed of student rights and responsibilities, including expectations for student behavior and the consequences of failure to adhere to the expectations.**

Interpretation

Compliance will be demonstrated when:

a. *The College posted student rights and responsibilities on the website and communicated the information to students.*

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed the College posted students rights and responsibilities on the website and communicated the information to students. Specifically, the College maintains publicly accessible information on College's websites focused on Student's Rights and Responsibilities, the Code of Student Conduct policy and procedures, and the Student Resources page.

In addition to maintaining publicly accessible information on the College's website, the College communicated to students about this process through multiple student-facing channels, including Go2Orientation for new students and reinforced through electronic Student NewsBlast emails.

The College also hosted educational programming, including the "Know Your Rights" Constitution Day event, which provided students with information regarding their rights, responsibilities, and available resources in an engaging and educational format. Together, these efforts ensured students had access to information regarding expected conduct, student protections, and institutional processes.

Status

In compliance.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

8. Retaliate against any student for non-disruptive expression of dissent.

Interpretation

Compliance will be demonstrated when:

a. *The College has current policies and procedures in place that protect students when expressing their dissatisfaction or dissent in an appropriate and non-disruptive manner on campus.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the College has a policy and procedures aimed at creating a welcoming, diverse, and inclusive educational environment that promotes the free exchange of ideas while ensuring the safety, well-being, and respect of all campus community members (Expressive Activity Policy). This information is accessible on the Policies and Procedures page of the College website.

Status

In compliance.

The interpretation is reasonable because it is consistent with federal law and interpreted by legal counsel as a practical application.

9. Permit decisions affecting students to be taken without appropriate notification to students.

Interpretation

Compliance will be demonstrated when:

a. *The College used multiple communication methods to notify students about those College decisions affecting them.*

Evidence

On 9/3/2026, the Interim Vice President for Student Experience confirmed that the College used multiple communication methods to notify students about those College decisions affecting them. This multi-channel communication strategy ensured that

students were appropriately informed of institutional decisions and information affecting their enrollment, academic progress, and campus experience.

FCC used Slate, our Admissions Customer Relationship Management (CRM) tool to communicate with prospective, transfer, visiting, and new students. Also, FCC used Navigate360, our student success management tool, for targeted outreach to currently enrolled students. In addition, the College uses Omnilert, the College's emergency communication platform, to notify students with important messages via text and its smartphone application. Finally, FCC used Blackboard, the College's Learning Management System, to share important updates with all students. These systems supported email and text messaging campaigns tailored to individual student populations, with supplemented communications through recurring Student News Blast emails and official College social media channels.

The use of multiple platforms allows the College to increase message reach, reinforce important information across different communication preferences, and support student access to timely and relevant information.

Status

In compliance.

The interpretation is reasonable because it is consistent with federal law and practices employed by other higher education institutions.

Frederick Community College

Enclosure 13
October 2026

Acceptance: EL-2 Treatment of Employees Monitoring Report

Context: The Monitoring Report for EL-2 Treatment of Employees is being presented for acceptance according to the approved Monitoring and Policy Review Schedule.

Board Policy References:

- BCD-4 Monitoring President Performance
- GP-7 Board Planning Cycle and Agenda Control

Background:

- Per Board policy (BCD-4) and in alignment with Policy Governance® practice, the Board regularly reviews monitoring reports for Ends and Executive Limitations policies to determine compliance.

- Per Board policy (GP-7), monitoring reports will be read in advance of the Board meeting, and discussion will occur only if Board members assess interpretations as unreasonable, identify non-compliance, or identify potential need for policy amendments.

- President Cheek is reporting full compliance.

Attachment: Monitoring Report: EL-2 Treatment of Employees

Frederick Community College
Board of Trustees

Monitoring Report:
EL 2 – Treatment of Employees

[Full Compliance]

Report Date: 10/14/2026
Reporting Period: 7/1/2025 – 6/30/2026

This is the annual report on compliance with the Board's Executive Limitation Policy: "EL-2 Treatment of Employees." I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the established policy, unless specifically stated otherwise below. Please note that all of my interpretations of the policy remain unchanged from the previous report, unless otherwise noted.

10/14/2026

Annesa Cheek, Ed.D. Date
President

Note: Board Policy is indicated in bold typeface throughout the report.

The President shall not cause or allow a workplace environment that is unfair, disrespectful, abusive, unsafe, disorganized, or otherwise interferes with College employees' ability to do their jobs.

Further, without limiting the scope of the above statement by the following list, the President shall not:

1. **Permit employees and others who use College property to be without reasonable protections against hazards or conditions that might threaten their health, safety or well-being.**

   1.1. **Allow employees to be without current, enforced policies that minimize the potential for exposure to harassment, provide remedy for harassment situations, and provide methods for dealing with individuals who harass.**

Interpretation

Compliance will be demonstrated when:

a. The College's Campus Safety Report is published annually.

Evidence

On 8/20/2026, the Chief Financial Officer (CFO) and VP for Administration confirmed that the College's Annual Security Report, due every October, was posted on the Consumer Information Disclosure page of the College website on 9/29/2025.

Status

In compliance.

Interpretation

b. Operational policies are established to protect employees and provide information about conditions that may impact their health, safety, and well-being.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the following College administrative policies and procedures outline the rules and expectations for employees, students, and campus visitors. This information is accessible on the Policies and Procedures page of the College website.

- Alcohol, Tobacco, Opioid, and Other Drug Use and Awareness
- Behavioral Evaluation and Response Team (BERT)
- Code of Student Conduct
- Code of Conduct for Visitors, Guests, and Volunteers
- Employee Code of Ethics
- Employee Misconduct
- Expressive Activity
- Maryland Values Act Policy
- Inclement Weather College Closing Policy
- Non-Discrimination
- Religious Accommodations
- Solicitation
- Title IX
- Weapons

Status

In compliance.

Interpretation

c. *Safety signage is posted at building entry points which provides contact information to the Office of Public Safety.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that safety signage, which includes contact information for Campus Police & Public Safety, is posted at all building entry points.

Status

In compliance.

Interpretation

d. Classrooms have emergency reference guides posted for review and guidance.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that an Emergency Response Guide is available on the Public Safety page of the College website and that all classrooms have emergency reference guides posted for review and guidance.

Status

In compliance.

Interpretation

e. The Continuity of Operations Plan (COOP) is reviewed annually.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the Continuity of Operations Plan (COOP) was most recently reviewed in September 2025 and in January 2026.

Status

In compliance.

Interpretation

f. Employees were provided access to a text communication system that provides updates about campus closures and cancellations due to weather and emergencies.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the College's mass communication system, Omnilert, was functioning as intended. Employees were able to register for FCC alerts online and/or download a mobile app to subscribe to receive

texts, phone calls, and/or email notifications about campus closures and cancellations due to weather and emergencies.

Status

In compliance.

Interpretation

g. The College has a procedure for evaluating safety during weather emergencies.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the College has a procedure for evaluating safety during weather emergencies (Inclement Weather College Closing Policy). This information is accessible on the Policies and Procedures page of the College website.

Status

In compliance.

Interpretation

h. The College offered mental health services through wellness and benefit programs to employees.

Evidence

On 9/12/2026, the VP for Talent and Culture verified that the College offered mental health services through wellness and benefit programs to employees. Through the College's provider Behavioral Health Services (BHS), the College provides employees and their household members with an Employee Assistance Program (EAP) that includes free confidential assistance in a variety of services. EAP services include counseling, financial and legal services and are available 24/7 to employees and their household members and employees may connect with the EAP service by stopping by the Human Resources Office or by visiting the employee intranet site.

Status

In compliance.

Interpretation

i. The College provided mental health first aid certification training at no cost to employees.

Evidence

On 9/3/2026, the Interim VP for Student Experience confirmed that Mental Health First Aid (MHFA) certification classes were offered (at no cost) six times during FY26: 9/12/2025, 10/10/2025, 11/7/2025, 12/16/2025, 3/27/2026, and 4/24/2026. Forty-seven employees participated in these trainings.

The trainings strengthened FCC's capacity for early identification and referral of individuals experiencing mental health challenges while supporting a culture of care and belonging across the campus community. Counseling and Wellness staff reported increased referrals from peers, faculty, and staff, suggesting that participants were applying MHFA skills to connect students with available support resources.

Status

In compliance.

Interpretation

j. Safety Data Sheets (SDS) are current and accessible upon request to employees, in compliance with OSHA standard 1910.1200(b)(4)(ii).

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that the Safety Data Sheets for all chemicals on campus were current and accessible on the Campus Police and Public Safety page of the College intranet site. Employees may contact Public Safety at publicsafety@frederick.edu to request copies.

Status

In compliance.

Interpretation

k. Elevators, fire systems, and boiler inspections are conducted annually.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed with Plant Operations that elevator inspections were completed on 7/30/2025, 7/31/2025 and 8/1/2025. Fire alarm panel inspections were completed on 3/2/2026. Inspection of the suppression systems, which include sprinklers and devices, were completed on 3/2/2026. The boilers are inspected every two years and were last inspected 11/21/2024, with the next inspection due before 12/11/2026.

Status

In compliance.

Interpretation

l. Emergency and safety drills are conducted each semester.

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2026 as follows:

- Main campus:
  - 2/28/2026 - evacuation
  - 9/22/2025 and 3/11/2026 - shelter-in-place
  - 10/24/2025, and 2/19/2026 - lockdown
- Monroe Center:
  - 10/2/2025 and 10/31/2025 - shelter-in-place
  - 9/17/2025 and 2/16/2026 - lockdown
  - 9/2/2025, 2/28/2026, and 4/22/2026 - evacuation

Status

In compliance.

This interpretation is reasonable because it ensures compliance with State of Maryland and nationally accepted safety and security practices for higher education institutions.

2. **Allow a workplace culture without diversity, equity, inclusion, collegiality, and a sense of belonging.**

Interpretation

Compliance will be demonstrated when:

a. *The College incorporates diversity, equity, inclusion and belonging within its mission and value statements.*

Evidence

On 9/12/2026, the VP for Talent and Culture verified that:

- The FCC mission and value statements incorporate diversity, equity, inclusion and belonging as follows:
    1. Mission: "Focused on teaching and learning, Frederick Community College provides affordable, flexible access to lifelong education that responds to the needs of diverse learners and the community."
    2. Value of Diversity: "Being culturally conscious and inclusive by embracing the visible and invisible human differences that affect the learning and success of students, faculty, staff, administrators, and members of the community."

Status

In compliance.

Interpretation

b. *The College workplace supports and measures diversity, equity, inclusion and belonging efforts provided to employees.*

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the Making Our Spaces an Inclusive Community (MOSAIC) Center provided robust inclusive programming that allowed employees and students to collaboratively engage with and learn from diverse cultures.

During FY 2026, the MOSAIC Center offered 59 events, with a combined reach of more than 2,500 attendees. These programs primarily concentrated on the MOSAIC Center themes for the year: Survivors of Power-Based Violence, Substance Use, People with Disabilities, and Gender and Sexuality.

Programs of note this year include activist Daryl Davis speaking on Building Bridges in a Time of Walls, a Know Your Rights campaign focused on Immigration Rights which included speakers from the local police and immigration lawyers, and the martial arts Henan Province Performers group from China which brought faculty, staff, students, and community members alike together.

This breadth of themes, intentionality of design, and level of engagement demonstrates the College's commitment to fostering cultural awareness, inclusion, and belonging in the workplace.

Status

In compliance.

Interpretation

c. *The College delivered or made available cultural training and ongoing professional development to all employees.*

Evidence

On 9/14/2026, the VP for Talent and Culture confirmed that LinkedIn Learning was made available to all employees throughout the reporting period. FCC LinkedIn Learning offers a digital library of 6,722 courses covering a broad spectrum of topics, including technical skills, leadership, business, software, and creative subjects. The platform also features training focused on diversity and cultural awareness. Within this library, FCC LinkedIn Learning provides 185 DEIB-related courses, 636 leadership-related courses, and 66 specific DEIB-leadership related courses. During FY 2026, 174 employees completed courses on the platform. In addition, the Center for Teaching and Learning consistently hosted workshops centered on diversity, equity, inclusion, and belonging.

The MOSAIC Center led a professional development series called Empathy Allies focused on understanding one's own cultural lens, getting to know others from different backgrounds and life circumstances, understanding the systems and structures of our culture, institutions, and values, and finally how to talk to people about our new understanding of people who are different. Forty-five digital badges were awarded which represented over 350 hours of volunteer professional development by faculty and staff in FY26.

Status

In compliance.

This interpretation is reasonable because it confirms the College is operationalizing its adopted values, adheres to the Maryland Higher Education Commission regulations for cultural diversity, and is consistent with practices employed by other higher education institutions.

3. **Allow employees to be without current, enforced, written human resource policies that clarify expectations and working conditions, provide for effective handling of grievances, and protect against wrongful conditions.**
   - **3.1. Permit employees to be without adequate protection from harassment and bias.**
   - **3.2. Permit employees to be uninformed of the performance standards by which they will be assessed.**

Interpretation

Compliance will be demonstrated when:

a. *Current Human Resources policies, procedures, and employee handbook describe expectations and working conditions, and they are available to all employees.*

Evidence

On 9/12/2026, the VP for Talent and Culture verified that the current Human Resources policies, procedures, and employee handbook describe expectations and working conditions, and these documents and policies are available to all employees on the College website.

Status

In compliance.

Interpretation

b. There is a clear process for employees to present complaints and wrongful conditions, including harassment and bias.

Evidence

On 9/9/2026, the VP for Talent and Culture verified that the College has clear processes for employees to present complaints and wrongful conditions, including harassment and bias. The following policies and procedures are available to all employees on the College website:

- Complaint Policy and Procedures for Employees
- Employee Code of Ethics
- Employee Misconduct
- Non-Discrimination
- Code of Conduct for Visitors, Guests and Volunteers
- Expressive Activity
- Title IX

Status

In compliance.

Interpretation

c. All employees have clear and measurable performance expectations each year.

Evidence

On 9/12/2026, the VP for Talent and Culture verified that all employees have clear and measurable performance expectations each year and that the annual performance evaluation processes for employees ensure that performance expectations are measurable, documented, and aligned with the College's strategic direction.

Status

In compliance.

Interpretation

d. An easily accessible anonymous reporting system, independent of the College, is available to employees to report complaints.

Evidence

On 9/12/2026, the VP for Talent and Culture verified that the College has an anonymous reporting system which is easily accessible on the Intranet.

Status

In compliance.

The interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

4. Retaliate against any employee member for non-disruptive expression of dissent.

Interpretation

Compliance will be demonstrated when:

a. There are no formal complaints of employee retaliation filed with the Office of Human Resources or the College Attorney, nor are there complaints of employee retaliation on the anonymous reporting system (that are deemed valid by legal counsel).

Evidence

On 9/12/2026, the VP for Talent and Culture confirmed that no formal complaints of retaliation were filed with the Human Resources Office, or the College Attorney, and that there are no complaints of employee retaliation on the anonymous reporting system (that are deemed valid by legal counsel).

Status

In compliance.

The interpretation is reasonable because it is consistent with federal law and interpreted by legal counsel as a practical application.

5. **Allow employees to be unprepared to deal with emergency situations.**

Interpretation

Compliance will be demonstrated when:

a. *Written emergency management procedures were available to all employees.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that an Emergency Response Guide is available on the Public Safety page of the College website and that all classrooms have emergency reference guides posted for review and guidance.

Status

In compliance.

Interpretation

b. *Annual safety and emergency-related training was provided to all employees.*

Evidence

On 9/14/2026, the CFO and VP for Administration confirmed that the annual safety and emergency-related training was made available to all employees to provide the basic background knowledge and information of necessary actions when there is an emergency, or disruption of college operations.

Status

In compliance.

Interpretation

c. *Fire and emergency response drills were conducted on a regular schedule.*

Evidence

On 8/20/2026, the CFO and VP for Administration confirmed that emergency and safety drills were conducted at the main campus and at the Monroe Center during FY 2026 as follows:

- Main campus:
  - 2/28/2026 - evacuation
  - 9/22/2025 and 3/11/2026 - shelter-in-place
  - 10/24/2025, and 2/19/2026 - lockdown
- Monroe Center:
  - 10/2/2025 and 10/31/2025 - shelter-in-place
  - 9/17/2025 and 2/16/2026 - lockdown
  - 9/2/2025, 2/28/2026, and 4/22/2026 – evacuation

Status

In compliance.

This interpretation is reasonable because it ensures compliance with State of Maryland and nationally accepted safety and security practices for higher education institutions.

6. **Permit employees to be without reasonable opportunity for professional growth and development.**

Interpretation

Compliance will be demonstrated when:

a. *All employees have access to appropriate professional development opportunities.*

Evidence

On 9/9/2026, the VP for Talent and Culture confirmed that the College continues to implement leadership development, professional learning, and employee engagement initiatives aligned with its priorities for employee development, belonging, transparency, and organizational effectiveness. The Foundations of Leadership Program, launched in January 2026, established a structured leadership development

pathway for mid-level managers, with an initial 21-participant pilot cohort focused on communication, decision-making, team leadership, and strategic thinking.

Employee engagement with professional learning also continued to increase, with 50 employees completing the LinkedIn Learning Spring Challenge and FY26 reflecting the highest level of LinkedIn Learning participation over the past three years. Bias and Cultural Humility Training and other professional learning opportunities received strong preliminary participant feedback.

Progress in employee engagement and belonging was also demonstrated through five sessions involving 44 participants, with 100% of respondents agreeing or strongly agreeing that they felt comfortable sharing their perspectives and that the sessions fostered increased transparency and open communication.

Status

In compliance.

Interpretation

b. Professional growth and development opportunities are included in the annual evaluation process.

Evidence

On 9/12/2026, the VP for Talent and Culture verified that the College's performance evaluation processes align with its strategic direction and incorporate annual goal setting, professional growth opportunities, and individualized assessments by employees and supervisors.

Status

In compliance.

This interpretation is reasonable because it is consistent with practices employed by other higher education institutions.

Frederick Community College

Enclosure 14
October 2026

Meeting Content Review

Context: This agenda item provides the Board the opportunity to provide feedback to the Board Chair and the President on the quality of the content (i.e. meeting packet, discussions, etc.) provided during the Board Meeting.

Board Policy Reference: GP-9 Investment in Governance

Background:

- Per Board policy (GP-9) and in alignment with Policy Governance® practice, the Board evaluates and discusses its own process and performance at each meeting.

- The Board Chair will lead discussion at the meeting for Trustees to reflect on whether the meeting content was focused on governance issues, particularly in relation to the Board's Ends policy, rather than operational or management issues.

Attachment: Policy Governance® Source Document

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A "source" is a point of origin. A source document is a "fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based." (Websters)

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source ("authoritative source") is John Carver, the creator of Policy Governance, with Miriam Carver his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation and impotence. This document has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What is Policy Governance?

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that boards exist and the nature of board authority, Policy Governance integrates a number of unique principles designed to enable accountable board leadership.

What Policy Governance is NOT!

1. Policy Governance is not a specific board structure. It does not dictate board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual "best practices" or tips for piecemeal improvement.
3. Policy Governance does not dictate what a board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

Principles of Policy Governance

1. **Ownership:** The board exists to act as the informed voice and agent of the owners, whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners, only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit-corporation.

2. **Position of Board:** The board is accountable to owners that the organization is successful. As such it is not advisory to staff but an active link in the chain of command. All authority in the staff organization and in components of the board flows from the board.

3. **Board Holism:** The authority of the board is held and used as a body. The board speaks with one voice in that instructions are expressed by the board as a whole. Individual board members have no authority to instruct staff.

4. **Ends Policies:** The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies. All decisions made about effects, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are means decisions. Hence in Policy Governance, means are simply not Ends.

5. **Board Means Policies:** The board defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are board means decisions, categorized as Governance Process policies and Board- Management Delegation policies.

POLICY GOVERNANCE® SOURCE DOCUMENT

6. **Executive Limitations Policies**: The board defines in writing its expectations about the means of the operational organization. However, rather than prescribing board-chosen means -- which would enable the CEO to escape accountability for attaining Ends, these policies define limits on operational means, thereby placing boundaries on the authority granted to the CEO. In effect, the board describes those means that would be unacceptable even if they were to work. These are Executive Limitations policies.

7. **Policy Sizes:** The board decides its policies in each category first at the broadest, most inclusive level. It further defines each policy in descending levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far. Ends, Executive Limitations, Governance Process, and Board-Management Delegation polices are exhaustive in that they establish control over the entire organization, both board and staff. They replace, at the board level, more traditional documents such as mission statements, strategic plans and budgets.

8. **Clarity and Coherence of Delegation:** The identification of any delegatee must be unambiguous as to authority and responsibility. No subparts of the board, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the job given to the CEO.

9. **Any Reasonable interpretation:** More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegatees, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to a committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies.

10. **Monitoring**: The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands board actions inconsistent with Policy Governance, the board should use a 'required approvals agenda' or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance boards live these principles in everything they are, do and say.

Produced by GOVERN for IMPACT in consultation with John and Miriam Carver, 2005 – 2007 – 2011 – 2015 – Feb 2021.

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The model is available free to all with no royalties or licence fees for its use. The authoritative website for Policy Governance is www.carvergovernance.com.

Reference: Carver Guides, 2nd Edition, 2009