



FROSTBURG STATE UNIVERSITY
FOUNDATION, INC.



ANNUAL REPORT

FISCAL YEAR 2021

JULY 1, 2020 ~ JUNE 30, 2021

Gifts to the University

In fiscal year 2021, the Foundation received financial commitments of more than \$3.04 million to support Frostburg State University. This steep increase can partially be attributed to emerging from the global pandemic and business returning to a more normal pace. Additionally, the Foundation realized bequests of \$673,231, and sustaining support from FSU's many constituents continues.

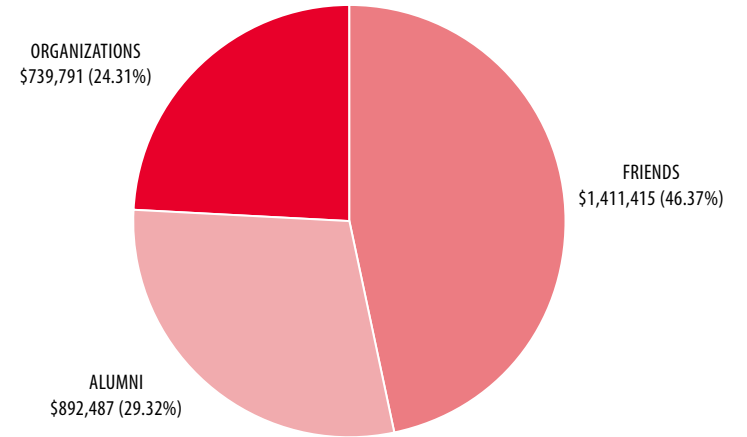
FSU alumni contributed almost a third of total support, while friends of the University provided about half. Outright gifts and pledges each made up about a third of giving.

Support for the Annual Fund surpassed \$106,000. 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 Opportunity Grant program, which is mostly funded by giving 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.



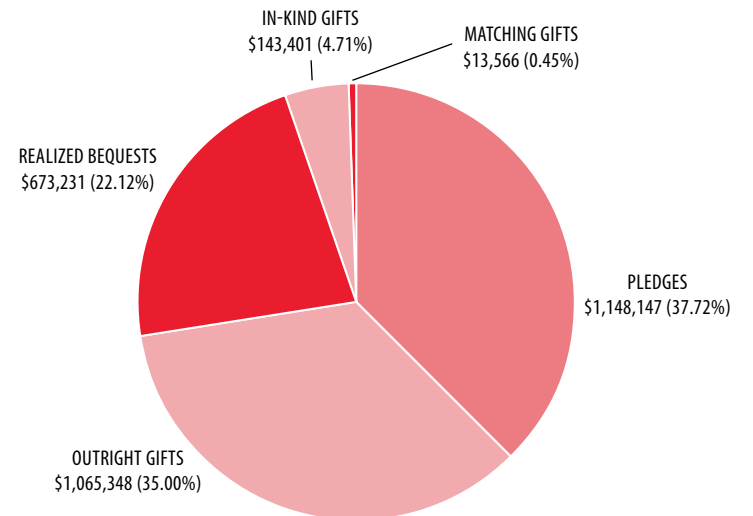
GIFTS BY SOURCE

TOTAL \$3,043,693



GIFTS BY TYPE

TOTAL \$3,043,693



Independent Auditors' Report

We have audited the accompanying financial statements of the Frostburg State University Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Frostburg State University Foundation, Inc., as of June 30, 2021, and 2020, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming opinions 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 Transfer to Frostburg State University on pages 27-30 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, 2021

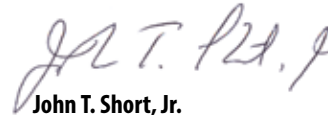
Management's Financial Responsibility

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, 2021, that would require adjustment to or disclosure in the financial statements.



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

FSUF Non-Endowed Fund

As of June 30, 2021, Wilmington Trust had \$1.35 million under management with an annual market value increase of 23.01 percent. The remainder of the \$6.2 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, First Peoples Community Federal Credit Union, First United Bank & Trust, and Somerset Trust Company.

These assets are comprised of 493 separate funds academic and administrative departments, alumni programs, special projects, pass-through scholarships, and the operating fund.

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 six 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 moderate 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 55% of our investments can be converted to cash within less than one year, with a portion of these assets being exchange-listed and traded.

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 geographic, 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 downside losses.

— USM Foundation

Endowment Summary Performance

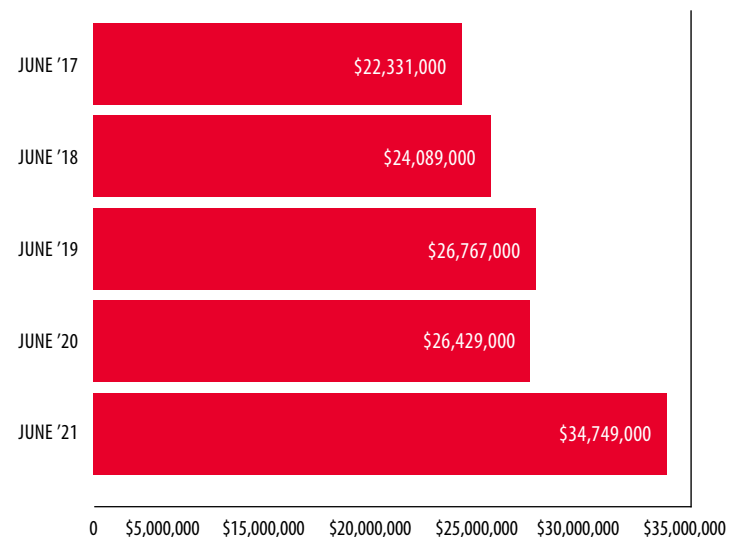
As of June 30, 2021	1-year	3-year	5-year
USMF Endowment	27.2%	11.1%	11.0%
<i>Comparisons</i>			
Policy Benchmark	23.0%	8.9%	8.8%
60%/40% Strategy (Global)	23.6%	10.7%	9.8%

Asset Allocation

	MV \$ millions	% of total	Target Range
Safe Assets	\$68.7	3.6%	0% - 25%
Public Risk Assets	\$970.4	50.2%	25% - 75%
Intermediate Assets	\$265.1	13.8%	5% - 25%
Private Risk Assets	\$618.1	32.2%	10% - 75%

Total USMF Endowment Pool = over \$1.9 billion

BALANCE OF FSUF INVESTMENTS HELD BY USMF

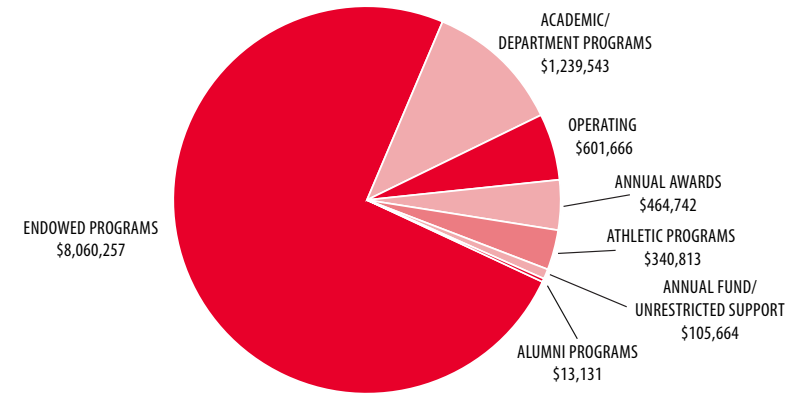


Revenues and Expenses

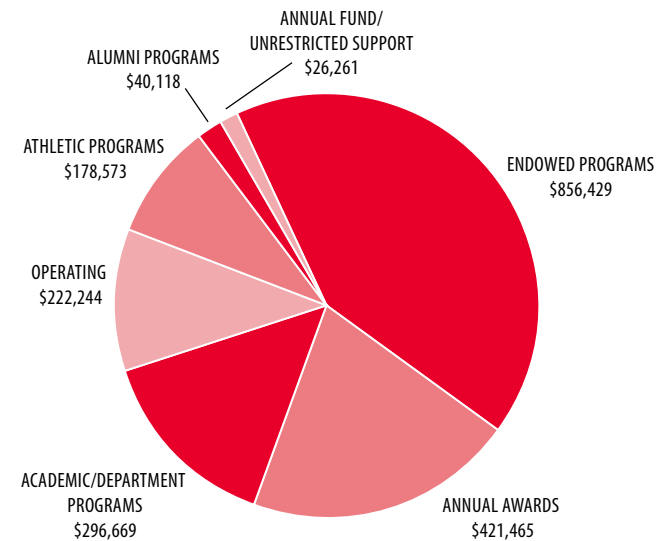
- The Foundation provided approximately \$1.83 million in total support of Frostburg State University this year.
 - Of the total support, scholarships and other student aid totaled just under \$1 million.
 - 974 scholarships were awarded to 539 students totaling \$933,000. That is double the total awarded just seven years ago.
- Overall expenditures decreased by about 15 percent. This is in large part due to the pandemic that curtailed our typical event and travel expenditures.
- Investment income yielded a record breaking \$7.2 million this year as compared to just \$200,000 in fiscal year 2020.
- Contributions were more than double from last year, totaling \$3.36 million.
 - Almost a quarter of this was from bequest payments. Not reflected in the revenues is an additional \$5.81 million conditionally promised from donors who have informed us the Foundation is in their estate plan. For more information on creating your legacy for the benefit of Frostburg State University, visit <http://fsulegacy.org/>.



REVENUES
TOTAL \$10,825,816

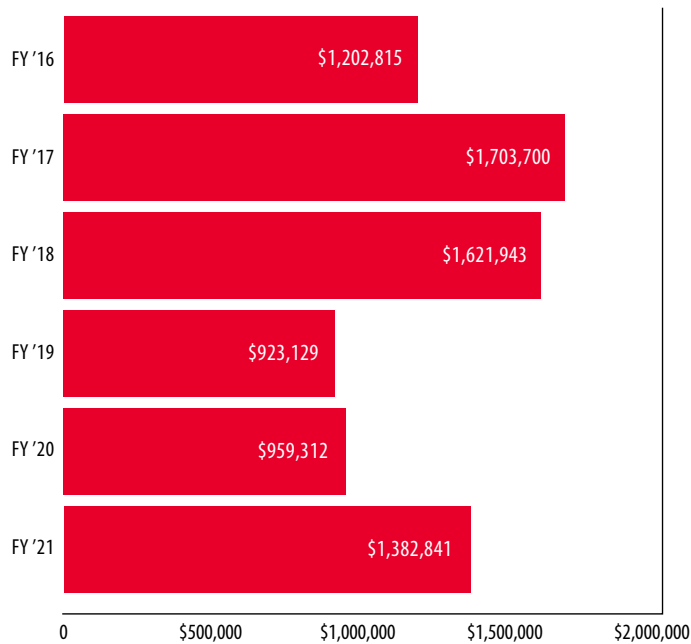


PROGRAM EXPENDITURES
TOTAL \$2,041,759



Scholarships/Student Aid Support

In fiscal year 2021, generous donors provided new commitments of more than \$1.38 million in scholarships and financial aid support to Frostburg State University's students. Of students enrolled at FSU, 72.5 percent receive some type of financial aid. Gifts supporting scholarships are critical to attracting and retaining the best students.

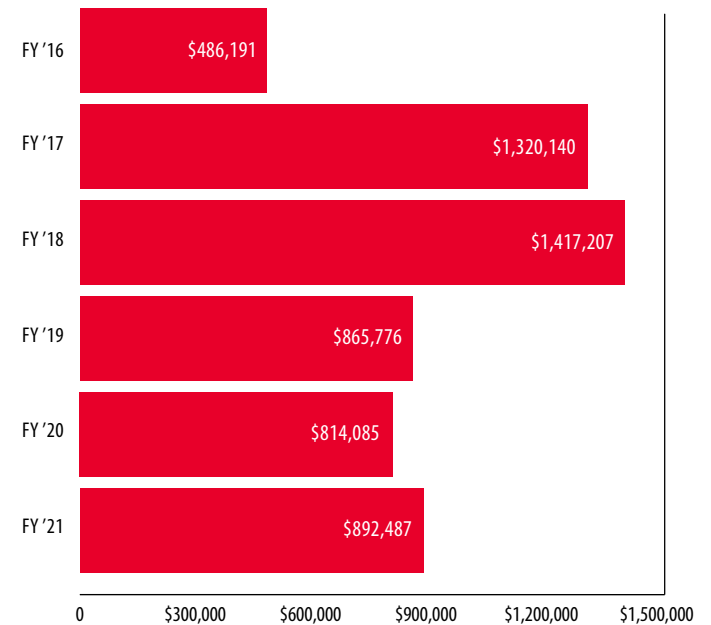


Alumni Giving

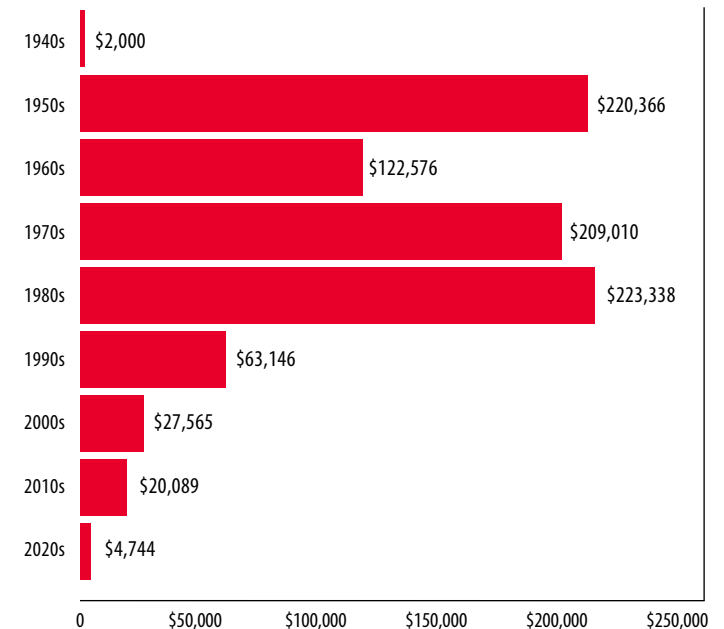
FSU's alumni participation rate has been hovering around 5 percent for many years, even as our number of alumni continues to increase. Unfortunately, the fiscal year 2020 rate fell below four percent for the first time in over 10 years. It recovered slightly this year but remains just below four percent. Alumni participation is a factor in nationwide rankings such as those published by *U.S. News and World Report*. Parents and students consider these rankings when making enrollment decisions, so we are determined to increase the participation rate to pre-pandemic levels.

In fiscal year 2021, graduates from the 1980s, 1950s, and 1970s contributed the most. Graduates from the 1960s 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. To find out if an employer has a matching gift program, visit www.frostburg.edu/match.

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.

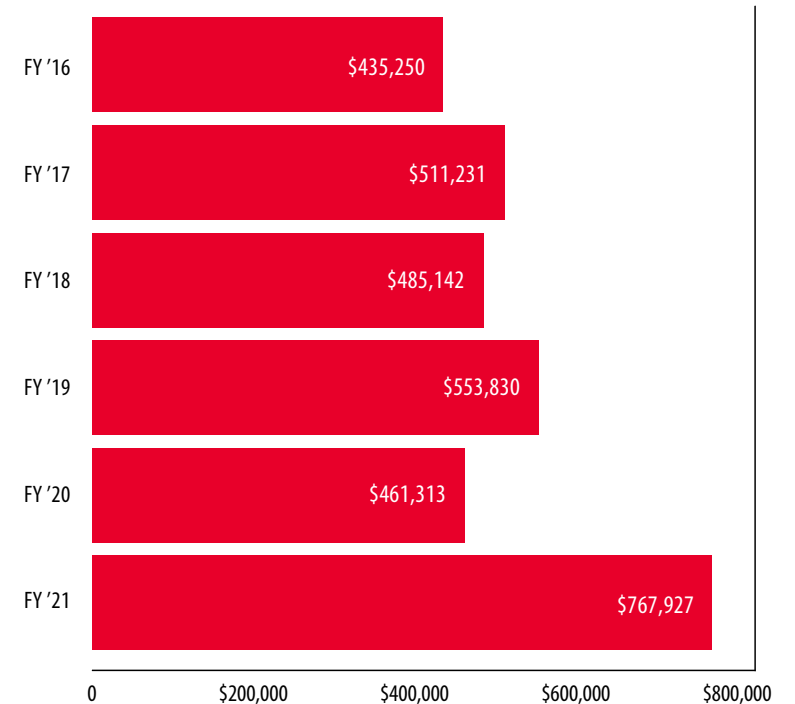
The Foundation staff has considerable expertise in these areas, as do colleagues at the University System of Maryland Foundation office. Donors who make gifts to ensure the future of Frostburg State University through planned giving are welcomed as members of the Old Main Society.

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



Easy Giving

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 accepted. Recurring gifts can be established at www.frostburg.edu/waystogive, or call the Foundation office at 301.687.4068 for details.



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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