



FROSTBURG STATE UNIVERSITY
FOUNDATION, INC.



ANNUAL REPORT

FISCAL YEAR 2023

JULY 1, 2022 ~ JUNE 30, 2023

Gifts to the University

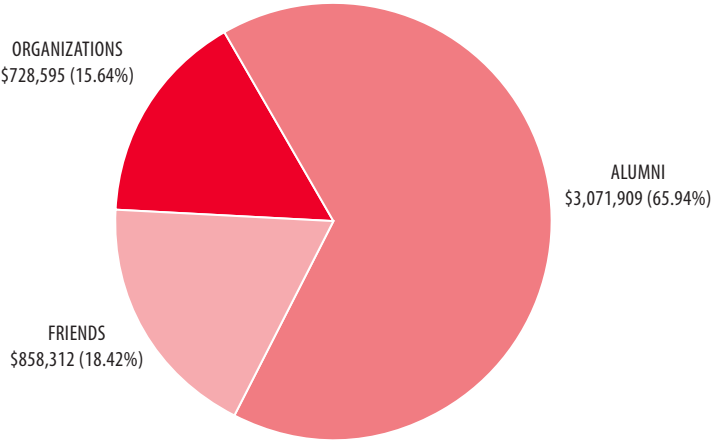
Fiscal year 2023 was record-breaking in many ways. The greatest number of donors, 4,915, gave a single year high of more than \$4.65 million. More donors this year than any other, 70, took advantage of charitable distributions from their IRAs.

FSU alumni contributed two-thirds of total support, while organizations and friends of the University each provided about a third. Bequest intentions accounted for nearly half of total giving, while outright gifts made up almost a third.

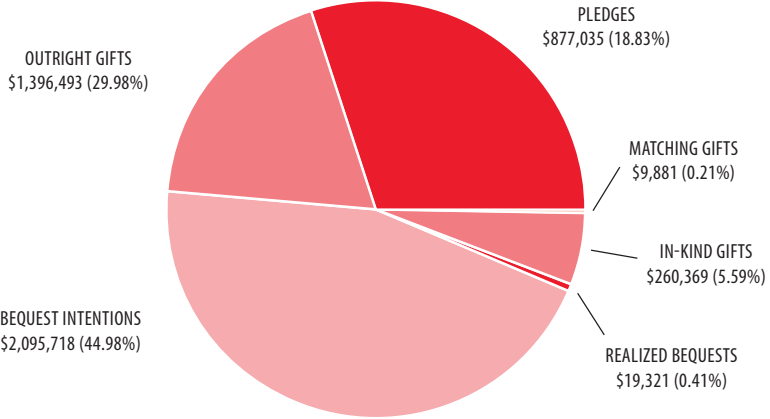
Unrestricted gifts to the Annual Fund are the primary way for alumni and friends to help students achieve academic excellence through enriching experiences that will lead to their professional success. Through the Foundation's Opportunity Grant program, which is mostly funded by gifts to the Annual Fund, students benefit from research and travel opportunities, on-campus cultural programming and the most up-to-date learning tools for their fields. Opportunity Grants also support faculty and staff in their professional growth and development as they enhance FSU's reputation for quality teaching and academic rigor.



GIFTS BY SOURCE
TOTAL \$4,658,817



GIFTS BY TYPE
TOTAL \$4,658,817



Independent Auditors' Report

We have audited the accompanying financial statements of Frostburg State University Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frostburg State University Foundation, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Frostburg State University Foundation, Inc. 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.

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Frostburg State University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Frostburg State University Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Frostburg State University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Revenues by Services, Reimbursed Expenses to Frostburg State University Faculty or Staff, Fees Paid to Frostburg State University Faculty or Staff, and Schedule of Transfers to Frostburg State University are presented for purposes of additional analysis and are 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. The information has been subjected to the auditing procedures 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Turnbull, Hoover and Kahl, P.A.

Oakland, Maryland
September 28, 2023

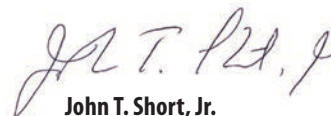
Management's Financial Responsibility

The management of the FSU Foundation, Inc., assumes responsibility for the fair presentation of the financial statements, prepared in accordance with generally accepted accounting principles in the United States, and has the full responsibility for the statements' integrity and accuracy.

The executive director, the director of Administration and Finance and the Board of Directors maintain a strong ethical climate, and we properly account for funds we hold and administer on behalf of our donors. We believe our internal controls provide reasonable assurances as to the integrity and the accuracy of those financial statements and other activities performed.

We recognize our fiduciary responsibility for the oversight of funds, contributed by donors for the benefit of Frostburg State University.

No events have occurred subsequent to the statement of the financial position, June 30, 2023, that would require adjustment to or disclosure in the financial statements.



John T. Short, Jr.
Executive Director, FSU Foundation

FSUF Non-Endowed Funds

As of June 30, 2023, Wilmington Trust had \$1.48 million under management with an annual market value increase of 8.77 percent. The remainder of the \$6.9 million in non-endowed assets is invested with the University System of Maryland Foundation in quasi-endowments, deposited into accounts or in certificates of deposit at Truist Bank, ACT 1st Federal Credit Union, Eagle Bank, First Peoples Community Federal Credit Union, First United Bank & Trust, State Employees Credit Union (SECU) of Maryland, and Somerset Trust Company.

These assets are comprised of 555 separate funds designated for academic and administrative departments, alumni programs, special projects, pass-through scholarships, and operations.

Purpose of the Endowment

Since 1978, the University System of Maryland Foundation has managed and administered funds for the benefit of institutions and foundations affiliated with the University System of Maryland as well as five Maryland community college foundations. Our investment objective is to generate returns sufficient to meet spending requirements while preserving the purchasing power of the Endowment over time. The Endowment pool is made up of several thousand individual Endowment funds which support scholarships, research, faculty, academic programs, and various special initiatives.

Investment Strategy

Our portfolio positioning is premised on risk tolerances and return objectives of a traditional university endowment. Central to this concept is the idea that capital is not immediately needed; therefore, a considerable portion of our portfolio is invested in opportunities that materialize over longer timeframes. By locking up our capital, we aim to capture an extra risk premium, known as the illiquidity premium. This premium is expected to enhance the portfolio's return, while also reducing its longer-term risk profile. To balance the portfolio's need for current income, we invest a material amount of capital in shorter duration, liquid investments. Approximately 51% of our investments can be converted to cash within one year, with a portion of these assets being exchange-listed and traded securities.

Endowment funds are invested with a long-term perspective, and performance of the portfolio is assessed over varied market cycles. These cycles can persist over several years, irrespective of the conclusion of a calendar or fiscal year. We purposely design our portfolio for long-term diversification among factors such as geography, strategy, sector, liquidity, and instrument or investment vehicle type. While equity risk is a large component of our asset allocation, the portfolio is not designed to match U.S. equity market performance. Rather, the portfolio is constructed to provide less volatile year-over-year returns, capturing upside market potential and growth while protecting funds from large downside losses.

— USM Foundation

Endowment Summary Performance

As of June 30, 2023	1-year	3-year	5-year
USMF Endowment	6.0%	11.2%	8.2%

Comparisons

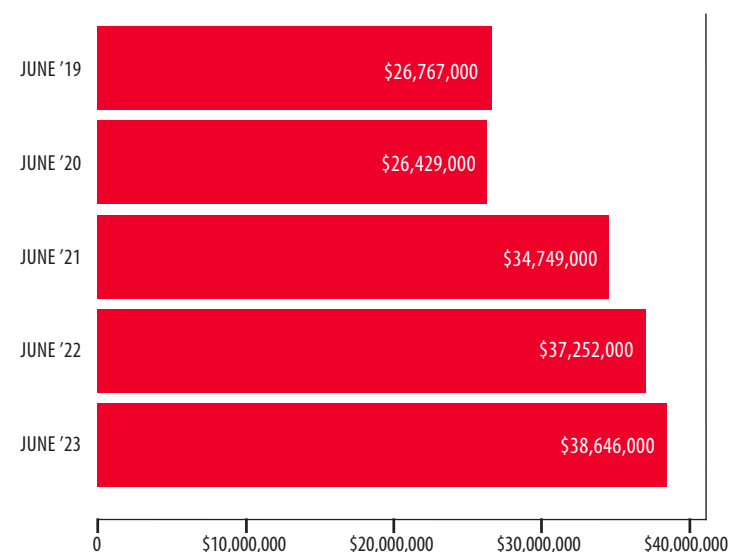
Policy Benchmark	8.9%	7.8%	5.7%
60%/40% Strategy (Global)	9.4%	5.0%	5.4%

Asset Allocation

	MV \$ millions	% of total	Target Range
Safe Assets	\$108.9	5.2%	0% - 25%
Public Risk Assets	\$1,014.3	48.7%	25% - 75%
Intermediate Assets	\$217.7	10.5%	5% - 25%
Private Risk Assets	\$741.3	35.6%	10% - 75%

Total USMF Endowment Pool = over \$2.1 billion

BALANCE OF FSUF INVESTMENTS HELD BY USMF



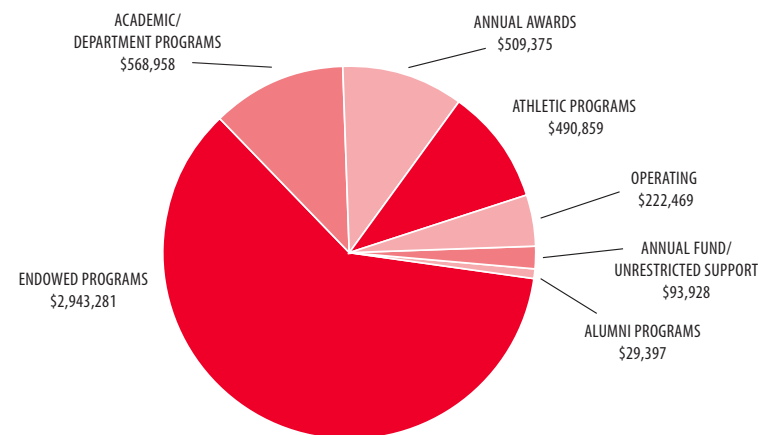
Revenues and Expenses

- The Foundation provided approximately \$3.27 million in total support of Frostburg State University, a 40 percent increase from last year's \$2.35 million.
 - Of the total support, scholarships and other student aid was almost \$1.35 million.
 - 1,095 scholarships totaling \$1,225,285 were awarded to 579 students. This represents a 31 percent increase over last years' amount awarded.
- It was a good year for investments, and the Foundation recorded income of \$2.1 million. Last year was more turbulent, so we only recorded \$300,000.
- Contributions were \$2.25 million.
 - Not reflected in the revenues are:
 - multi-year pledges of \$860,000. You can establish a multiyear or annual sustaining pledge by going to www.frostburg.edu/makeagift.
 - \$4.5 million that has been conditionally promised from donors who have informed us that the Foundation is in their estate plan. For more information on creating your legacy for the benefit of Frostburg State University, visit <http://fsuflegacy.org/>.



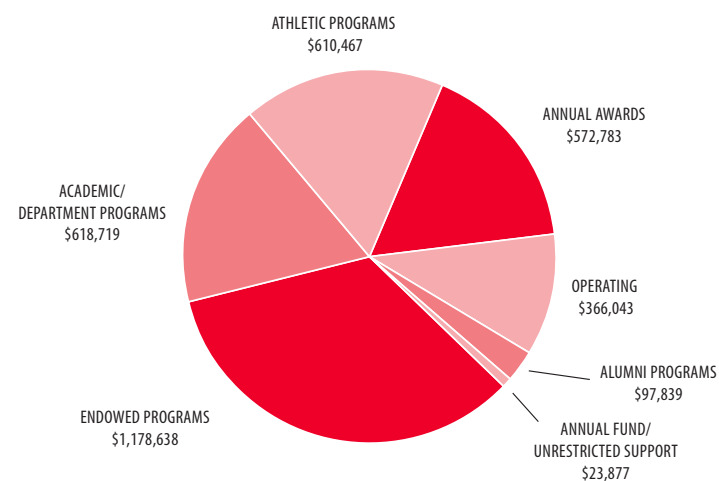
REVENUES

TOTAL \$4,858,267



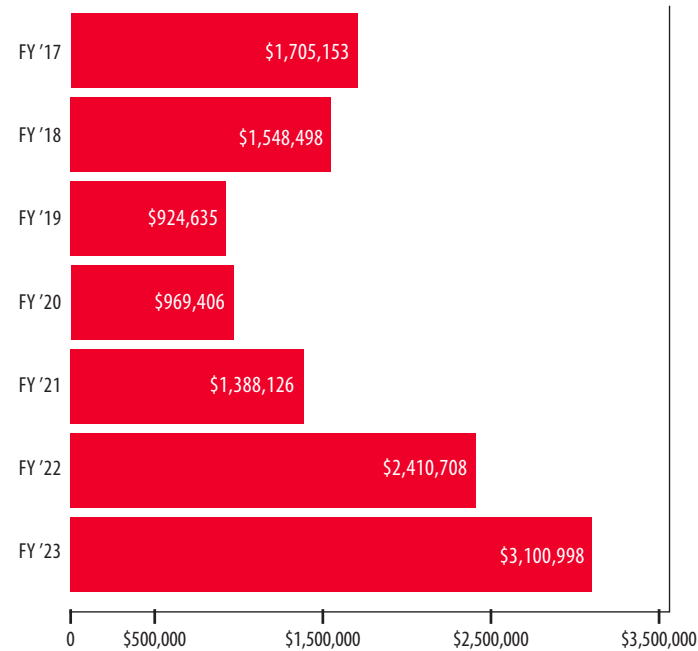
PROGRAM EXPENDITURES

TOTAL \$3,468,366



Scholarships/Student Aid Support

In fiscal year 2023, generous donors provided new commitments of \$3.10 million in scholarships and financial aid support to Frostburg State University’s students. That is the most ever raised in a single year. Of students enrolled at FSU, 66 percent receive some type of financial aid. Gifts supporting scholarships are critical to recruiting and retaining the best students.

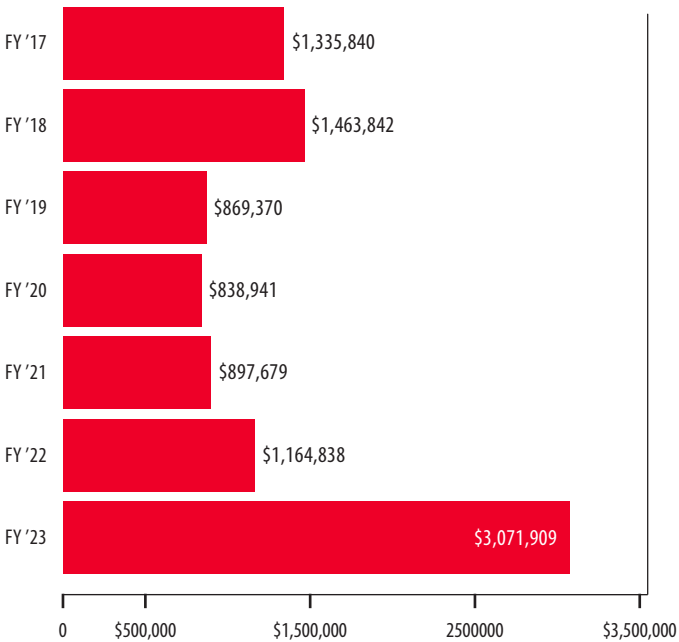


Alumni Giving

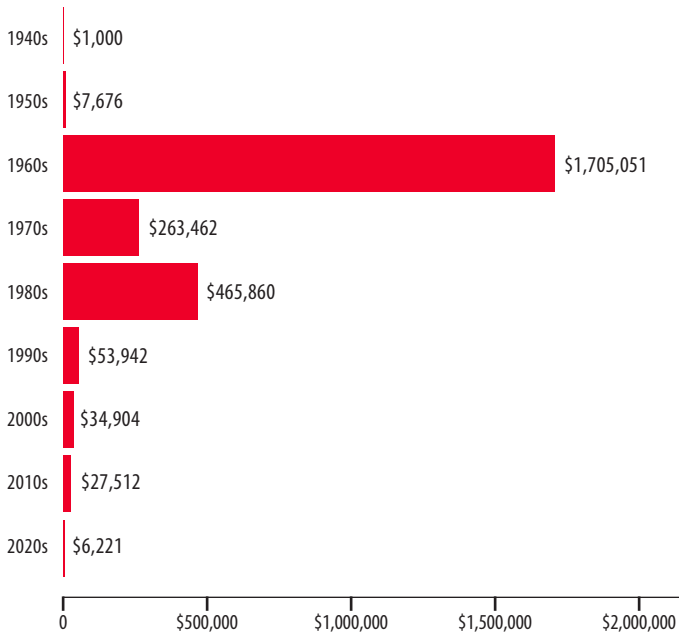
FSU’s alumni gave \$3.07 million, the highest amount ever received in a single year. Fiscal year 2023 was also a banner year for athletics fundraising, bringing in a record \$871 thousand from 2,345 donors, the most ever.

In fiscal year 2023, graduates from the 1960s contributed the most, by far. Graduates from the 1980s and 1970s also provided a nice boost in giving.

FSU ALUMNI GIVING



ALUMNI GIVING BY DECADE



Double the Donation

A matching gift from a donor's company can increase the charitable gift to the FSU Foundation. If a company has such a program, a donor can request a matching gift form from the employer or login to their online portal. Most companies match dollar for dollar. Some will even double- or triple-match donors' gifts. FSU will verify the completed form and return it to the company, which will then issue a matching gift to FSU.

Each company has its own guidelines for employees, spouses, retirees and widows/widowers.

Planned Gifts

Planned, or estate, gifts are established after careful financial planning and are designed to leverage one's philanthropic motivations within the parameters of the tax law. Planned gifts include gifts by will or revocable trust, life insurance policies, charitable remainder or annuity, charitable lead trusts, and gifts of retirement plan benefits. Additionally, charitable gift annuities provide life-income and significant tax savings, and are best suited for donors age 60 and older.

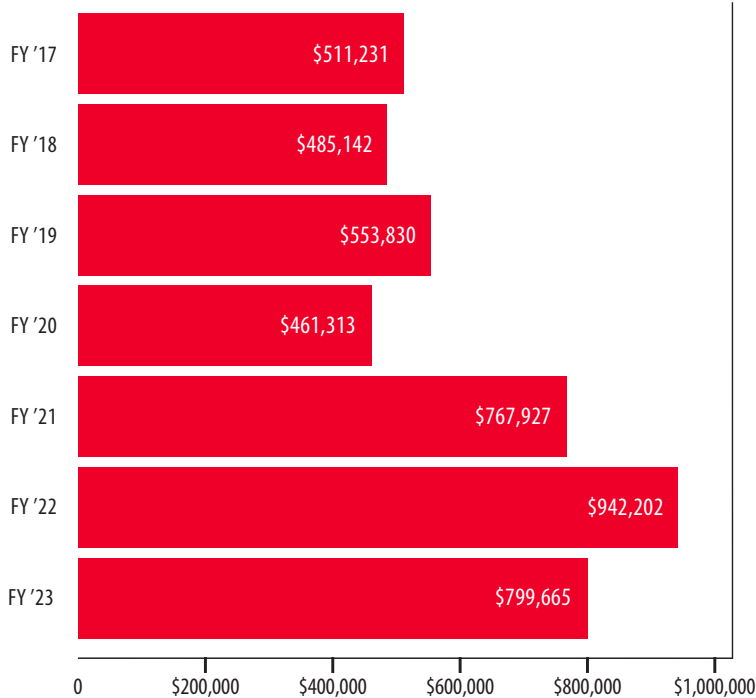
The Foundation staff has considerable expertise in these areas, as do colleagues at the University System of Maryland Foundation office. Donors who make gifts to ensure the future of Frostburg State University through planned giving are welcomed as members of the Old Main Society.

For more details, visit www.frostburg.edu/plannedgiving.



Easy Giving – Annual Sustaining Donors

An additional 19 supporters enrolled as Annual Sustaining Donors this year. The Foundation and FSU students rely on this ongoing support. Easy-giving options include monthly recurring electronic fund transfers, one-time and recurring credit card transactions, and online giving. Electronic stock gifts and IRA qualified charitable distributions are also popular options. One-time and recurring gifts can be established at www.frostburg.edu/makeagift or call the Foundation office at 301.687.4068 for details.



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Mr. Kenneth A. Oldham, Jr. '98

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Mr. Kenneth K. Kennedy '72

Foundation Staff

Director of Admin. & Finance

Ms. Janelle A.W. Moffett

Accounting Associate

Mrs. JoLecia L. Crowe '94





THE FSU FOUNDATION, INC.

JOHN T. SHORT, JR., JD

VICE PRESIDENT FOR UNIVERSITY ADVANCEMENT AND
EXECUTIVE DIRECTOR OF THE FSU FOUNDATION, INC.

101 BRADDOCK ROAD
FROSTBURG, MD 21532-2303
301.687.4493
fsufexecdirector@frostburg.edu