From the President

In my new role as interim president of Frostburg State University, I am seeing the university I have been a part of for so long with fresh eyes. These new responsibilities have been revealing to me as I learn more about the valuable support given to FSU from so many corners, and our generous donors and the Foundation are no exception.

I offer my sincerest thanks to all who gave of their treasure in support of Frostburg. The recently completed budget year was a challenging one for the University, with cuts imposed on the state budget that required a mid-year tuition increase to our students. Thanks to the ongoing efforts of the Foundation, we were able to minimize the impact on those most financially vulnerable students. You share our love for this institution and our dedication to providing our students with the best educational experience possible, and we are grateful for you.

I am grateful to the members of the Foundation Board for the insight and energy they bring to their roles, their generous financial support, and their advocacy on Frostburg’s behalf. In particular, I applaud this group’s interest in building a strong pool of merit scholarships. These new opportunities are appealing to the high-achieving students we seek to attract, while opening up institutional funding to support students with need.

I also appreciate the leadership that John Short has brought to bear since his arrival in February. He is directing a talented and dedicated Advancement staff, and together they brought about a successful year for the Foundation. The stability that this group of professionals provides is leading us through transitions in the leadership of Advancement and the University with minimal impact on those we seek to serve.

Thank you in advance for your continued generosity,

Dr. Thomas L. Bowling  
Interim President, Frostburg State University

From the Foundation President

Thank you to all of our alumni, faculty, staff, parents and friends who helped the FSU Foundation to exceed its fundraising goal for our most recent fiscal year! We concluded FY15 ahead of our goal by more than $150,000, and that will make a huge impact on FSU and our students.

I’d like to highlight just a few of the most remarkable contributions we received over the course of the year:

- Retired faculty member and coach Sharon E. Irwin signed a bequest intention to establish the Sharon E. Irwin Scholarship upon her death. In recognition of the important role FSU played in her life and career, the scholarship created through Irwin’s estate gift will benefit first-generation students studying at Frostburg. Irwin’s generous gift will make an incredible difference for countless students to come.

- With their gift, Tyrone ’87 and Sandy Adams ’86 crossed an item off their collective bucket list by endowing the Tyrone and Sandy Wyche Adams Scholarship. Their scholarship supports students in the College of Liberal Arts and Sciences, with a preference for high school graduates from Baltimore City or Baltimore County public school systems. The criteria mirror Tyrone and Sandy’s educational paths to the mountains of Western Maryland.

- When his wife, Enid, passed away last year, Ken Kennedy M’72 and his daughters decided to memorialize her, her dedication to the nursing profession and the local region by establishing the Enid P. Kennedy Endowed Nursing Scholarship with a scholarship. It supports RN to BSN students, with preference for nurses living or working in Western Maryland and bordering counties in Pennsylvania and West Virginia.

Again, I’d like to thank these individuals, as well as our thousands of other supporters, for their generosity and for making this past year such a great success.

Sincerely,

Mary Clapsaddle ’83  
President, FSU Foundation, Inc.
Gifts to the University

In fiscal year 2015, the Foundation received financial commitments totaling more than $2.15 million to support Frostburg State University. Although this reflects a slight drop from the three-year high reported last year, it still signifies substantial growth of almost 14 percent from fiscal year 2012.

Organizations gave slightly more than alumni or friends of the University, but each group accounted for approximately one-third of the total. Outright gifts totaling $1,139,602 made up the largest gift category, while new pledges of $470,153 were also recorded. Additional bequest intentions of $250,000 will benefit the University in years to come.

The Annual Fund had a successful year in which $149,782 was raised. Unrestricted gifts to the Annual Fund are the primary way for alumni, parents and friends to help students achieve academic excellence through enriching experiences that will lead to their professional success. Students benefit from research and travel opportunities, on-campus cultural programming and the most up-to-date learning tools for their fields. Gifts to the Annual Fund also support faculty and staff in their professional growth and development as they enhance FSU’s reputation for quality teaching and academic rigor.
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, 2015 and 2014, and the related statements of activities 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 Frostburg State University Foundation, Inc., as of June 30, 2015 and 2014, 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.

OTHER MATTER

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The Schedules of Functional Expenses, Schedules of Revenues by Activities, 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 available on request. 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.

Bernie Kahl, C.P.A.
Turnbull, Hoover and Kahl
Oakland, Maryland
September 15, 2015

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 Finance, the director of Administration, 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, 2015, that would require adjustment to or disclosure in the financial statements.

John T. Short, Jr.
Executive Director, FSU Foundation
FSUF Operating Fund
As of June 30, 2015, Wilmington Trust had $667,870.44 under management with an income yield at market of 1.82 percent. The remainder of the $2.35 million in non-endowed restricted assets is invested with the University System of Maryland Foundation and Susquehanna Bank.

The assets comprise 380 separate funds encompassing departmental, alumni, special projects and the operating fund. These funds are supported by unrestricted or restricted gifts as well as fees for service, conferences, registrations, tickets, events and special fundraising projects.

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. Our investment objective is to generate returns so that distributions can be made to support the spending activities of the system institutions and to preserve capital as adjusted for inflation. The endowment pool is comprised of almost 4,000 individual endowment accounts of 20 institutions. Distributions to these institutions support students, faculty, research, facilities and special initiatives.

Investment Strategy
The Investment Committee meets quarterly to evaluate the overall performance of the endowment. In fiscal year 2013, the Asset Classes were changed to reflect a risk-focused view of the portfolio. The investment policy was also updated to reflect this new structure and to further define the roles of the investment committee, investment staff and strategic investment managers in the analysis and management of the portfolio. There were no changes to Asset Classes or investment policy in fiscal year 2015.

— USM Foundation

ENDOWMENT SUMMARY PERFORMANCE
As of June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>USMF Endowment</td>
<td>4.0%</td>
<td>7.72%</td>
<td>8.15%</td>
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Comparisons

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<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
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<tbody>
<tr>
<td>Composite Benchmark</td>
<td>4.47%</td>
<td>10.85%</td>
<td>10.66%</td>
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<tr>
<td>80%/20% Strategy</td>
<td>6.4%</td>
<td>14.1%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

ASSET ALLOCATION

<table>
<thead>
<tr>
<th></th>
<th>MV $ millions</th>
<th>% of total</th>
<th>Target Range</th>
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</thead>
<tbody>
<tr>
<td>Safe Assets</td>
<td>$48.0</td>
<td>4.87%</td>
<td>0%-25%</td>
</tr>
<tr>
<td>Portfolio Overlay</td>
<td>$0</td>
<td>0.00%</td>
<td>0%-5%</td>
</tr>
<tr>
<td>Public Risk Assets</td>
<td>$670.3</td>
<td>67.96%</td>
<td>45%-75%</td>
</tr>
<tr>
<td>Private Risk Assets</td>
<td>$267.9</td>
<td>27.17%</td>
<td>20%-40%</td>
</tr>
</tbody>
</table>

Total USMF Endowment Pool = $986 million

THE FSU FOUNDATION

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— USM Foundation

HISTORICAL GROWTH OF FSU FOUNDATION ASSETS
Revenues and Expenses

- The Foundation provided over $1.9 million in total support of Frostburg State University this year. That represents an 11 percent increase from fiscal year 2014.
- $680,000, a 31 percent increase from fiscal year 2014, was for scholarships, student aid and work study. This is largely due to the Allegany County Opportunity Scholarship being awarded for the first time this year. The Allegany County Commissioners signed a five-year commitment to this program with an option to renew in the future. This program has majorly impacted Allegany County students and their families.
- We realized an 8.9 percent increase in contributions this year.
- We continue to see an increase in giving online and by credit card. Despite receiving more revenue from these sources, we were able to reduce our credit card expenses by over 21 percent this year by switching to a new vendor for processing.
- Although the market was not as strong this year as last year, we still posted almost $250,000 in interest and dividends and nearly $140,000 of unrealized gains.
Scholarships/Student Aid Support

In fiscal year 2015, generous donors provided new commitments of more than $1.22 million in scholarships and financial aid support to Frostburg State University’s students. Over 76 percent of students enrolled at FSU receive some type of financial aid. Gifts supporting scholarships are critical to attracting and retaining the best students.

Alumni Giving

Alumni continue to show support for their alma mater with 4.76 percent giving back financially. For many years now, FSU’s alumni participation rate has been hovering around 5 percent. Alumni participation is a factor in nationwide rankings such as U.S. News and World Report, which parents and students consider when making enrollment decisions.

In fiscal year 2015, graduates from the 1960s contributed the most, but those from the 1970s and 1980s were close behind. Alumni with the highest increase in giving were also graduates from the 1960s.
Double Your Donation

A matching gift from your company can increase your charitable gift to the FSU Foundation. If your company has such a program, request a matching gift form from your employer and send it completed and signed with your gift. 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 your 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 your employer has a matching gift program, visit www.frostburg.edu/match.

Planned Gifts

Planned 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 of assets (i.e., stocks, bonds, property), gifts by will, life insurance policies, 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 the FSU Planned Giving website at www.frostburg.edu/waystogive.

Easy Giving

Easy-giving options include monthly recurring electronic fund transfers, one-time and recurring credit card transactions and gifts online through PayPal. Electronic stock gifts are also accepted. PayPal and other recurring gifts can be established at www.frostburg.edu/waystogive. Call the Foundation office at 301.687.4161 for details.

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Mrs. Alicia White ’85

ANNUAL REPORT FY2015

$0
$50,000
$100,000
$150,000
$200,000
$250,000
$300,000
$350,000
$400,000
$450,000
$500,000
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$0
$50
$100
$150
$200
$250
$300
$350
FY’11
FY’12
FY’13
FY’14
FY’15
EASY GIVING
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
301.687.4161
fsufexecdirector@frostburg.edu