FITCHBURG STATE UNIVERSITY

Finance and Administration Committee Meeting

(Joint meeting with Fitchburg State University Foundation Audit Committee and FSU Foundation Supporting Organization, Inc.)

Tuesday, October 18, 2011 at 11 a.m.

President's Conference Room, Sanders Building • 300 Highland Avenue, Fitchburg, MA

Board of Trustees

Tuesday, October 18, 2011 at 12 p.m.

President's Conference Room, Sanders Building • 300 Highland Avenue, Fitchburg, MA

FITCHBURG STATE UNIVERSITY

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Robert V. Antonucci
PRESIDENT

Briefing

TO:	Board of Trustees
FROM:	Dr. Robert V. Antonucci, President
RE:	Finance and Administration Committee and Full Board Meetings

OVERVIEW

We are ready to begin our series of trustee meetings for the new academic year. The university is off to another exciting start. We held a host of events for new and returning students, parents, faculty, librarians, and staff. The campus looks beautiful and we anticipate another successful year.

I enclose a combined packet that includes materials for the Finance and Administration Committee meeting with the Foundation Audit Committee and the FSU Supporting Organization, Inc. on **October 18 at 11 a.m.** as well as the **full Board meeting at 12:15 p.m.** The major agenda item is presentation of the FY2011 audit report.

The trustees meeting will be held in the President's Conference Room. Parking will be reserved in the Sanders lot.

This meeting will be the first headed by our new chair, Carol Vittorioso. It will also be the first meeting for newly appointed Board members Anthony Mercadante and Anna Clementi. We wish them much success in the future and extend our appreciation to them for their time and effort in helping guide the university.

The complete schedule for **October 18** is as follows:

11:00 a.m.	Finance and Administration	President's Conference Room Sanders Building
11:45 p.m.	Lunch	Academic Affairs Conference Room Sanders Building
12:15 p.m.	Board of Trustees	President's Conference Room Sanders Building

The new open meeting law, which took effect on July 1, 2010, requires us to include all items to be discussed on the agenda. No longer can we just list old or new business. I will make sure that we adhere to the provisions of the law and remain in compliance with all regulations.

AGENDA

I. **Call to Order by Chairman Carol T. Vittorioso**

II. **Public Comments**

III. **Consideration and Approval of the Minutes of the May 3, 2011 Meeting**

IV. **Finance and Administration Committee – Anthony Mercadante, Chair**

1. FY2011 Audit **– VOTE - (01-11/13)**

   The Finance and Administration committee will meet on Tuesday, October 18, 2011, at 11 a.m. along with members of the Fitchburg State University Foundation Audit Committee and the foundation's Supporting Organization, Inc. The audit is enclosed for your review. Jay Kaufman will report on the review of the audit. An executive summary is included and I am pleased to report the financial condition of the university is sound and all trends are healthy. Anthony Mercadante will make a full report to the Board when we meet at 12:15.

   Audit Enclosures:

   a. FSU Report on Audits of Financial Statements and Supplemental Information Years Ended June 30, 2011 and 2010.

   b. FSU Report on Independent Auditor's Report on Management's Assertions on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster for Year Ended June 30, 2011.

   c. FSU Federal Student Financial Assistance Programs Report on Consulting Services for Year Ended June 30, 2011.

V. **NEASC Self-Study**

We are completing the self-study required as part of the New England Association of Schools and Colleges, Inc., the regional accrediting agency. We will bring the Board up to date on the process thus far. Joining me in the presentation will be Drs. Shirley Wagner and Paul Weizer, co-chairs of the steering committee. The self-study will be submitted in December. A team will visit the campus from March 4 thru 7, 2012. The on-site visit is an opportunity to validate the self-study via meetings with staff, faculty, students, the Board and others. Within a few weeks of the visit we will receive a report outlining the findings. Our hope is that the university will receive re-accreditation for 10 years.

VI. Accept the President's Goals for FY2012 – VOTE – (02-11/12)

Enclosed are the goals I have set for this academic year. The purpose is to highlight the major initiatives we will focus on. In May we will review the progress and measure the degree of completion.

Also included in the packet is a summary of last year's goals as reviewed by the executive committee in June. This constituted the appraisal process and was submitted to the Commissioner of Higher Education. His response is also included.

VII. Hammond Building – VOTE – (03-11/12)

We are proposing a vote to begin the second phase of the Hammond renovation project. The summary sheets provide the details of the project. We will bring the Board up to date on the progress being made, and a tour will be offered for those who are available.

VIII. Conflict of Interest Statements

Each year Board members are asked to complete a Conflict of Interest statement. The form has not changed and is included.

IX. Notifications – Personnel Actions - (N01-11/12)

Please refer to the Personnel Notification List enclosed. It includes new employees hired and other changes in accordance with the respective collective bargaining agreements.

X. President's Report

a) Moving expenses for Vice President for Academic Affairs **– VOTE – (04-11/12)**
b) Strategic Plan
c) Massachusetts State University system Presidents & Trustees Association annual meeting – October 19, 2011

Enclosures

- Commonfund Performance Sheet
- Residence Hall Occupancy – Fall Semester 2011/2012
- Sterilite Letter
- President's Goals and Performance – Letter from Commissioner Freeland
- September 28, 2011 Letter from Commissioner Freeland
- April 21, 2011 Letter from Commissioner Freeland
- Performance Incentive Grant Program
- Stratton Players Letter
- News Articles
- Welcome Back Celebration Brochure

XI. Campus Tour

We will tour the capital projects now in various stages of completion. I believe you will find the scope to be remarkable. Thanks for your continued support.

XII. Adjournment

If you have any questions or material prior to the meeting please give Carol, Gail or me a call.

Next Meeting
Tuesday, November 29, 2011
12:00 p.m.
President's Conference Room

Agenda

FITCHBURG STATE UNIVERSITY

Robert V. Antonucci
PRESIDENT

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FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES MEETING
Tuesday, October 18, 2011
12:15 p.m.
President's Conference Room
Sanders Building
300 Highland Avenue, Fitchburg, MA 01420

AGENDA

I. Call to Order
II. Public Comments
III. Consideration of minutes from previous meeting

a) May 3, 2011

IV. Finance and Administration Committee Report – Anthony Mercadante, Chair

a) FY2011 Audit – **VOTE – (01-11/13)**

V. NEASC Self-Study
VI. Accept the President's Goals for FY2012 – **VOTE – (02-11/12)**
VII. Hammond Building – **VOTE – (03-11/12)**
VIII. Conflict of Interest Statements
IX. Notifications

a) Personnel Actions – **(N01- 11/12)**

X. President's Report – Dr. Robert V. Antonucci

a) Moving expenses for Vice President for Academic Affairs – **VOTE – (04-11/12)**
b) Strategic Plan
c) Massachusetts State University system Presidents & Trustees Association annual meeting October 19, 2011

XI. Campus Tour
XII. Adjournment

Future Meeting
Tuesday, November 29, 2011
12:00 p.m.
President's Conference Room

Minutes
May 3, 2011

Minutes of Meeting Held on May 3, 2011 at 4:00 p.m.

FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES MEETING
Tuesday, May 3, 2011
4:00 p.m.
President's Conference Room
300 Highland Avenue, Fitchburg, MA 01420
Sanders Building

Trustees Present: Gregg Lisciotti, Matthew Costello, Robert Pontbriand, Anthony Mercadante, Martin F. Connors, Jr., David Mullaney, Gladys Rodriguez-Parker, Beverly Farias

Trustees Absent: Cynthia Stevens, Carol Vittorioso

Also Present: Robert Antonucci, Gail Doiron, Jay Bry, Sheila Sykes, Michael Fiorentino, Jr., Michael Turk, Sean Goodlett, Shirley Wagner

The meeting was called to order by Chairman Lisciotti at 4:05 p.m.

The Chair opened the floor for public comments.

Dr. Michael Turk, MSCA Chapter Vice President, stated that he had two separate items. The first item was the budget. He expressed the philosophical concern with long-term capital projects and a matter of student affordability. He said he was not authorized by the union to make this statement. The second item was the Vision Project.

President Antonucci interrupted briefly to explain the Vision Project, which was the report included in the packet, an initiative of Commissioner Freeland from the Massachusetts Department of Higher Education.

Mr. Mullaney joined the meeting at 4:10 p.m.

Dr. Turk next spoke of the role of Liberal Arts and Sciences and expressed his concerns that it is treated as if it were a second class citizen. He and his colleagues have had discussions with the Commissioner. He wanted to bring this item to the Board's attention.

President Antonucci said there is an agreement with Dr. Turk's point among the Council of Presidents; we don't want to become a centralized system.

Ms. Rodriquez-Parker asked if transfer students, while receiving public assistance, would have to be part of this program. President Antonucci clarified that we have transfer agreements and Dr. Turk was referring to workforce development. It's a balance that we are looking for and, again, we don't know what the structure will be.

There was a discussion.

Mr. Pontbriand commented that we have nothing against workforce development programs but the Liberal Arts and Sciences get watered down. This is something that needs to be monitored and

wondered when a definitive decision would be made. There was a discussion.

The consideration of the minutes from March 29, 2011 was presented.

Upon a motion duly noted by Mr. Pontbriand and seconded by Mr. Mullaney it was

<u>Voted:</u> to approve the minutes of the meeting held on March 29, 2011 as
(7-0) presented.

Mr. Lisciotti next officially welcomed Mr. Anthony Mercadante to the Board.

Mr. Lisciotti gave the Finance & Administration report. He said the committee met on April 26 and revisions were made to the materials included in the packet in front of them. At the committee meeting, they had discussed a \$550.00 fee increase and thought \$500.00 would be more appropriate. The budget materials reflect the \$500.00 increase and for \$3 million of reserves to balance the budget with a 3,400 student count.

President Antonucci referenced page 6, line 16. This is a conservative budget, and he understands the capital concerns. He updated the newest board members that we base this budget on the house budget which is not finalized. We then, traditionally, come back to the Board in the fall. He said we are getting more and more privately funded. Last year we had stimulus money, which we don't have this year, and we keep getting less state funding. We are fighting that we may have to pay collective bargaining costs that we had not had to fund in the past. This budget is based on the need to move forward with no layoffs. We have to adjust our revenue stream and be fiscally conservative and prudent.

Mr. Lisciotti mentioned that the budget continues to move from state supported to state assisted. We need to move toward fundraising. We are different in our fundraising by location, salary and title. It is very important that the senior person in the development office to have a proper title. He expressed his hope to get a real good team in place to be a real revenue generator.

President Antonucci said we had two failed searches for the Director of Advancement and has now decided to reach out to a search firm. We tried twice on our own but we need to hire a search firm and to offer the development position a competitive salary. We had cut back in that area and need to focus on getting the office in place. The director then could go out on the road to fundraise. We need a staff that doesn't stay in the office.

There was a discussion on titles and job market within the fundraising arena.

Mr. Lisciotti said that fundraising is a relationship that needs to be cultivated. Ms. Farias said we are sadly understaffed and we don't want to lose the current staff. She expressed the concern of moving backwards.

President Antonucci said he wanted a staff to raise money that would financially support the staff in place. The salaries must support the staff and the office by fund raising.

There was a discussion on fundraising, staffing, scholarships, the annual fund and financial aid.

Mr. Lisciotti suggested a nationwide search to fill the development position.

President Antonucci expressed the hope of closing the Capital Campaign by July 1. Once the campaign is over we will have to start another fundraising initiative.

President Antonucci next presented the votes.

Mr. Costello commented on the fee increase. He said he would be voting against the increase. He was concerned with maintaining affordability and access which is essential. He noted last year the fee increase was earmarked for scholarships. He wanted everyone to know why he is voting against the increase.

Mr. Lisciotti thanked Mr. Costello for his remarks.

Ms. Farias said that she would like to vote against it but understand the needs of the institution. This vote is being done with a heavy heart.

President Antonucci said we may come back to the Board at some point to add financial scholarship aid.

Ms. Rodriquez-Parker said unfortunately this was something that needed to be done.

Upon a motion duly noted by Mr. Mercadante and seconded by Mr. Pontbriand it was

Voted: to increase the following annual student fee, effective for the fall semester 2011.
(7-1)

Day School Student Fee Increase

University Fee: $500.00 for FY2012
(06-10/11)

Mr. Costello opposed.

President Antonucci said we would come back to the Board in the fall with any adjustments.

Upon a motion duly noted by Mr. Connors and seconded by Mr. Mullaney it was

Voted: to approve the FY2012 Budget as presented by the President. (07-10/11)
(8-0)

Upon a motion duly noted by Mr. Connors and seconded by Ms. Rodriguez-Parker it was

Voted: to approve that on-going capital projects roll forward into the FY2012 University
(8-0) Budget. (08-10/11)

President Antonucci next discussed the slate of officers.

Upon a motion duly noted by Ms. Farias and seconded by Mr. Mercadante it was

Voted: to approve the following slate of officers effective July 1, 2011.
(8-0)

Carol Vittorioso, Chairperson
Martin F. Connors, Jr., Vice Chairperson
Robert Pontbriand, Clerk

President Antonucci next presented the job actions taken since the last meeting. They are as follows:

Resignation

Stephen Wall-Smith, Ph.D. Effective: 4/17/2011	Director, Assessment Academic Affairs	$39,542.56
Linda Fazio, BS Effective: 4/18/2011	Staff Assistant Financial Services	$64,034.89

Retirement

Margarite Landry, Ph.D. Effective: 12/31/2011	Associate Professor English	$59,869.79

New Hire

Marcel Beausoleil, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$61,000.00
Jason Talanian, Ph.D. Effective: 9/1/2011	Assistant Professor Exercise & Sports Science	$55,500.00

Promotion

Christine Dee, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Economics, History & Political Science	From $52,762.90 To: $56,617.90
John Chetro-Szivos, Ph.D. Effective: 9/1/2011	From: Associate Professor to Professor Communications Media	From: $61,563.91 To: $65,863.91
Keith Chenot, MFA Effective: 9/1/2011	From: Assistant to Associate Professor Industrial Technology	From: $56,076.49 To: $59,931.49
Kevin Austin, Ph.D. Effective: 9/1/2011	From: Associate Professor to Professor Computer Science	From: $86,745.94 To: $91,083.24

Sean Goodlett, Ph.D. Effective: 9/1/2011	From: Associate Professor to Professor Economics, History & Political Science	From: $58,573.29 To: $62,873.29
Robert Harris, MFA Effective: 9/1/2011	From: Associate Professor to Professor Communications Media	From: $65,381.39 To: $69,681.39
Sara Levine, Ph.D. Effective: 9/1/2011	From: Associate Professor to Professor Behavioral Science	From: $59,666.60 To: $63,966.60
Benjamin Railton, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Economics, History & Political Science	From: $50,067.22 To: $53,922.22
Rene Reeves, Ph.D. Effective: 9/1/2011	From: Associate Professor to Professor Economics, History & Political Science	From: $58,994.17 To: $63,294.17
Thomas Schoenfeld, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Biology/Chemistry	From: $56,954.69 To: $60,809.69
Ian Williams, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor English	From: $51,149.21 To: $55,004.21
Diane Caggiano, JD Effective: 9/1/2011	From: Associate Professor to Professor Business Administration	From: $72,896.63 To: $77,196.63
Laura Garofoli, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Behavioral Science	From: $52,231.20 To: $56,086.20
Timothy Hilliard, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Exercise & Sports Science	From: $57,533.21 To: $61,388.21
Peter Staab, Ph.D. Effective: 9/1/2011	From: Assistant to Associate Professor Mathematics	From: $55,389.23 To: $59,244.23

Rehire

Renee Scapparone, DBA Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Business Administration	$56,500.00

Leave of Absence (unpaid)

Michele Caniato, Ph.D. Effective: 8/31/2011 End Date: 12/31/2011	Associate Professor Humanities	$58,824.16
Aruna Krishnamurthy, Ph.D. Effective: 8/28/2011 End Date: 8/25/2012 (N05-10/11)	Associate Professor English	$60,405.71

President Antonucci next presented his report. He reported on the certification of the financial statements. We are in compliance. He informed the Board that Mr. Martin F. Connors, Jr., had officially resigned as a member of the Finance & Administration Committee and also its Chairmanship to protect the interest of Rollstone Bank & Trust and abstain from any future financial discussions.

Mr. Lisciotti said a conflict of interest letter had been received and that if any such matters come before this Board to abstain or be exempt.

President Antonucci next explained a letter from a parent that had been sent for distribution to the Board. The contents of the letter cannot be discussed in a public forum. He read the last sentence of the letter.

"I would also appreciate an acknowledgement that this letter was received and read by the Trustees."

President Antonucci said that we would respond by sending a letter stating the letter was given to the Trustees.

President Antonucci referenced the enclosures included in the packet. They are as follows:

<u>Enclosures:</u>

- FY2011 Financial Reports and Certification
- Central Links - Finish First
- Annual Honors Convocation Program
- Undergraduate Conference on Research & Creative Practice Program
- The Vision Project Report
- News Articles

President Antonucci invited the Board to participate in our commencement exercises on May 19 and May 21 and to let Ms. Doiron know of their intentions. He informed the Board of a host of end of the year celebrations.

President Antonucci announced that this will be Dr. Michael Fiorentino, Jr.'s last official Board of Trustees meeting. He publicly recognized Dr. Fiorentino on behalf of the Trustees for his outstanding years of service as a faculty member and administrator. He thanked him for his commitment and dedication to the institution. We will miss him.

President Antonucci announced that Mr. Gregg Lisciotti's and Mr. David Mullaney's terms had expired but they will remain on the Board until additional Trustees have been appointed. He publicly thanked them for their service and commitment to the institution.

President Antonucci said we would honor them all at the dinner to be held at 5:30 p.m. that evening. We also typically honor recently-tenured faculty, but there would not be any due to contractual changes.

Mr. Lisciotti asked about the Highland Avenue project. Mr. Bry responded was moving forward and waiting for final approval from the Fitchburg City Council.

With no further business before the Board, the meeting was adjourned at 4:58 p.m.

Respectfully submitted:

Robert A. Pontbriand, Clerk
Board of Trustees

Finance and
Admin. Agenda

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Robert V. Antonucci
PRESIDENT

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FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES
Finance and Administration Committee Meeting

Joint meeting with Fitchburg State University Foundation Audit Committee & FSU Foundation Supporting Organization, Inc.

Tuesday, October 18, 2011
11:00 a.m.

President's Conference Room, Sanders Administration Bldg.
300 Highland Avenue, Fitchburg, MA 01420

AGENDA

I. Call to Order, Anthony Mercadante, Chair

II. Consideration of minutes from previous meeting

a) April 26, 2011

III. Audit Presentation

The University and Foundation audits have been completed. The staff from Ercolini & Company will be at the meeting to discuss the audit process.

a) FY2011 Audit **– VOTE – (01-11/13)**

IV. Adjournment

MINUTES OF THE MEETING HELD ON FRIDAY, APRIL 26, 2011 AT 4:00 P.M.

FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES
Finance and Administration Committee Meeting

President's Conference Room
300 Highland Avenue, Fitchburg, MA 01420

Committee Members Present:	David Mullaney, Carol Vittorioso, Gregg Lisciotti, ex-officio
Committee Members Absent:	None
Trustees Present:	Matthew Costello, Anthony Mercadante
Also Present:	Robert V. Antonucci, Gail Doiron, Sheila Sykes, Michael Fiorentino, Jr., Michael Shanley, Jay Bry, Sean Goodlett

Upon a motion duly noted by Mr. Mullaney and seconded by Ms. Vittorioso it was

Voted: to approve the Finance and Administration minutes of the meeting held on
(3-0) February 1, 2011 as presented.

President Antonucci explained that Mr. Martin F. Connors, Jr. had officially resigned as a member of the Finance & Administration Committee and also its Chairmanship in order to avoid any appearance of a conflict of interest and to avoid any potential issues.

President Antonucci welcomed Mr. Anthony Mercadante to the Board. He said it was a long ordeal and he thanked Mr. Mercadante for remaining patient during the process.

Mr. Lisciotti explained that Mr. Mercadante could participate in the discussion but would not be eligible to vote until he was sworn in on May 2, 2011.

Mr. Mercadante asked about the potential conflict. President Antonucci responded that we do business with Rollstone Bank & Trust and we are getting a ruling from the ethics commission.

President Antonucci next explained the budget and the four distinct pools of funding sources. The House is debating on the state appropriation that is usually finalized at the end of June. He would get back to the Board in the fall with any changes to the budget. We need to send out the student bills and fees need to be set. He referenced page three and said we will be able to retain any out-of–state tuition. We are not sure if it will be part of the Senate budget. We currently send tuition back to the state.

There was a discussion on in-state and out-of-state tuition.

President Antonucci explained about the reserves and recommended using the reserves. He said we were trying to hold off on our fee increases as much as possible.

There was a discussion on enrollment.

Mr. Mullaney asked about any DCAM funds. President Antonucci responded that we always have a project ready should any DCAM funds become available. Mr. Mercadante asked if the money had to be used for capital projects. President Antonucci responded yes.

President Antonucci discussed page seven and the projected fee increases that other Universities are considering. We have an obligation to fund collective bargaining contracts where the governor has not guaranteed the funding. We have to honor the contracts. We have to fund the faculty contracts if the state does not give us the funds.

President Antonucci referenced page eight that explained revenue sources and the operating budget. Mr. Lisciotti noted that we will not be receiving any stimulus dollars which we did receive last year.

President Antonucci said we are going to take $3.3 million out of reserves based upon 3,400 students. This is an estimated budget based on what we know right now.

Mr. Costello commented on scholarships. President Antonucci said that we will try to take some of the fee increase funds and use for scholarships. This would be something we would look at next fall.

There was a discussion on scholarships.

Mr. Mercadante asked about the state maintenance funds. President Antonucci said we are doing okay but without stimulus funds it is challenging. He said at this point there will be no layoffs.

Mr. Mercadante asked if the institutions fight each other for funding. President Antonucci said we lobby as a system. He does not really know how they come up with the numbers. Ms. Sykes commented that a lot of it is history.

President Antonucci discussed tuition waivers. There is a whole category of waivers that we must provide tuition.

Mr. Mullaney said that going forward if significant revenue sources don't come along its going to be very tough.

President Antonucci said we already know that we have a collective bargaining cost, along with energy costs and not knowing the state appropriation is difficult.

Mr. Lisciotti said the only way to offset the fee increases is by fundraising. Our Development Office is short two senior people. He expressed his hope that we invest in the Development Office to have it grow. He thought it was the only way to get some money and we have one of the smallest development offices in the state university system.

President Antonucci commented by sending out a simple mailer, we were able to raise money. That initiative alone did not take a great deal of effort. He said it is more than just hiring staff. He also commented that our students need even more support whereas they are not able to get the jobs that were available in the past because of the economy.

There was a discussion.

Mr. Mullaney asked if it hurts us by having good reserves. Ms. Sykes said we are healthier than others. President Antonucci said we could get penalized for doing well and we also want funds for the future. We have to keep a set amount of reserves should we need to payout salaries should the institution ever close. This is a required amount.

Mr. Goodlett said small classes are valuable and we need to keep them. He suggested slowing down on the capital projects.

President Antonucci said we normally would have higher capital projects. We still have a great deal of work to do on this old campus. If we don’t continue capital improvements it affects our admissions.

Mr. Costello said students are concerned with the fee increases even if it’s only $200.00. He said part of their efforts at the recent State House Day was lobbying for more scholarships. He expressed his concerns that some students may not be able to continue school if there is a fee increase. Ms. Sykes responded that the Foundation assists a number of students each year.

Mr. Lisciotti said if we approve a $550 fee increase we will be at the top and we have been aggressive the past few years.

President Antonucci suggested we set a fee increase of $500 and see what enrollment is in the second semester.

President Antonucci provided background on the two failed searches in the Development Office. We are going to utilize the services of a search firm.

There was a discussion.

Mr. Lisciotti expressed the concern of making sure there was funding for more staff in the Development Office.

Mr. Mercadante asked about Financial Aid. Ms. Sykes said the in- and out-of-state Financial Aid is based upon need. President Antonucci explained the different types of aid and loans available to students.

The consensus was to approve a $500 fee increase effective with the 2011 fall semester. The new student fee will be distributed with $250 devoted to repaying the debt service on the $16 million bond for the Hammond building and $250 allocated to the general university fee.

Upon a motion duly noted by Ms. Vittorioso and seconded by Mr. Mullaney it was

<u>Voted:</u> to increase the following annual student fee, effective for the fall semester 2011.
(3-0)

<u>Day School Student Fee Increase</u>

University Fee: $500.00 for FY2012
(06-10/11)

President Antonucci said we would come back to the Board in the fall with any adjustments.

Upon a motion duly noted by Ms. Vittorioso and seconded by Mr. Mullaney it was

<u>Voted:</u> to approve the FY2012 Budget as presented by the President. (07-10/11)
(3-0)

Upon a motion duly noted by Mr. Mullaney and seconded by Ms. Vittorioso it was

<u>Voted:</u> to approve that on-going capital projects roll forward into the FY2012 University
(3-0) Budget. (08-10/11)

With no further business before the Committee, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

____
Gregg P. Lisciotti, ex-officio
Chairman, Finance & Administration
Board of Trustees

FSU Executive
Summary

FITCHBURG STATE UNIVERSITY

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Robert V. Antonucci
PRESIDENT

Fitchburg State University
Executive Summary
Report on Audits of Financial Statements and Supplemental Information
Years Ended June 30, 2011 and 2010

- The University received an unqualified report from its auditors and there were no issues or findings that arose during the audit.
- The Management's Discussion and Analysis provides a broad overview of the financial position and fiscal activities of the University and includes ratio analysis in key areas.

Statements of Net Position (pages 3 - 5):

- Total assets increased by $32 million to $125.5 million. Total liabilities increased by $18 to $42.8 due primarily to the bond issue for the Hammond Campus Center renovations.
- Current unrestricted cash increased by $6 million as a result of receiving ARRA funds, increased enrollment and decreased amounts of tuition reverted to the state.
- Capital assets increased to approximately $66.2 million net of current period depreciation of $4.2 million.
- Total debt from bond issues and capital leases is $26.1 million. The bonds were issued for various construction projects. The capital leases funded network and phone system installations and other equipment purchases. See Notes 12 & 13, beginning on page 40.
- Invested in capital assets; net of related debt increased by $3.7 million. Capital projects increased by $5.3 million.

Statement of Revenues, Expenses and Changes in Net Position (pages 6 - 7):

- Total revenue for the year was $85.8 million.
- Tuition and fee revenue increased by 5.7%. Scholarships awarded increased by 11.6%.
- Auxiliary revenue, which represents operation of the residence halls, remained consistent with the prior year and does not include fees charged for the student housing facility owned and operated by the FSU Supporting Organization, Inc.
- General appropriations increased 13.5%. ARRA funding decreased by 53.5% to $3.1 million.
- Total expenditures were $72.6 million, an increase of $4.4 million, primarily due to increased fringe benefit charges.
- Instructional expenditures represent 41.0% of total operating expenditures, exclusive of depreciation and scholarships. 84.4% of Instructional expenditures relate to payroll and benefit costs.
- Institutional support consist of the day to day operational support of the institution, excluding plant operations and represents 10.2% of total operating expenses exclusive of depreciation and scholarships.
- Operations and maintenance of plant expenditures totaled $10.8 million and remained consistent with the prior year.
- There was an overall increase in net assets of $13.2 million for the fiscal year.

Statement of Cash Flows (pages 8 - 10):

- Total cash at June 30, 2011 was $41.6 million and includes $14.5 million in bond proceeds for the Hammond Campus Center project.
- Cash received from operations (before appropriations) was $50.8 million. Cash expended for operations was $59.9 million, resulting in an operating loss of $9.2 million, which was offset by an appropriation of $21.8 million net of tuition amounts reverted to the state.
- Acquisitions of property and equipment totaled $8.2 million and do not include $4.9 million spent by DCAM on the University's behalf for the Science Center Modernization project.

Notes to the Financials Statements (pages 11 - 64):

- Most of the notes are standard disclosures. Note 1 spans pages 11 through 20 and outlines the University's significant accounting policies.
- Note 5, beginning on page 32, details the property and equipment held by the University.
- Details relating to University debt (capital leases and bond issues) are in Notes 12 & 13, beginning on page 40.

Auditor's
Letter

October 18, 2011

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

To the Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

We have audited the financial statements of the business-type activities and discretely presented component unit of Fitchburg State University (formerly known as Fitchburg State College) (the University) (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2011, which collectively comprise Fitchburg State University's basic financial statements, and have issued our report thereon dated October 18, 2011. Professional standards require that we provide you with the following information related to our audit.

<u>Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards</u>

As stated in our engagement letter dated April 28, 2011, our responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement, and to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Fitchburg State University. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Fitchburg State University's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

<u>Other Information in Documents Containing Audited Financial Statements</u>

Our responsibility for other information in documents containing Fitchburg State University's financial statements and report, such as Fitchburg State University's Comprehensive Annual Financial Report presented to the Government Finance Officers Association of the United States and Canada, does not extend beyond the financial information identified in the report. We do not have any responsibility or obligation to perform any procedures to corroborate other information contained in these documents. We will, however, read your Comprehensive Annual Financial Report for the year ended June 30, 2011 and report to you anything that comes to our attention that causes us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of presentation, appearing in Fitchburg State University's financial statements for the year ended June 30, 2011.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters in April, 2011.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. This letter communicates any significant findings as a result of our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the 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 Fitchburg State University are described in Note 1 to the financial statements.

During the fiscal year ended June 30, 2011, Fitchburg State University adopted the following new Governmental Accounting Standards (GASB):

> Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements*
>
> Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
>
> Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

Implementation of GASB Statement No. 62 had no material impact on the University's financial statements.

The implementation of GASB Statement No. 60 changed the accounting, financial reporting and disclosure related to service concession arrangements. Statement No. 60 applies to the University's service concession arrangement with Compass Group USA, Inc. (Compass) to manage and operate the University's food services operation at the University's dining services locations. As a result of the University's election to early adopt this Statement, the University recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. The University also recorded, in fiscal 2011, an accounts receivable from Compass at the present value of the future payments to be received from Compass, using a 5% discount rate determined by management of the University. The effect of adopting this Statement on prior years was not material to the University's financial statements. Further details of this service concession arrangement, including the accounting, financial reporting and disclosure of this arrangement are more fully discussed in Note 11 to the financial statements.

The University also elected to early adopt GASB Statement No. 63 which resulted in the following changes to the financial statements: the Statement of Net assets was renamed the Statement of Net Position; deferred inflows of resources have been reported in a separate section of the Statement of Net Position following liabilities; and the Statement of Net Position has been presented in a format that displays assets, plus deferred outflows of resources (of which the University had none), less liabilities, less deferred inflows of resources to equal net position. The Statement was applied retroactively by reclassifying the Statement of Net Position and balance sheet information for the year ended June 30, 2010 for comparative purposes.

Significant Audit Findings - continued

Qualitative Aspects of Accounting Practices - continued

We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are management's estimate of the allowance for doubtful collections of accounts receivable, the discount percentage used by management to record the present value of the accounts receivable and deferred inflow of resources associated with the service concession arrangement and the fair values of the pooled investment funds.

Management's estimate of the allowance for doubtful collections of accounts receivable is principally based on its historical experience and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used by management to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the discount percentage to present value amounts related to the service concession arrangement is based upon an estimate of its incremental borrowing rate for an Institution of its nature and credit quality. We evaluated the key factors and assumptions used by management in determining that a 5% discount rate is reasonable, in all material respects, in relation to the financial statements taken as a whole.

The fair values for the University's pooled investment funds are based upon estimated net asset values provided by the Commonfund's management in consultation with its respective investment managers as more fully disclosed in the financial statements. Management closely monitors the investments and reviews investment activity and valuations periodically throughout the year with representatives of the Commonfund. We reviewed management's procedures for monitoring investments and oversight of its professional investment advisor and believe them to be reasonable.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements are the disclosures related to the University's cash and cash equivalents, and investments found in Note 2 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Significant Audit Findings - continued

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Trustees and management of Fitchburg State University and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ercolini & Company LLP

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PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

NPO-CX-12.2: AUDIT DIFFERENCE EVALUATION FORM

Organization: Fitchburg State University

Statement of Financial Position Date: June 30, 2011

Completed by: Jeff Caputi

Date: 9/28/2011

Instructions: This form should be used to accumulate known audit differences (AD). All known and likely misstatements greater than the amount considered trivial (documented at **Step 5** of NPO-CX-2) should be listed. This form should not include normal closing entries. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude on whether they materially misstate the financial statements taken as a whole. The notes following the table provide footnote explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements using both the rollover and iron curtain methods, as appropriate. the auditor should review the guidance beginning at paragraph 1112.32 before completing this form.

Description (Nature) of Audit Difference (AD)	Known (K) or Likely (L)	Cause	Workpaper Reference	Financial Statements Effect—Amount of Over (Under) Statement of: Total Assets	Total Liabilities	Total Deferred Inflows of Resources	Net Position	Revenues	Expenses	Change in Net Position	Working Capital
										$0	
Deferred Inflows	K	Effect of GASB 60 adoption	H-01f2.4					-$29,262		-$29,262	
										$0	
										$0	
										$0	
										$0	
										$0	
										$0	
Total				$0	$0	$0	$0	-$29,262	$0	-$29,262	$0
Less Audit Adjustments Subsequently Booked										$0	
Unadjusted AD—Current Year (Iron Curtain Method)				$0	$0	$0	$0	-$29,262	$0	-$29,262	$0
Effect of Unadjusted AD—Prior Years										$0	
Combined Current and Prior Year (Rollover Method)				$0	$0	$0	$0	-$29,262	$0	-$29,262	$0
Financial Statement Caption Totals				$125,567,471	$42,816,239	$2,621,266	$80,129,966	$85,830,172	$72,641,770	$13,188,402	
Current Year AD as % of FS Captions (Iron Curtain Method)				0.00%	0.00%	0.00%	0.00%	-0.03%	0.00%	-0.22%	0.00%
Current and Prior Year AD as % of FS Captions (Rollover Method)				0.00%	0.00%	0.00%	0.00%	-0.03%	0.00%	-0.22%	0.00%

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, cause the financial statements taken as a whole to be materially misstated. Pass adjustments, immaterial JK

Qualitative Considerations in Evaluating Materiality

The judgment about whether a misstatement is material is influenced by qualitative considerations as well as quantitative considerations. The following are examples of qualitative considerations which are discussed further under "Qualitative Considerations" at section 1112.

1. Effect on other financial statement components (that is, the pervasiveness of the misstatement).
2. Effect of the misstatement on the overall trend of the change in net assets, such a misstatement that reverses a downward trend of contributions or changes a decrease in net assets to an increase in net assets.
3. Significance of the financial statement element or portion of the organization's activities affected by the misstatement.
4. Effect of misstatement on the organization's compliance with loan covenants, other contractual agreements, or regulatory provisions.
5. The existence of statutory or regulatory requirements affecting materiality thresholds.
6. A misstatement that affects management's compensation (for example, meeting a contribution target might trigger a bonus).
7. The sensitivity of the circumstances (such a implications of misstatements involving fraud, possible illegal acts, violations of contractual provisions, or conflicts of interest).
8. The effects of misclassifications that could be significant to the financial statements users.
9. Significance of the misstatement or disclosures in relation to known user needs.
10. The character of the misstatement (for example, the precision of the audit differences).
11. Motivation of management.
12. Offsetting effects of individually significant misstatements.
13. Potential effect on future periods.
14. Cost of making the correction.
15. Risk of possible additional undetected misstatements.

FSU Audit Vote

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: **Board of Trustees**	DATE: October 18, 2011
FROM: The President	REQUEST NUMBER: 01-11/13
SUBJECT: FY2011 Audit Report	

It is requested that the Board of Trustees of Fitchburg State University accept the Audit Report for the fiscal year ending June 30, 2011.

Fitchburg State University

Audit Enclosures:

A. FSU Report on Audits of Financial Statements and Supplemental Information Years Ended June 30, 2011 and 2010.

B. FSU Report on Independent Auditor's Report on Management's Assertions on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster for Year Ended June 30, 2011.

C. FSU Federal Student Financial Assistance Programs Report on Consulting Services Year Ended June 30, 2011.

TAB A

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

REPORT ON AUDITS OF FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEARS ENDED JUNE 30, 2011 AND 2010

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

REPORT ON AUDITS OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEARS ENDED JUNE 30, 2011 AND 2010

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FICTHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)
Management's Discussion and Analysis
UNAUDITED

Introduction
The following discussion and analysis are intended to provide an overview of the financial position and results of operations of Fitchburg State University (the "University") for the fiscal years ended June 30, 2011, 2010 and 2009. This discussion is provided by the management of the University and should be read in conjunction with the financial statements and notes thereto. The purpose of this document is to give some background to the financial statements, and foster an understanding of how these statements relate to the mission and activities of the University.

The University, located in North Central Massachusetts, is one of the nine comprehensive public universities in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges comprise public higher education in Massachusetts. The University offers approximately 49 undergraduate degree programs in eighteen academic departments, 20 Masters' degree programs and several Graduate Certificates of Advanced Study. During fiscal 2011, there were approximately 3,800 full-time students and thousands of part-time students enrolled in degree programs, for a combined full-time equivalent enrollment of approximately 5,300. Thousands more non-matriculated students take advantage of professional development programs through the Division of Graduate and Continuing Education (DGCE). The University awarded approximately 1,200 graduate and undergraduate degrees in fiscal 2011. The University is accredited by the New England Association of Schools and Colleges (NEASC) and many of the University's programs are accredited by program-specific accrediting bodies.

Financial Highlights
The University experienced positive results from operations in fiscal 2011 and remains on firm financial ground. The following are key financial highlights for the current period:

- General appropriations from the Commonwealth are approved by the legislature to help fund the day-to-day operations of the University. The University received appropriations of $24.3 million in fiscal 2011. In addition, the University received $3.1 million as a result of *The American Recovery and Reinvestment Act of 2009* (ARRA). ARRA funds were used primarily to support faculty payroll and fringe benefit costs. General appropriations were $21.4 million in fiscal 2010 and $26.3 million in fiscal 2009.

- Fees were increased to fund academic and capital initiatives. Total mandatory per semester fees were $3,415, $2,965, and $2,715 in fiscal 2011, 2010 and 2009, respectively. Fees were also increased for undergraduate continuing education students. Tuition, which is controlled by the Commonwealth, has not increased since the fall of 2001 and remains at $485 per semester for in-state students.

- The University expended $8.2 million from current funds for capital additions in fiscal 2011. Projects completed during the year included completion of Phase III of the renovations to the Anthony Building, Phase I construction of new academic space on North Street and renovations to the entrance to Thompson Hall. An additional $4.8 million was spent on the University's behalf by the Massachusetts Division of Capital Asset Management (DCAM) for the Science Center modernization project. Projects remaining in process at June 30, 2011 include the Hammond Campus Center renovations, the Science Center modernization project, renovations to Miller Hall and the Highland Avenue closure project.

- Total assets at the end of fiscal 2011 were $125.5 million and exceeded liabilities and deferred inflows of resources of $45.4 million by $80.1 million (i.e. net position). Unrestricted net position available to support short-term operations totaled $22.1 million, of which $8.5 million has been designated for specific purposes.

- Total operating, non-operating, and gift revenue for fiscal 2011 was $85.8 million, while expenses totaled $72.6 million, resulting in an increase to net position of $13.2 million. The increase in net position includes a 5.7% increase in student tuition and fee revenues.

- The consolidated financial information of the Fitchburg State University Foundation, Inc. is included in the University's financial statements as a component unit of the University. It is important to reiterate that the Foundation is a separate organization. Foundation funds are largely restricted, and unrestricted funds can only be expended by vote of the Board of Directors of the Foundation.

Using the Financial Statements

Fitchburg State University reports its activity as a business type activity using the full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to the University and all pending obligations of the University are accounted for in the appropriate period, thus giving a clear picture of the University's financial position. The University is a department of the Commonwealth of Massachusetts. A summary of the University's financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

The Massachusetts Department of Higher Education has instituted the use of certain core financial ratios as part of their performance measures for public universities and colleges in the Commonwealth. Analysis using these ratios, as well as other commonly accepted ratios, has been incorporated throughout this document.

The University's financial statements include three major documents: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards.

Statement of Net Position

The statement of net position presents the financial position of the University at the end of the year and includes all assets, liabilities and deferred inflows of resources of the University, with the difference reported as net position. Assets, liabilities and deferred inflows are generally measured using current values, with a notable exception in capital assets, which are stated at historical cost less an allowance for depreciation. Net position is one indicator of the financial condition of the University, while the change in net position from one period to the next is an indicator of whether the financial condition has improved or worsened. The statements of net position (condensed, in thousands) at June 30, 2011, 2010 and 2009, are as follows:

	2011	2010	2009
Assets			
Current assets	$ 29,673	$ 20,743	$ 10,601
Capital assets, net	66,192	55,386	53,816
Other	29,702	16,708	18,345
Total Assets	125,567	92,837	82,762
Liabilities			
Current liabilities	13,817	10,659	9,955
Long term liabilities	28,999	14,258	15,446
Total Liabilities	42,816	24,917	25,401
Deferred Inflows of Resources	2,621	978	1,123
Net Position			
Net investment in capital assets	44,551	40,791	39,531
Restricted:			
Nonexpendable	458	470	437
Expendable	13,045	8,403	6,515
Unrestricted:			
Designated	8,488	8,135	6,239
Undesignated	13,588	9,143	3,516
Total net position	$ 80,130	$ 66,942	$ 56,238

Current assets consist primarily of cash and cash equivalents (88.8%). Other assets include non current restricted cash and cash equivalents, investments in marketable securities and loans receivable. Capital assets are used to provide services to students, faculty and staff. These assets are not available for current or future spending. Current liabilities primarily include trade accounts and salaries payable, accounts payable construction, the current portion of compensated absences and accrued faculty payroll. In the normal course of events and based on a consistent past history in this regard, it is anticipated that obligations due to employees will be funded by state appropriations. Deferred inflows of resources represent the acquisition of net assets applicable to future periods and are distinct from assets and liabilities. The increase in net position over the past three periods is indicative of the capital improvement initiatives undertaken during this time.

Ratio analysis measures certain elements of an institution's financial health. The analysis illustrates positive results of operations and remain indicators of the overall financial health of the institution.

- **Current Ratio:** An excess of current assets over current liabilities (the current ratio) is a measure of liquidity and provides a buffer against future uncertainties. The University's current assets of $29.7 million are sufficient to cover current liabilities of $13.8 million. The University's current ratio at June 30 is 2.2 to 1 for 2011, 1.9 to 1 for 2010, and 1.1 to 1 for 2009.

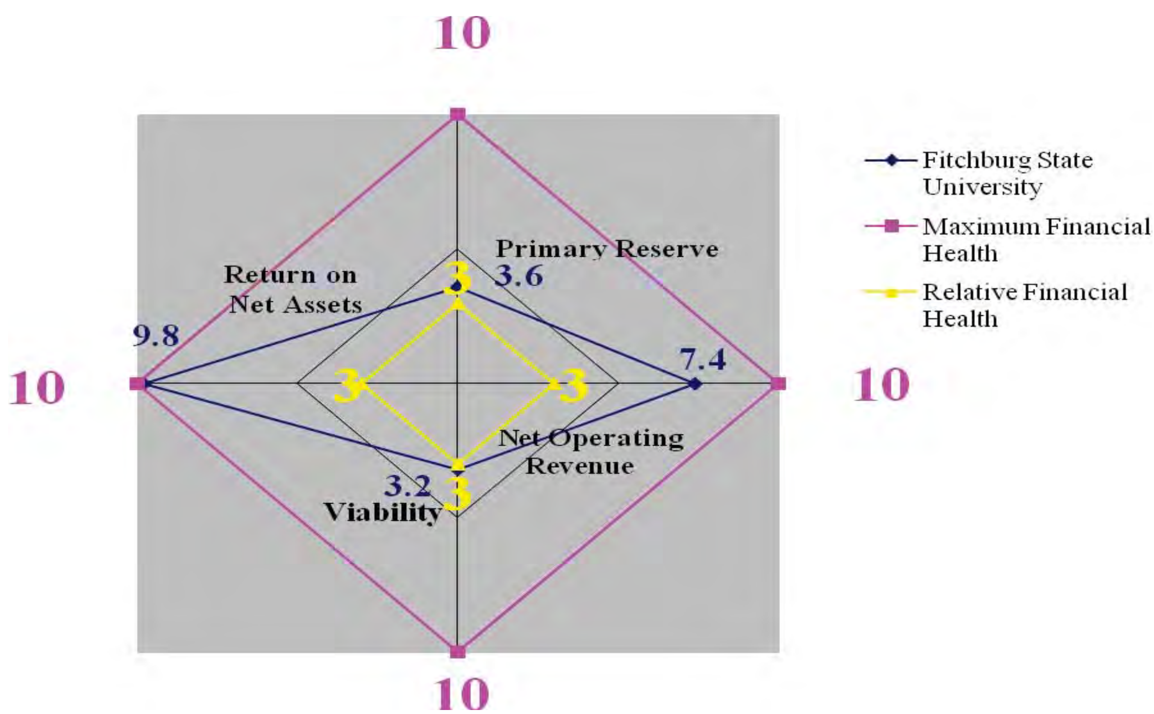
- **Return on Net Position Ratio:** Net position represents the residual interest in the University's assets after liabilities and deferred inflows of resources are deducted. Comparing the current change in total net position to total net position at the beginning of the period (return on net position) is an economic measure that determines if the University is financially better off than in previous years. The University's return on net position at June 30, 2011, 2010 and 2009 was 19.7%, 19.0% and 5.6%, respectively. The ratio remains well above industry benchmarks.

- **Primary Reserve Ratio:** This ratio indicates how long the University could function using its expendable reserves without relying on additional net position generated by operations. The University's primary reserve ratio at June 30, 2011, 2010 and 2009 was 48.4%, 37.6% and 24.3%, respectively. An improving trend indicates the University has been able to increase its expendable net position in proportion to the rate of growth in total operating expenditures.

- **Secondary Reserve Ratio:** This ratio measures the significance of non expendable net position in relation to an institution's operating size. An improving trend shows an improved capital base and the higher the ratio value, the better the long term financial condition. The University's secondary reserve ratio at June 30, 2011, 2010 and 2009 was 62.0%, 60.5% and 59.8%, respectively.

- In order to assess and evaluate the total financial health of an institution, core financial ratios are weighted and combined into a single factor called the Composite Financial Index (CFI). When calculated, a strength factor of three indicates a relatively healthy institution that can sustain moderate growth with expendable net position exceeding debt levels, although not by excessive amounts. The University's CFI at June 30, 2011, 2010 and 2009 was 5.1, 5.7 and 2.5, respectively. The following graph illustrates the four core financial ratios after they have been weighted and strength factors calculated.

Composite Financial Index



Statement of Revenues, Expenses and Changes in Net Position

The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2011, 2010 and 2009. Changes in net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. the accrual for compensated absences).

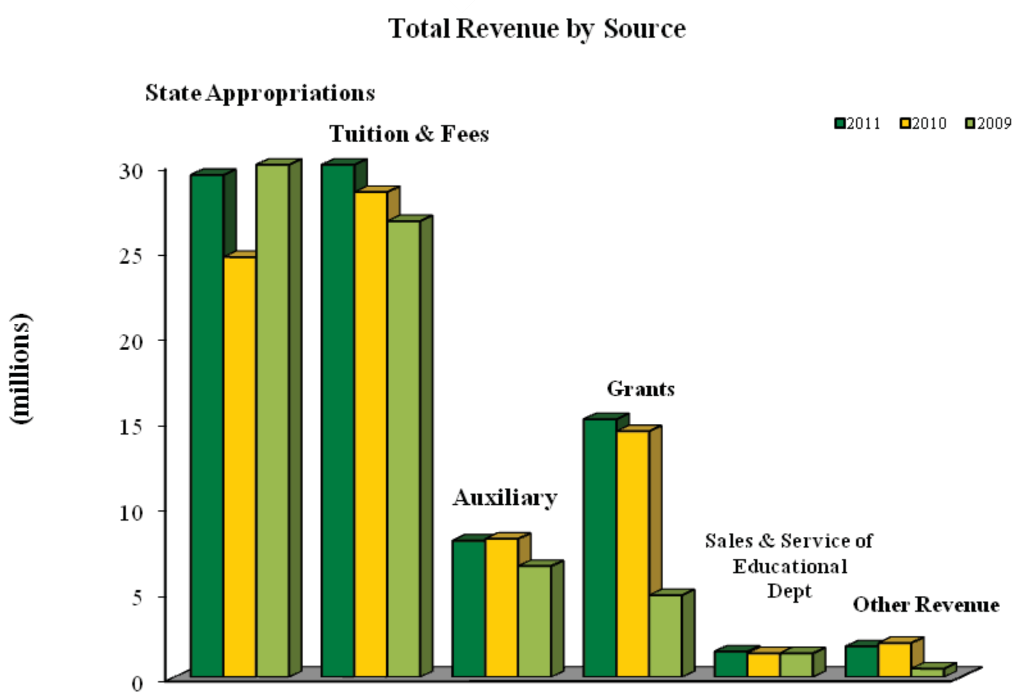
	2011	2010	2009
Operating revenues:			
Tuition & fees (net)	$ 29,985	$ 28,372	$ 26,737
Grants	9,714	12,780	4,483
Sales & service of educational department	1,458	1,416	1,421
Auxiliary	8,043	8,047	6,467
Other operating revenue	712	680	678
Total operating revenue	49,912	51,295	39,786
Operating expenses:			
Instruction	27,139	25,682	25,010
Research & public service	524	517	489
Academic support	4,807	4,361	4,539
Student services	8,031	7,445	7,299
Scholarships	1,619	1,609	1,457
Institutional support	6,768	5,988	6,464
Operations & maintenance	10,881	10,818	11,306
Depreciation	4,241	4,010	3,557
Auxiliary	8,049	7,412	6,201
Total operating expenses	72,059	67,842	66,322
Net operating loss	(22,147)	(16,547)	(26,536)
Non-operating revenue & expenses:			
State appropriations	29,333	24,622	29,416
Gifts	3	1	-
Investment income	1,123	1,329	(179)
Interest expense	(583)	(385)	(546)
State capital appropriations	140	-	498
Capital grants	5,319	1,684	325
Total non-operating revenue	35,335	27,251	29,514
Increase in net position	13,188	10,704	2,978
Net position, beginning of the year	66,942	56,238	53,260
Net position, end of the year	$ 80,130	$ 66,942	$ 56,238

State appropriations are reported net of the amount of day school tuition collected by the University on behalf of the Commonwealth. The tuition collected (for state supported courses taught by state employees) is then remitted to the Commonwealth as required by Massachusetts General Law. The following schedule details the Commonwealth appropriations received by the University. Included in appropriations are the fringe benefit costs for University employees, which are paid by the Commonwealth. The Commonwealth appropriates general funds to cover the cost of fringe benefits for state employees, but these funds are not appropriated directly to the University. Non-state employees who are paid from trust funds, grants or other sources receive the same fringe benefits. The University reimburses the Commonwealth for the benefit costs associated with these employees. The fringe benefit rate charged by the Commonwealth, exclusive of compensated absences, for fiscal years 2011, 2010 and 2009 was 31.8%, 26.4% and 24.5%, respectively. The current fringe benefit rate includes group medical insurance (25.3%); retirement (5.3%) and terminal leave (1.2%).

The following schedule (condensed, in thousands) details the Commonwealth appropriations received by the University:

	2011	2010	2009
Commonwealth general appropriations	$ 24,315	$ 21,429	$ 26,278
Appropriations to cover fringe benefits provided to employees of the Commonwealth	7,486	5,581	6,334
	31,801	27,010	32,612
Tuition remitted back to the Commonwealth	(2,468)	(2,388)	(3,196)
Net appropriations	29,333	24,622	29,416
Additional state capital appropriations	140	-	498
Total appropriations	$ 29,473	$ 24,622	$ 29,914

The following is a graphic illustration of total revenue (operating, non-operating and capital) by source. Total revenue for the fiscal years ended June 30, 2011, 2010 and 2009 was $85.8, $78.9 and $69.9 million, respectively.



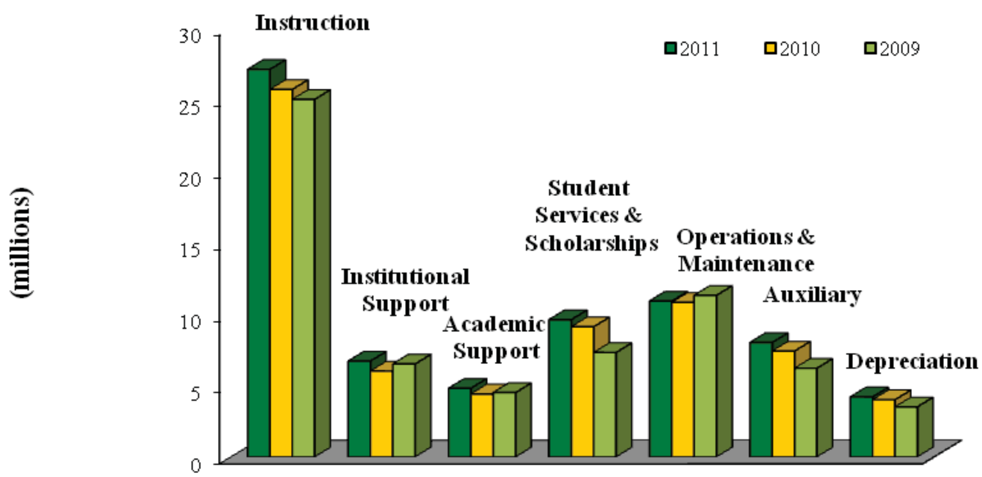
For the fiscal year ended June 30, 2011, total appropriations increased by 19.7% due to significant reductions that occurred in fiscal 2010. In fiscal 2010 reduced appropriations were replaced with ARRA funding which is now exhausted. Although appropriations in fiscal 2011 increased, the increase does not equate to the combination of appropriation and ARRA funding received in 2010. State support continues to trend down forcing the University to rely more heavily on student fees to support operations. Whereas state appropriations funded 61.5% of the total expenses in fiscal 2001, in fiscal 2011 that percentage is now 40.4%. All other operating costs incurred by the University are funded from other non state revenue sources. Tuition and fees are reported net of tuition waivers, exemptions, and scholarship allowances. The amount of tuition charged per student is controlled at the state level and remains unchanged. The increase in total tuition and fee revenue (5.7%) is due to increases in student fees and an increase in enrollment. During fiscal year 2011, 2010 and 2009, in-state tuition and fees for full time resident students was $7,953, $7,385 and $6,880 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2011, 2010 and 2009 was $3,900, $3,450 and $3,200 per semester, respectively.

Auxiliary revenue represents revenue received from the operations of the University's residence halls. Auxiliary revenue does not include fees charged for the student housing facility owned and operated by the FSU Supporting Organization, Inc. (the "Supporting Organization"). The average residence hall occupancy rate for the year was 104% capacity.

Grant revenue is made up of federal, state and private grants. In fiscal 2011 the University received $3.1 million in ARRA stabilization funds to help offset decreases in state appropriations. These funds were used to fund faculty payroll and fringe benefit costs. Grant revenue includes PELL, SEOG and Federal Work Study financial aid programs. Grant revenue also includes $5.3 million in capital grant funds used for the various construction projects.

The following is a graphic illustration of total expenditures (operating and non-operating) by function. Total expenditures for the fiscal years ended June 30, 2011, 2010 and 2009 were $72.6, $68.2 and $66.9 million, respectively.

Total Expenditures by Function



Total expenditures, exclusive of depreciation, increased by 6.5% primarily due to increased fringe benefit rates set by the Commonwealth. The most significant area of expense remains Instruction, which represents 37.7% of total operating expenses. Faculty payroll ($17.4 million) and related benefits ($5.3 million) represent approximately 84.4% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. Scholarships are funded from Title V entitlement programs such as PELL and SEOG, as well as, from institutional operating funds. Operations and Maintenance consists of expenditures related to physical plant. Expenditures in this functional area include general repair costs and deferred maintenance costs that are below the capitalization threshold of $50,000. The financial statements include $4.2, $4.0 and $3.6 million in depreciation expense for 2011, 2010 and 2009, respectively.

State appropriations are a significant source of funding for the University. According to the Governmental Accounting Standards Board (GASB), appropriations are considered non-operating revenue. As such, the University appears to experience a loss from operations. However, it should be noted that state appropriations *are* used to fund the operating activities of the University.

The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2011, 2010 and 2009.

	2011	2010	2009
Tuition & fees revenue, net	$ 29,985	$ 28,372	$ 26,737
Other operating revenue	19,927	22,923	13,049
Total operating revenue	49,912	51,295	39,786
Operating expenses	(72,059)	(67,842)	(66,322)
Operating loss	(22,147)	(16,547)	(26,536)
Total state appropriations	29,333	24,622	29,914
Other revenue (expense), net	6,002	2,629	(400)
Increase in net position	$ 13,188	$ 10,704	$ 2,978

Net Operating Revenues Ratio: This ratio indicates whether total operating activities resulted in a surplus or deficit. A positive ratio indicates that the institution experienced an operating surplus and is indicative of efficient and effective operations. For the fiscal years ended June 30, 2011, 2010 and 2009, the University's net operating revenues ratio was 9.6%, 11.7% and 3.1%, respectively.

Statement of Cash Flows

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period of time. The statement provides an additional tool to assess the financial health of the institution. As required by GASB, the statement is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services).

The following are the University's statements of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2011, 2010 and 2009:

	2011	2010	2009
Cash received from operations	$ 50,760	$ 50,918	$ 39,783
Cash expended for operations	(59,930)	(57,112)	(57,550)
Net cash used by operations	(9,170)	(6,194)	(17,767)
Net cash provided by non-capital financing activities	21,850	19,043	23,082
Net cash used by capital and related financing activities	6,822	(5,895)	(9,955)
Net cash (used) provided by investing activities	294	1,563	279
Net increase (decrease) in cash and equivalents	19,796	8,517	(4,361)
Cash and equivalents, beginning of the year	21,890	13,373	17,734
Cash and equivalents, end of the year	$ 41,686	$ 21,890	$ 13,373

The University's cash and cash equivalents increased by approximately $19.8 million during fiscal 2011, resulting in the cash and cash equivalents balance of $41.7 million at fiscal year end. The increase is primarily due to proceeds received from the MSCBA bond issue for the renovation of the Hammond Campus Center. Non-capital financing activities, as defined by GASB, include state appropriations. These appropriations fund the operating activities of the University. Investing activities include interest and dividends received from portfolio investments, as well as, interest earned on University funds held in the Massachusetts Municipal Depository Trust (MMDT), a short-term money management vehicle provided by the Commonwealth.

Capital Assets

Capital assets consist of land, buildings and building improvements, equipment, library materials, and construction in progress. As of June 30, 2011, net capital assets increased to $66.2 million after depreciation expense of $4.2 million. During the current fiscal year there were $15.0 million in additions to capital assets. Major capital initiatives either continuing or undertaken during 2011 include:

- Continuing construction for the Science Center Modernization project, $6.6 million (to date)
- Continuing renovation of the Hammond Campus Center, $3.4 million (to date)
- Completion of Phase I construction of new academic space on North Street, $2 million
- Completion of Phase III of the Anthony Building renovations, $1.1 million

Additional information on Fitchburg State University's capital assets can be found in footnote 5 to the accompanying financial statements.

Physical Asset Renewal Ratio: The extent to which capital renewal is occurring as compared to physical usage (depreciation) can be measured by the physical asset renewal ratio. A ratio above 1:1 indicates increasing investment in plant facilities. The University's physical asset renewal ratio for fiscal years ended June 30, 2011, 2010 and 2009 was 3.1, 1.3 and 2.5, respectively.

Long Term Debt

The University has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Development Finance Agency (MDFA) (formerly the Massachusetts Health and Educational Facilities Authority (MHEFA)) and the Massachusetts State College Building Authority (MSCBA). The interest rate on the MDFA debt is a floating rate set every thirty five days based on market conditions. The interest rate on the MSCBA debt is based on an increasing coupon rate ranging from 3.00% to 6.54 % over the term of the debt as set by MSCBA. The debt is being repaid by the University primarily through dedicated student fees (DSF). The following table summarizes the various debt vehicles, interest rates, debt service and debt outstanding at June 30, 2011 and is inclusive of any bond premiums or discounts.

Issuing Agency	Construction Project	Fiscal Year Issued	Original Issue	Funding Source	Effective Interest Rate	Debt Service	Debt Outstanding	Maturity
MDFA	Recreation Center	1997	$6,000,000	DSF	1.32%	$217,945	$4,037,685	2023
MSCBA	Holmes Dining Hall Renovations	2005	$1,090,000	DSF	4.26%	$82,894	$845,000	2025
MSCBA	Elliot Athletic Field Improvements	2005	$4,020,000	DSF	4.26%	$304,369	$3,110,000	2025
MSCBA	Holmes Dining Hall Renovations	2006	$2,060,000	DSF	4.25%	$165,012	$1,783,353	2026
MSCBA	Hammond Campus Center Renovations	2011	$15,935,656	DSF & operating funds	3.22%	$203,072	$15,923,924	2030
Total			$29,105,656			$973,292	$25,699,962	

The University has acquired equipment through capital lease agreements with various financing companies. The capital lease agreements allow for the acquisition of telephone, printing and computer equipment, software and implementation costs, and various other furniture and equipment costs. Capital lease agreements are generally paid from operating funds and have terms ranging from three to five years. The following table summarizes the various capital lease agreements, interest rates, debt service and amounts outstanding at June 30, 2011.

Financing Agreement	Equipment Acquisition	Initial Lease Year	Original Amount Financed	Funding Source	Interest Rate	Debt Service	Debt Outstanding	Maturity
1	Student information system	2001	$5,000,000	Operating funds	5.85%	$308,166	-	2010
2	Residence Hall Furniture	2009	$499,938	Operating funds	2.85%	$107,636	$332,974	2014
all others	Telephone, computer and other	2005 to 2009	$538,455	Operating funds	3.27% - 6.29%	$106,268	$65,279	2010-2012
Total			$6,038,393			$522,070	$398,253	

For the fiscal years ended June 30, 2011, 2010 and 2009, the total debt (current and long term) attributable to interagency payments, capital leases and bond premiums amounted to $26.1, $11.2 and $13.1 million, respectively.

Additional information on Fitchburg State University's long term debt activity can be found in footnotes 12 and 13 to the accompanying financial statements.

Viability Ratio: The availability of expendable net position to cover debt (the viability ratio) is a basic determinant of financial health. A viability ratio of 1.0 indicates that, as of the statement of net position date, the University has sufficient net position to satisfy its debt obligations. As of June 30, 2011, 2010 and 2009, the University's viability ratio was 1.4, 2.3 and 1.2, respectively.

Debt Burden: The debt burden ratio measures an institution's dependence on borrowed funds by comparing the level of debt service to total expenditures. In order to effectively manage resources, including debt, the Massachusetts Department of Higher Education recommends a debt burden ratio of no more than 5%. As of June 30, 2011, 2010 and 2009, the University's debt burden was 2.2%, 4.3% and 3.1%, respectively.

Looking Forward

Heavy construction equipment has become a constant feature on the campus as the University continues to invest in its buildings and grounds. The University has broken ground for the new Science Center. This is the first new academic building constructed at Fitchburg State University in thirty-five years. The 54,000 square foot addition to the existing Condike Science Building will be framed in the fall and is expected to be completed in two years, at which time the Condike Science Building will undergo a year-long renovation. The $57 million project is expected to be completed in the spring of 2014.

Construction has also begun on renovations to the Hammond Campus Center. The $26 million project will enhance the student life experience by creating new meeting spaces, student lounges and study spaces. The project will also create new office space for student support services and upgrade the building's mechanical infrastructure. The project is being funded by a combination of bond issues, capital appropriations and institutional funds. Other projects scheduled for completion in fiscal 2012 include Conlon lobby renovations, renovations of Miller Hall, renovations of Weston Auditorium and the Highland Avenue closure project.

The University continues to employ innovative uses of technology to maximize student learning. A new wireless system is now in place for all buildings on campus, including academic, administrative and residence halls as well as common outdoor areas. The University has recently implemented a new application to connect faculty, staff and students. *Wimba Pronto* is a tool that allows users to utilize instant messaging, voice over internet protocols and video conferencing technologies in real time. During the summer, the University also began the deployment of virtual workstations that will place Fitchburg State University at the leading-edge of technology.

The University is near completion of its NEASC accreditation process. The New England Association of Schools and Colleges (NEASC) is the regional accrediting body that provides public assurance about educational quality. Institutions seeking accreditation must demonstrate adherence to eleven Standards of Accreditation which establish the criteria for institutional quality. The process begins with a lengthy self study meant to demonstrate that the institution has effective means to ensure institutional improvement and is completed prior to a formal peer evaluation. The self study is near completion and will be submitted to NEASC in advance of the evaluation team's March 2012 visit. The University's goal is to receive another 10 year accreditation.

In July 2010, the Massachusetts State Legislature passed legislation creating the Massachusetts State University system. As a result, Fitchburg State College officially became Fitchburg State University on October 26, 2010. The name change recognizes Fitchburg State as a comprehensive institution and allows it to better compete with peer institutions, access new opportunities and provide students with a competitive advantage.

Challenging economic times persisted through fiscal 2011 and are expected to continue well into the future. Federal stimulus funds, which supported operating budgets for the last two years, are now exhausted. Although there was some improvement in 2011, the economic environment remains volatile. Legislation was passed to allow institutions to retain out of state tuition which may give the University added flexibility. However, it comes with a corresponding reduction in state appropriations. There is little doubt that budget challenges will continue for additional years mandating that the University intensify its efforts to enhance current revenue, protect operating dollars, increase assets, and contain costs. These measures will ensure the long term solvency and success of the University, preserve its core mission, and make the best possible use of resources while at the same time positioning the institution for a viable, progressive and successful future.

Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State University for anyone interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to Robert V. Antonucci, President, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

We have audited the accompanying financial statements of the business-type activities of Fitchburg State University (the University) (formerly known as Fitchburg State College) (a department of the Commonwealth of Massachusetts) as of and for the years ended June 30, 2011 and 2010, and the discretely presented component unit as of and for the years ended June 30, 2011 and 2010, which collectively comprise Fitchburg State University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fitchburg State University's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Fitchburg State University and its discretely presented component unit are intended to present the respective financial position, results of operations and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts that is attributable to the transactions of Fitchburg State University and its discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Massachusetts as of June 30, 2011 and 2010, the change in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Fitchburg State University as of June 30, 2011 and 2010, and the respective results of operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in fiscal 2011, the University elected to early implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

In accordance with Government Auditing Standards, we have also issued a report dated October 18, 2011 on our consideration of Fitchburg State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the year ended June 30, 2011. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our 2011 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xi be presented to supplement the basic financial statements. Such information, 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 operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in 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 audit 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The residence hall fund and residence hall damage fund activity on pages 65 and 66, and the statistical section on pages 67 through 71 are presented for purposes of additional analysis and are not a required part of the 2011 financial statements. The residence hall fund and residence hall damage fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2011 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the 2011 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the residence hall fund and residence hall damage fund activity are fairly stated in all material respects in relation to the 2011 financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the 2011 financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Ercolini & Company LLP

Boston, Massachusetts
October 18, 2011

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2011 AND 2010

ASSETS	2011	Component Unit Fitchburg State University Foundation, Inc. 2011	2010	Component Unit Fitchburg State University Foundation, Inc. 2010
Current Assets				
Cash and cash equivalents	**$ 22,481,590**	**$ 2,270,542**	$ 16,750,963	$ 1,536,405
Restricted cash and cash equivalents	**3,867,412**	**-**	1,646,828	151,614
Investments	**-**	**2,996,227**	-	2,129,552
Accounts receivable, net	**3,045,758**	**10,911**	2,074,949	58,826
Contributions receivable, net	**-**	**1,396,439**	-	1,258,756
Loans receivable - current portion	**4,189**	**-**	2,570	-
Other current assets	**273,857**	**33,665**	267,810	18,445
Total current assets	**29,672,806**	**6,707,784**	20,743,120	5,153,598
Noncurrent Assets				
Restricted cash and cash equivalents	**15,336,664**	**-**	3,492,599	-
Investments	**11,142,978**	**-**	10,410,255	-
Endowment investments	**699,432**	**7,122,220**	671,693	6,996,347
Contributions receivable, net	**-**	**104,426**	-	252,097
Accounts receivable, net of current portion	**408,721**	**-**	-	-
Loans receivable, net of current portion	**1,937,582**	**-**	1,921,386	-
Capital assets, net	**66,192,103**	**4,815,752**	55,386,250	5,002,205
Other noncurrent assets	**177,185**	**153,737**	211,803	150,299
Total noncurrent assets	**95,894,665**	**12,196,135**	72,093,986	12,400,948
Total assets	**125,567,471**	**18,903,919**	92,837,106	17,554,546

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION - CONTINUED

JUNE 30, 2011 AND 2010

LIABILITIES	2011	Component Unit Fitchburg State University Foundation, Inc. 2011	2010	Component Unit Fitchburg State University Foundation, Inc. 2010
Current Liabilities				
Interagency payables - current portion	$ 1,146,738	$ -	$ 479,731	$ -
Accounts payable and accrued liabilities	2,488,414	80,981	2,496,144	90,904
Accounts payable - construction	2,495,246	-	516,138	-
Accrued workers' compensation - current portion	148,183	-	130,238	-
Compensated absences - current portion	2,664,148	-	2,341,896	-
Faculty payroll accrual	2,624,441	-	2,488,554	-
Deferred revenue	1,642,678	22,405	1,203,210	42,005
Capital leases - current portion	166,275	-	497,437	-
Long-term debt - current portion	-	150,153	-	138,416
Deposits	259,160	-	319,850	-
Bank line of credit	-	-	-	125,000
Other current liabilities	182,007	-	186,021	-
Total current liabilities	13,817,290	253,539	10,659,219	396,325
Noncurrent Liabilities				
Interagency payables, net of current portion	24,553,224	-	9,786,006	-
Accrued workers' compensation, net of current portion	604,015	-	530,867	-
Compensated absences, net of current portion	1,709,652	-	1,673,143	-
Rebate payable	17,993	-	17,965	-
Capital leases, net of current portion	231,978	-	398,252	-
Long-term debt, net of current portion	-	3,653,458	-	3,803,481
Loan payable - federal financial assistance programs	1,882,087	-	1,851,713	-
Total noncurrent liabilities	28,998,949	3,653,458	14,257,946	3,803,481
Total liabilities	42,816,239	3,906,997	24,917,165	4,199,806
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	2,621,266	-	978,377	-
Total deferred inflows of resources	2,621,266	-	978,377	-

See notes to financial statements.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION - CONTINUED

JUNE 30, 2011 AND 2010

NET POSITION	**2011**	**Component Unit Fitchburg State University Foundation, Inc. 2011**	2010	Component Unit Fitchburg State University Foundation, Inc. 2010
Net investment in capital assets	**$ 44,551,543**	**$ 1,012,141**	$ 40,791,020	$ 935,309
Restricted for:				
Non-expendable				
Scholarships and fellowships	**458,004**	**4,078,595**	470,158	4,161,886
Cultural programs	**-**	**2,563,762**	-	2,329,756
Centennial endowments	**-**	**1,592,974**	-	1,592,974
Other	**-**	**80,095**	-	73,186
Expendable				
Scholarships and fellowships	**428,682**	**1,632,517**	372,040	988,453
Cultural programs	**-**	**1,090,192**	-	810,625
Loans	**256,995**	**-**	252,226	-
Capital projects	**8,857,161**	**-**	3,589,443	-
Debt service	**3,501,000**	**-**	4,188,550	-
Other	**930**	**327,139**	930	294,447
Unrestricted	**22,075,651**	**2,619,507**	17,277,197	2,168,104
Total net position	**$ 80,129,966**	**$ 14,996,922**	$ 66,941,564	$ 13,354,740

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2011 AND 2010

OPERATING REVENUES	2011	Component Unit Fitchburg State University Foundation, Inc. 2011	2010	Component Unit Fitchburg State University Foundation, Inc. 2010
Student tuition and fees	$ 34,909,405	$ -	$ 32,449,385	$ -
Student fees restricted for repayment of				
Interagency payables	1,453,795	-	1,479,837	-
Less: Scholarship allowances	(6,377,904)	-	(5,557,180)	-
Net student tuition and fees	29,985,296	-	28,372,042	-
Federal grants and contracts	6,282,893	-	5,603,958	-
State and local grants and contracts	88,284	44,036	196,606	20,880
Stimulus grants	3,098,023	-	6,666,991	-
Nongovernmental grants and contracts	244,867	-	312,022	-
Sales and services of educational departments	1,457,855	654,575	1,416,538	544,370
Gifts and contributions	-	3,313,136	-	456,229
Auxiliary enterprises:				
Residential life	8,010,522	200,120	8,014,002	185,873
Alcohol awareness and other programs	32,400	-	32,780	-
Other operating revenues	712,028	6,909	680,069	4,816
Total operating revenues	49,912,168	4,218,776	51,295,008	1,212,168
OPERATING EXPENSES				
Educational and general:				
Instruction	27,138,609	2,896,430	25,682,331	62,204
Research	68,156	-	106,458	-
Public service	456,372	237,621	409,901	173,430
Academic support	4,806,942	13,985	4,361,103	14,407
Student services	8,030,813	127,590	7,445,019	175,969
Institutional support	6,767,632	313,982	5,988,283	201,371
Operations and maintenance of plant	10,881,270	69,092	10,818,202	335,269
Depreciation and amortization	4,241,022	101,729	4,010,435	81,525
Scholarships and awards	1,618,980	228,695	1,608,419	204,587
Auxiliary enterprises:				
Residential life	8,018,729	46,399	7,386,831	46,605
Alcohol awareness and other programs	30,185	-	24,946	-
Total operating expenses	72,058,710	4,035,523	67,841,928	1,295,367
Operating income (loss)	(22,146,542)	183,253	(16,546,920)	(83,199)

See notes to financial statements.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

YEARS ENDED JUNE 30, 2011 AND 2010

NONOPERATING REVENUES (EXPENSES)	2011	Component Unit Fitchburg State University Foundation, Inc. 2011	2010	Component Unit Fitchburg State University Foundation, Inc. 2010
State appropriations	$ 29,332,885	$ -	$ 24,622,349	$ -
Gifts	2,740	-	1,271	-
Investment income (loss), net of investment expense	1,008,505	437,376	1,226,975	546,501
Investment income (loss) on restricted assets	114,426	1,099,417	100,845	453,484
Interest expense on Interagency payables and capital asset related debt	(583,060)	(228,580)	(384,861)	(222,608)
Net nonoperating revenues before capital and endowment additions	29,875,496	1,308,213	25,566,579	777,377
INCOME BEFORE CAPITAL AND ENDOWMENT ADDITIONS	7,728,954	1,491,466	9,019,659	694,178
State capital appropriations	140,046	-	-	-
Capital grants	5,319,402	-	1,683,802	-
Private gifts for endowment purposes	-	150,716	-	1,063,289
Total capital and endowment additions	5,459,448	150,716	1,683,802	1,063,289
INCREASE (DECREASE) IN NET POSITION	13,188,402	1,642,182	10,703,461	1,757,467
NET POSITION - BEGINNING OF YEAR	66,941,564	13,354,740	56,238,103	11,597,273
NET POSITION - END OF YEAR	$ 80,129,966	$ 14,996,922	$ 66,941,564	$ 13,354,740

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	**$ 29,920,906**	$ 27,937,671
Research grants and contracts	**6,545,425**	6,347,705
Stimulus funds	**3,147,054**	6,290,586
Payments to suppliers	**(17,001,488)**	(15,317,369)
Payments to utilities	**(4,075,803)**	(3,587,306)
Payments to employees	**(34,404,372)**	(33,930,067)
Payments for benefits	**(2,449,114)**	(2,348,948)
Payments for scholarships	**(1,653,433)**	(1,640,584)
Loans issued to students	**(281,579)**	(287,794)
Collection of loans to students	**250,169**	239,731
Auxiliary enterprise receipts:		
Residential life	**8,022,787**	8,015,838
Alcohol awareness program	**32,400**	32,780
Receipts from sales and services of educational departments	**2,133,342**	1,309,268
Other payments	**(64,703)**	67,237
Other receipts	**708,171**	677,406
Net cash provided by (used in) operating activities	**(9,170,238)**	(6,193,846)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	**24,314,689**	21,426,785
Tuition remitted to State	**(2,467,840)**	(2,385,290)
Gifts from grants for other than capital purposes	**2,740**	1,271
Net cash provided by (used in) noncapital financing activities	**21,849,589**	19,042,766
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	**140,046**	-
Loan programs net funds received	**34,418**	20,576
Capital grants	**573,382**	-
Interagency payable proceeds received	**15,935,656**	-
Payments for capital assets	**(8,194,122)**	(3,065,878)
Principal paid on capital debt and leases	**(981,453)**	(2,448,026)
Interest paid on Interagency payables and capital leases	**(507,920)**	(401,194)
Bond issuance costs	**(178,440)**	-
Net cash provided by (used in) capital and related financing activities	**6,821,567**	(5,894,522)

See notes to financial statements.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS - CONTINUED

YEARS ENDED JUNE 30, 2011 AND 2010

CASH FLOWS FROM INVESTING ACTIVITIES	**2011**	2010
Purchase of investments	**($ 575,000)**	($ 900,678)
Proceeds from sale of investments	**575,000**	2,087,113
Earnings on investments	**294,358**	376,818
Net cash provided by (used in) investing activities	**294,358**	1,563,253
Net increase (decrease) in cash and cash equivalents	**19,795,276**	8,517,651
Cash and cash equivalents - beginning of year	**21,890,390**	13,372,739
Cash and cash equivalents - end of year	**$ 41,685,666**	$ 21,890,390

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Operating loss	**($ 22,146,542)**	($ 16,546,920)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	**47,067**	122,582
Depreciation and amortization	**4,241,022**	4,010,435
Fringe benefits paid by the Commonwealth of Massachusetts	**7,486,036**	5,580,855
Changes in assets and liabilities:		
Receivables	**162,305**	(544,778)
Other current and noncurrent assets	**207,012**	229,514
Accounts payable and accrued liabilities	**(96,610)**	882,083
Accrued workers' compensation	**91,093**	157,337
Compensated absences	**358,761**	61,189
Accrued faculty payroll	**135,887**	(30,840)
Deferred revenue	**439,468**	(136,312)
Other current liabilities	**(4,014)**	18,463
Deposits	**(60,690)**	48,775
Loans to students	**(31,033)**	(46,229)
Net cash used in operating activities	**($ 9,170,238)**	($ 6,193,846)

See notes to financial statements.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS - CONTINUED

YEARS ENDED JUNE 30, 2011 AND 2010

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	**2011**	2010
Acquisition of capital assets	**$ 15,046,875**	$ 5,581,039
Accounts payable thereon:		
Beginning of year	**516,138**	39,816
End of year	**(2,495,246)**	(516,138)
Acquisition of assets from capital lease obligations	**-**	(499,938)
Capital grants from DCAM	**(4,873,645)**	(1,538,901)
Net interest earned and incurred, capitalized in construction in progress	**-**	-
Payments for capital assets	**$ 8,194,122**	$ 3,065,878
Unrealized gain (loss) on investments	**$ 738,899**	$ 1,097,274
Fringe benefits paid by the Commonwealth of Massachusetts	**$ 7,486,036**	$ 5,580,855
Capital grants - amortization of deferred inflows of resources - service concession arrangement	**$ 172,374**	$ 144,901

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES:

	2011	2010
Current assets:		
Cash and cash equivalents	**$ 22,481,590**	$ 16,750,963
Restricted cash and cash equivalents	**3,867,412**	1,646,828
Noncurrent assets:		
Restricted cash and cash equivalents	**15,336,664**	3,492,599
Total cash and cash equivalents	**$ 41,685,666**	$ 21,890,390

See notes to financial statements.

1. Summary of significant accounting policies:

Organization:

Fitchburg State University (the University) (formerly known as Fitchburg State College) is a public, State-supported comprehensive four-year University which offers a quality education leading to baccalaureate and masters degrees in many disciplines. With its campus located in Fitchburg, Massachusetts, the University provides instruction in a variety of liberal arts, allied health, and business fields of study. The University also offers, through the Division of Graduate and Continuing Education, credit and non-credit courses. The University is accredited by the New England Association of Schools and Colleges.

On July 28, 2010, the Governor of the Commonwealth of Massachusetts, Deval Patrick, signed legislation creating the State University System. Under this legislation, Fitchburg State College became Fitchburg State University effective October 26, 2010.

The University is a department of the Commonwealth of Massachusetts (the State or the Commonwealth). The accompanying financial statements reflect only the transactions of the University and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated independently of the State.

Fitchburg State University Foundation, Inc. (the Foundation) (formerly known as Fitchburg State College Foundation, Inc.) is a component unit of Fitchburg State University. During fiscal 2011, the Commonwealth of Massachusetts approved a name change from Fitchburg State College Foundation, Inc. to Fitchburg State University Foundation, Inc. The Foundation is a legally separate, tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci - Cirio endowment and the University's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The University provides, at no cost, certain administrative services to the Foundation.

FSU Foundation Supporting Organization, Inc. (the Foundation Supporting Organization) (formerly known as FSC Foundation Supporting Organization, Inc.) was organized on October 29, 1999 for the exclusive benefit of the Foundation and all of its educational and charitable activities. During fiscal 2011, the Commonwealth of Massachusetts approved a name change from FSC Foundation Supporting Organization, Inc. to FSU Foundation Supporting Organization, Inc. The Foundation Supporting Organization is a legally separate, tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. The Foundation Supporting Organization's sole program activity, as of June 30, 2011, has been to acquire, hold, operate and lease real estate and related

1. Summary of significant accounting policies - continued:

Organization - continued:

improvements for the benefit of the Foundation and the University. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the FSU Foundation.

During the year ended June 30, 2011, FSU Foundation distributed a net amount of $355,744 to the University for both restricted and unrestricted purposes. During 2011, FSU Foundation distributed scholarships and awards in the amount of $228,695 directly to students and faculty of the University, and incurred an additional $3,679,664 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

During the year ended June 30, 2010, FSU Foundation distributed a net amount of $284,021 to the University for both restricted and unrestricted purposes. During 2010, FSU Foundation distributed scholarships and awards in the amount of $204,587 directly to students and faculty of the University, and incurred an additional $1,029,367 in support of its mission in other ways.

Basis of presentation:

The University's financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

FSU Foundation, as a nonprofit organization, reports under Financial Accounting Standards Board (FASB) guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's consolidated financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts, net investment income, gifts, and interest expense.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

1. Summary of significant accounting policies - continued:

Basis of presentation - continued:

The accompanying statements of revenues, expenses and changes in net position demonstrate the degree to which the direct expense of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following four net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

- **Restricted:**

  Nonexpendable - Component of net position whose net assets are subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable - Component of net position whose use of net assets by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** All other categories of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees.

In accordance with the requirements of the Commonwealth of Massachusetts, the University's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

1. Summary of significant accounting policies - continued:

Cash and cash equivalents and investments:

The University's cash and cash equivalents are considered to be cash on hand, cash and cash equivalents held by the Commonwealth's Treasurer and Receiver-General, MDFA and MSCBA, and short term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust are also at fair value. This external investment pool, run by the Treasurer and Receiver-General, operates in accordance with appropriate laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Investments also include pooled investment funds with Commonfund which are valued at fair value based upon estimated net asset values provided by the management of Commonfund. These pooled investment funds are primarily invested in marketable debt and equity securities. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

Dividends, interest and net gains or losses on investments are reported in the Statements of Revenues, Expenses and Changes in Net Position. Any net earnings not expended are included in net position categories as follows:

(i) as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

(ii) as increases in restricted - expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should be classified as restricted - expendable; and

(iii) as increases in unrestricted net position in all other cases.

At June 30, 2011 and 2010, the University had $395,530 and $339,238, respectively, in endowment income available for authorization for expenditure, which is included in restricted-expendable net position for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the University Boards of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest funds of the University. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University currently holds one publicly-traded equity security related to one of its endowments and it has invested in pooled investment funds with the Commonfund. The primary cash equivalent funds are the Massachusetts Municipal Depository Trust, an external investment pool for political subdivisions of the Commonwealth.

1. Summary of significant accounting policies - continued:

Cash and cash equivalents and investments - continued:

The University's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on these endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the University's Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

FSU Foundation's investments consist of debt, marketable equity securities, mutual funds, a pooled investment real estate fund and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net position, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold.

FSU Foundation maintains cash and an investment pool that is available for use by all funds. Each fund's portion is reflected in the financial statements under cash and equivalents and investments. Earnings on cash and investments of the unrestricted net position and temporarily restricted (expendable) net position are reflected in the fund in which the assets are recorded.

The University's and FSU Foundation's investment income are presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to $22,272 and $32,392 for the years ended June 30, 2011 and 2010. The Foundation's investment expense amounted to $42,923 and $33,009 for the years ended June 30, 2011 and 2010, respectively.

Accounts receivable:

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. The University provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the University has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Accounts receivable also include a receivable from the operator of the University's food services operation in connection with a service concession arrangement between the University and the operator. The receivable has been recorded at the net present value of the installments to be received from the operator using a discount rate determined by management of the University.

Loans receivable and payable:

Loans receivable consist, primarily, of the Federal Perkins Loan Program (Perkins) and the Federal Nursing Student Loan Program (NSL). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins and NSL programs may be re-loaned after collection. The portion of the Perkins and NSL Loan Programs provided by the federal government is

1. Summary of significant accounting policies - continued:

Loans receivable and payable - continued:

refundable to the federal government upon the ending (liquidation) of the University's participation in the programs. The amount due to the federal government upon liquidation by the University is $1,511,094 and $1,489,744 for Perkins and $370,993 and $361,969 for NSL at June 30, 2011 and 2010, respectively. These amounts are included as a noncurrent liability in the accompanying statements of net position.

The prescribed practices for the Perkins and NSL programs do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the Department of Education and the Department of Health and Human Services. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Capital assets:

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth of Massachusetts. Capital assets, which include land, buildings, building improvements, equipment and other assets are reported in the statement of net position at cost. Capital assets are defined by the University as assets with an initial, individual cost of more than $50,000 in accordance with the Commonwealth's capitalization policy. Prior to July 1, 2001, the Commonwealth's capitalization policy was for items with a unit cost of more than $15,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The University does not hold collections of historical treasures, works of art, or other items not requiring capitalization or depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building improvements, 5 years for furniture and 3 to 10 years for equipment.

Library materials acquired for the most recent five year period are capitalized. The cost of library materials purchased in the current year is added and the cost of purchases made in the earliest year of the five year period is deducted from the net position balance.

In addition, the land on which the residence halls stand is leased by the Massachusetts State College Building Authority (MSCBA) from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms which extend to the years 2012 and 2016. The leases can be extended at the end of the terms for additional 10-year periods.

1. Summary of significant accounting policies - continued:

Capital assets - continued:

The University, per a management and services agreement between the MSCBA and Commonwealth of Massachusetts, is charged a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls. Certain obligations are guaranteed by the Commonwealth. The revenue assessment amounts for the years ended June 30, 2011 and 2010 were $4,704,606 and $4,219,772, respectively. These amounts are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net position. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine the specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

FSU Foundation's capital assets are recorded at cost, if purchased or constructed and, if donated, at fair value at the date of donation. Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful lives of the assets of 40 years for buildings, 20 years for building and land improvements, 7 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment. FSU Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests:

FSU Foundation recognizes contributions revenue when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of FSU Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions in the form of property and equipment and other assets are recorded at the fair value on the date the donation is received. All contributions are considered to be available for unrestricted use by FSU Foundation unless specifically restricted by the donor. FSU Foundation provides for probable uncollectible amounts of unconditional promises to give through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances.

Compensated absences:

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30 each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20 percent of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance. (See also Note 8).

1. Summary of significant accounting policies - continued:

Student fees:

Student tuition and fees are presented net of scholarships applied to students' accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are generally reflected as expenses.

Deferred revenue:

Deposits and advance payments received for tuition and fees related to the University's summer programs and tuition billed for the following fiscal year are deferred and are recorded as deferred revenues. Funds received in advance from various grants and contracts are deferred and are included in deferred revenues.

Agency funds:

Agency funds consist of resources held by the University as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to asset and liability accounts. There were no material balances at June 30, 2011 and 2010.

Bond related items:

Bond issuance costs and bond premiums are being amortized on a straight-line basis over the terms of the related debt agreements.

Interest expense and capitalization:

The University follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2011 and 2010, total interest costs incurred were accounted for as follows:

	2011	2010
Total interest costs incurred	**$ 600,446**	$ 390,454
Less: Interest income on unused funds from tax exempt borrowings	**-**	-
Rebate payable increase (decrease)	**28**	90
Bond premium amortization	**(17,414)**	(5,683)
	583,060	384,861
Less: Capitalized portion of net interest earned and incurred	**-**	-
Interest expense	**$ 583,060**	$ 384,861

1. Summary of significant accounting policies - continued:

Fringe benefits:

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension and workers' compensation benefits. Workers' compensation coverage is provided by the Commonwealth on a self-insured basis. Health insurance and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation and unemployment insurance costs are assessed separately based on the University's actual experience.

Tax status:

The University is a department of the Commonwealth of Massachusetts and is therefore exempt from federal and state income taxes.

Reclassifications:

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

Recent accounting pronouncements:

Recently adopted accounting pronouncements -

In November, 2010, the GASB issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* GASB Statement No. 60 addresses the accounting, financial reporting and disclosure related to service concession arrangements. The University has a service concession arrangement with Compass Group, Inc. to manage and operate the University's food services operation. GASB Statement No. 60 is effective for financial statements for periods beginning after December 15, 2011. The University elected to early adopt the requirements of this Statement in fiscal 2011. The effect of the adoption of GASB Statement No. 60 in the accompanying financial statements is discussed in Note 11.

In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (i) Financial Accounting Standards Board (FASB) Statements and Interpretations; (ii) Accounting Principles Board Opinions; and (iii) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures. GASB Statement No. 62 also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. The requirements of GASB Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011 with earlier application encouraged. The University elected to early adopt the requirements of this Statement in fiscal 2011. The adoption of GASB Statement No. 62 did not have a material impact on the University's financial statements.

1. Summary of significant accounting policies - continued:

Recent accounting pronouncements - continued:

Recently adopted accounting pronouncements - continued -

In June, 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources (consumption of net assets that is applicable to a future reporting period) and deferred inflows of resources (acquisition of net assets that is applicable to a future reporting period) and distinguishes them from assets and liabilities. GASB Statement No. 63 also renames *net assets* to *net position* as the residual measure of the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources within a statement of financial position. GASB Statement No. 63 is effective for financial statements for periods beginning after December 15, 2011. The University elected to early adopt the requirements of this Statement in fiscal 2011. As a result of the early adoption, the University has renamed the Statement of Net Assets to the Statement of Net Position; reported deferred inflows of resources in a separate section following liabilities; and presented the Statement of Net Position in a format that displays assets, plus deferred outflows of resources (of which there are none), less liabilities, less deferred inflows of resources to equal net position. The Statement has been applied retroactively by reclassifying the Statement of Net Position and balance sheet information for the year ended June 30, 2010.

Recent accounting pronouncements not yet adopted -

In November, 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement also amends the criteria and adds new criteria related to requirements for blending of component units in certain circumstances. In addition, the Statement clarifies the reporting of equity interests in legally separate organizations. GASB Statement No. 61 is effective for financial statements for periods beginning after June 15, 2012. Management has not yet determined the impact on the University's financial statements that will result from the adoption of this Statement in fiscal 2013.

2. Cash and cash equivalents, and investments:

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2011 and 2010:

	2011		
	Current Unrestricted	**Current Restricted**	**Noncurrent Restricted**
Cash and money market accounts	**$ 1,966,465**	**$ 238,370**	**$ 41,463**
Cash equivalents held by MDFA *	**-**	**195,091**	**414,106**
Cash equivalents held by MSCBA ***	**-**	**1,271,600**	**13,686,794**
Massachusetts Municipal Depository Trust	**18,839,560**	**1,961,717**	**466,488**
Massachusetts State Treasurer **	**1,674,770**	**200,634**	**727,813**
Petty cash	**795**	**-**	**-**
	$ 22,481,590	**$ 3,867,412**	**$ 15,336,664**

	2010		
	Current Unrestricted	Current Restricted	Noncurrent Restricted
Cash and money market accounts	$ 1,625,295	$ 204,743	$ 26,847
Cash equivalents held by MDFA *	-	184,048	414,458
Cash and cash equivalents held by MSCBA ***	-	-	835,566
Massachusetts Municipal Depository Trust	13,791,308	1,050,130	2,215,728
Massachusetts State Treasurer **	1,333,350	207,907	-
Petty cash	1,010	-	-
	$ 16,750,963	$ 1,646,828	$ 3,492,599

* This amount consists of cash equivalents which are restricted by the Massachusetts Development Finance Agency (MDFA) for the funding of payments to retire the bonds (See Note 13). The University does not have access to these funds except by the authorization of MDFA.

** The University has recorded cash held for the benefit of the University by the State Treasurer in the amount of $1,674,770 and $1,333,350 at June 30, 2011 and 2010, respectively, for University funds and $200,634 and $207,907 at June 30, 2011 and 2010, respectively, to pay year-end liabilities. The latter balance represents amounts paid from State appropriations subsequent to the fiscal year end. At June 30, 2011, cash held for the benefit of the University by the State Treasurer also includes other restricted funds in the amount of $727,813.

*** This amount consists of cash and cash equivalents which are restricted by the Massachusetts State College Building Authority (MSCBA) for the funding of certain construction projects at the University and payments to retire bonds (See Note 13). The University does not have access to these funds except by authorization of MSCBA.

2. Cash and cash equivalents, and investments - continued:

Money market funds include the JPMorgan Prime Money Market Fund in the aggregate amount of $879,048 and $708,969 at June 30, 2011 and 2010, respectively. The JPMorgan Prime Money Market Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, repurchase agreements and reverse repurchase agreements, taxable municipal obligations and funding agreements issued by banks and highly rated U.S. insurance companies. The fund aims to provide the highest possible level of current income while still maintaining liquidity and preserving capital. At June 30, 2011 and 2010, the fund's investment securities had a weighted average maturity of 43 and 36 days, respectively. The fund had an average credit quality rating of AAAm at June 30, 2011 and 2010.

Money market funds include the State Street Institutional Liquid Reserves Fund in the aggregate amount of $879,225 and $708,969 at June 30, 2011 and 2010. The State Street Institutional Liquid Reserves Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, variable and floating rate notes and repurchase agreements. The fund seeks to maximize current income to the extent consistent with preservation of capital and liquidity and the maintenance of a stable $1.00 per share net asset value, by investing in U.S. dollar-denominated money market securities. At June 30, 2011 and 2010, the fund's investment securities had a weighted average maturity of 33 and 29 days, respectively. The fund had an average credit quality rating of AAAm at June 30, 2011 and 2010.

The Massachusetts Municipal Depository Trust (MMDT) is not subject to FDIC insurance. According to the MMDT, the Massachusetts Municipal Depository Trust is an investment pool for political subdivisions in the Commonwealth which was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high quality debt instruments. The MMDT is not a bank, savings institution, or financial institution. The MMDT is an instrumentality of the State Treasurer.

The University maintains a cash and investment pool that is available for use by all trust funds. Each fund type's portion of this pool is reflected in the financial statements under the caption, cash and cash equivalents and investments. The method of allocating interest earned on pooled cash and investments is to record all interest to the appropriate fund based on that fund's average monthly balance. Interest earnings attributable to each trust fund are included under investment income.

<u>Custodial credit risk</u>

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University’s deposits may not be returned to it. The University’s deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. As of June 30, 2011 and 2010, all of the University’s bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits are fully collateralized under an agreement with Sovereign Bank.

<u>Credit risk</u>

The University is required to comply with the Commonwealth of Massachusetts’ deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State Statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers’ acceptances, certificates of deposit,

2. Cash and cash equivalents, and investments - continued:

Credit risk - continued

commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; return on investment; and diversification of risk. The University's investment policy generally limits the maturities of investments to not more than one year. However, the University may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the University as described in the University's investment policy. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State Statutes.2

As of June 30, 2011 and 2010, the fair values of the University's deposits held at the Massachusetts Municipal Depository Trust were $21,267,765 and $17,057,166, respectively. At June 30, 2011, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 38% at 30 days or less; 27% at 31-90 days; 17% at 91-180 days; and 18% at 181 - 397 days. At June 30, 2011, approximately 98% of the MMDT's cash portfolio had a credit quality rating of P1 and the remaining 2% had a credit quality rating of P2.

The University's funds held at MDFA are invested in the Short Term Asset Reserve (STAR) Fund and had a fair value of $609,197 and $598,506 at June 30, 2011 and 2010, respectively. The STAR Fund invests primarily in U.S. Treasury bills, notes, and other obligations guaranteed by the U.S. government or its agencies or instrumentalities. Additionally, the fund invests in repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper, notes, and both corporate floating rate and corporate fixed-rate securities. The STAR Fund maintains a net asset value of $1 per share and had a fund credit quality rating of AAAm as of June 30, 2011 and 2010, respectively. The fund's investment securities maintain a weighted average maturity of less than 57 days.

At June 30, 2011, certain of the University's funds are held at MSCBA. Of the total, $12,975,441 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,982,953 is invested in various funds as listed below:

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**Greater Than 10**	**Credit Rating**
Fannie Mae Corporation discount note	**$ 388,335**	**$ 388,335**	**$ -**	**$ -**	**$ -**	**AAA**
Federal Home Loan Banks discount note	**144,841**	**144,841**	**-**	**-**	**-**	**AAA**
Massachusetts ST Bonds	**485,614**	**-**	**-**	**485,614**	**-**	**AAA**
Massachusetts ST Bonds	**964,163**	**-**	**-**	**-**	**964,163**	**AAA**
Total	**$1,982,953**	**$ 533,176**	**$ -**	**$ 485,614**	**$ 964,163**	

2. Cash and cash equivalents, and investments - continued:

Credit risk - continued

At June 30, 2010, certain of the University's funds are held at MSCBA. Of the total, $302,390 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $533,176 is invested in various funds as listed below:

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**Credit Rating**
Federal Home Loan Mortgage Corporation discount note	$ 388,335	$ 388,335	$ -	$ -	AAA
Federal Home Loan Banks discount note	144,841	144,841	-	-	AAA
Total	$ 533,176	$ 533,176	$ -	$ -	

On August 5, 2011, Standard and Poor's (S&P) lowered its long-term Sovereign credit rating on the United States of America to 'AA+' from 'AAA'.

The University's investments are represented by the following at June 30, 2011 and 2010:

	2011		2010	
	Cost	**Fair Value**	Cost	Fair Value
Noncurrent:				
Commonfund (pooled investment funds):				
Intermediate Term Fund	**$ 1,850,648**	**$ 1,800,504**	$ 1,275,648	$ 1,206,259
Multi-Strategy Equity Fund	**3,000,000**	**3,074,307**	3,000,000	2,443,695
High Quality Bond Fund	**6,646,563**	**6,928,538**	7,200,000	7,380,779
Bank of America Corporation common stock (3,564 shares)	**7,257**	**39,061**	7,257	51,215
	$ 11,504,468	**$ 11,842,410**	$ 11,482,905	$ 11,081,948

2. Cash and cash equivalents, and investments - continued:

The University's investments at fair value are presented in the accompanying statements of net position as follows:

	2011	2010
Investments	**$ 11,142,978**	$ 10,410,255
Endowment investments	**699,432**	671,693
	$ 11,842,410	$ 11,081,948

The Intermediate Term Fund invests in high-quality fixed income securities with maturities generally ranging from 1-3 years. The fund may, however, invest in high-quality fixed income securities with maturities ranging from one day to 30 years. The fund's objective is to exceed the performance of the Merrill Lynch 1-3 Year Treasury Index. At June 30, 2011 and 2010, the fund's investment securities had a weighted average life of 2.9 years at each date and an effective duration of 1.6 and 1.5 years, respectively. The fund had an average credit quality rating of AA as of both June 30, 2011 and 2010.

The Multi-Strategy Equity Fund invests in equity securities across strategies in proportions that are considered to be optimal for a fully diversified equity portfolio. The fund's objective is to add value over long time periods, above the return of the U.S. equity market as measured by the Standard & Poor's 500 Index.

The High Quality Bond Fund invests in debt securities across strategies in proportions that are considered to be optimal for a fully diversified fixed income portfolio. The fund's assets are primarily invested in U.S. government agency securities, mortgages, corporate bonds and commercial mortgage backed securities. The fund's objective is to exceed the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index. As of June 30, 2011 and 2010, the fund's investment securities had a weighted average life of 9.5 and 8.5 years, respectively, and an effective duration of 4.3 and 4.1 years, respectively. The fund had an average credit quality rating of AA as of both June 30, 2011 and 2010.

FSU Foundation's cash and cash equivalents consist of the following at June 30, 2011 and 2010:

	2011	2010
Cash and other demand deposits	**$ 1,886,488**	$ 1,212,355
Money Market Funds	**384,054**	475,664
	$ 2,270,542	$ 1,688,019

Money market funds include the SSgA US Government Money Market Fund, the Schwab Advisor Cash Reserves Fund, and the Dreyfus Cash Management Institutional - Shares Fund in the amounts of $154,884, $31,140, and $198,030, respectively, at June 30, 2011.

2. Cash and cash equivalents, and investments - continued:

Money market funds include the JP Morgan Prime Money Market Fund and the State Street Institutional Liquid Reserve Fund in the amounts of $237,829 and $237,835, respectively, at June 30, 2010.

The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Included in cash and equivalents at June 30, 2011 are overnight repurchase agreements in the amounts of $1,624,569 and $124,540 each at an interest rate of .15% per annum. Included in cash and equivalents at June 30, 2010 are overnight repurchase agreements in the amounts of $674,304 and $21,167 each at an interest rate of .15% per annum. At June 30, 2011 and 2010, overnight repurchase agreements were fully collateralized under an agreement between Sovereign Bank and the University. At June 30, 2011 and 2010, FSU Foundation's uninsured cash and equivalent balances, including the SSgA US Government Money Market Fund, Schwab Advisor Cash Reserves Fund, Dreyfus Cash Management Institutional - Shares Fund, JPMorgan Prime Money Market Fund, and State Street Institutional Liquid Reserves Fund, amounted to $384,054 and $578,701, respectively.

FSU Foundation's investment policy consists of an asset allocation range of 50% to 60% equity securities, 30% to 50% fixed income securities and up to 10% in cash and cash equivalents.

During the first half of fiscal 2011, FSU Foundation liquidated all of its investments held by Commonfund, with the exception of Commonfund Realty Investors, LLC, and transferred the proceeds to three new professional investment management firms.

FSU Foundation's investments are represented by the following at June 30, 2011:

	Cost	Fair Value
Equities	$ 4,503,714	$ 4,833,905
Preferred stock	201,927	203,862
Mutual funds	2,681,710	2,775,217
Corporate bonds	907,401	900,809
U.S. government securities	1,406,291	1,404,654
Commonfund Realty Investors, LLC	-	-
	$ 9,701,043	$ 10,118,447

FSU Foundation's investments are represented by the following at June 30, 2010:

	Cost	Fair Value
Commonfund (pooled investment funds):		
Intermediate Term Fund	$ 41,050	$ 36,734
Multi-Strategy Equity Fund	5,128,882	5,712,167
Multi-Strategy Bond Fund	3,091,150	3,376,998
Commonfund Realty Investors, LLC	-	-
	$ 8,261,082	$ 9,125,899

2. Cash and cash equivalents, and investments - continued:

FSU Foundation's investments at fair value are presented in the accompanying statements of net position as follows:

	2011	2010
Current assets:		
Investments	**$ 2,996,227**	$ 2,129,552
Noncurrent assets:		
Investments	**-**	-
Endowment investments	**7,122,220**	6,996,347
	$ 10,118,447	$ 9,125,899

At June 30, 2011, net unrealized gains in FSU Foundation's investment portfolio amounted to $417,404. At June 30, 2010, net unrealized gains in FSU Foundation's investment portfolio amounted to $864,817.

At June 30, 2011, equities include securities in the consumer goods sector which represent 13% of the fair value of FSU Foundation's investment portfolio.

At June 30, 2011, 9% of the fair value of FSU Foundation's investment portfolio represents foreign investments.

Investments held by FSU Foundation with an equivalent fair value of $1,287,000 collateralize certain debt agreements (see Notes 14 and 15).

Commonfund Realty Investors, LLC (the Fund) is a commingled, open-end real estate investment fund specifically designed to meet the needs of endowments, foundations and other tax-exempt investors. The Fund is composed of income oriented, value-add and development properties that are combined to create a value-added portfolio with a strong focus on distributable income. The Fund's investment objective is to earn an average annual net return of 11-15% over long periods of time by following a disciplined investment strategy and actively managing all investments. The Fund seeks to mitigate risk through diversification by property type and geographic area. The Fund expects to reinvest proceeds from the sale of investments unless such proceeds are needed to satisfy redemptions. The Fund seeks to periodically make distributions of operating cash flow if funds are available.

FSU Foundation made a capital commitment to the Commonfund Realty Investors, LLC totaling $485,000, of which $246,623 was funded as of June 30, 2007. The remaining commitment of $238,377 was funded in August, 2007. Investment units in the Fund are not deemed to be readily marketable as investors may only elect, once each year during September, to have the Fund redeem up to 20% of the units they have owned for at least five years. Redemptions are processed at the Fund's net asset value at the date the redemption is paid. However, as discussed further below, the Fund may defer payment of these redemptions indefinitely, contingent on the results of the Fund's operations and the outcome of negotiations for the restructuring of the Fund's debt. No redemptions have been scheduled for payment by the Fund.

2. Cash and cash equivalents, and investments - continued:

On June 30, 2010, FSU Foundation wrote down its investment in Commonfund Realty Investors, LLC to zero representing its fair value based upon the latest available information (March 31, 2010) provided by its professional investment manager. The gross write-down amounted to a realized loss of $485,000 in fiscal 2010, and a related decrease in unrealized losses in fiscal 2010 of $314,379 representing the previously recorded unrealized losses as of June 30, 2009. These amounts are included in investment income in FSU Foundation's 2010 statement of revenues, expenses and changes in net position. The decline in the fair value of this investment resulted from the continuing disruptions in the global capital, credit and real estate markets. These disruptions, which were significant, have led to, among other things, a significant decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. This contraction in capital and declines in liquidity and prices of real estate, and real estate investments have had a significant adverse impact on this portfolio investment. Although the capital markets showed some signs of stabilizing in fiscal 2010, the investment fund's real estate investments continue to be adversely affected as the market value of commercial real estate did not recover, and liquidity and capital sources remained unavailable to the investment fund at sensible pricing. The investment fund had been experiencing negative operating results, an adverse liquidity position, major debt defaults, and uncertainty regarding the outcome of ongoing debt restructuring negotiations with certain of its lenders. The investment fund has no redemptions scheduled for payment to its investors. Due to these factors, in the opinion of management of FSU Foundation, the decline in fair value of this investment was considered to be other-than-temporary.

At June 30, 2011, the fair value of FSU's Foundation investments in debt securities by contractual maturities is as follows:

	Maturity				
	Within 1 year	**1 - 5 Years**	**5-10 Years**	**More Than 10 Years**	**Total**
Corporate bonds	$ 62,712	$ 536,411	$ 301,686	$ -	$ 900,809
U.S. government securities	103,652	1,120,611	180,391	-	1,404,654
	$ 166,364	$ 1,657,022	$ 482,077	$ -	$ 2,305,463

2. Cash and cash equivalents, and investments - continued:

The following table presents the gross unrealized losses and fair values of FSU Foundation's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2011.

	Less than 12 months		12 months or greater		Total	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities	$ 1,011,122	$ 60,586	$ -	$ -	$ 1,011,122	$ 60,586
Preferred stocks	59,968	254	-	-	59,968	254
Mutual funds	532,545	11,618	-	-	532,545	11,618
Corporate bonds	672,487	9,625	-	-	672,487	9,625
U.S. government securities	592,793	7,208	-	-	592,793	7,208
Total	$ 2,868,915	$ 89,291	$ -	$ -	$ 2,868,915	$ 89,291

At June 30, 2010, the fair values and unrealized losses of FSU Foundation's investments in an unrealized loss position were not material.

Equities and preferred stocks

FSU Foundation has one hundred and one investments in equities of which twenty-four were in an unrealized loss position at June 30, 2011. FSU Foundation also has twenty investments in preferred stocks of which six were in an unrealized loss position at June 30, 2011. The fluctuation in the equity securities and preferred stocks reflects general economic conditions and current changes in the industries of the companies in which the securities are held. FSU Foundation has evaluated the severity and duration of the impairments. Based on that evaluation and FSU Foundation's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, FSU Foundation does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

Mutual funds

FSU Foundation has twenty mutual fund investments of which four are in an unrealized loss position at June 30, 2011. The mutual funds are invested in equities and debt securities of companies in diverse industries and reflect current general economic conditions. FSU Foundation has evaluated the severity and duration of the impairments. Based on that evaluation and FSU Foundation's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, FSU Foundation does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

2. Cash and cash equivalents, and investments - continued:

Corporate bonds

At June 30, 2011, FSU Foundation's investments in corporate debt securities were in the form of interest bearing securities of top-rated corporate issuers. FSU Foundation has forty corporate debt security investments of which twenty-three are in an unrealized loss position at June 30, 2011. The securities in an unrealized loss position are comprised of fixed-rate debt securities of varying maturities. The value of fixed income securities is sensitive to interest rate fluctuations and the credit rating of the issuer.

There have been no indications of default on interest or principal payments by the issuers. FSU Foundation does not intend to sell nor does it believe it would be required to sell the corporate bonds before their anticipated market value recovery. Accordingly, FSU Foundation does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

U.S. government obligations

FSU Foundation has nineteen U.S. government investment securities at June 30, 2011, of which eleven were in an unrealized loss position as a result of interest rate fluctuations. The contractual terms of the investments do not allow the issuer to settle the securities at a price less than the amortized cost of the investment. FSU Foundation does not intend to sell nor does it believe it would be required to sell these investment securities before their anticipated market value recovery. Accordingly, FSU Foundation does not consider the investments to be other-than-temporarily impaired at June 30, 2011.

Investment securities and real estate investments are exposed to various risks, such as interest rate, market, and credit risks. Real estate investments are exposed to additional risks based on investment concentrations by specific property type and geographic area. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the University's and FSU Foundation's investment account balances.

3. Accounts and contributions receivable:

The University's accounts receivable include the following at June 30, 2011 and 2010:

	2011	2010
Student accounts receivable	**$ 1,441,540**	$ 1,592,074
Parking and other fines receivable	**114,395**	149,955
Commissions receivable	**147,434**	88,008
Grants receivable (see Note 26)	**407,713**	498,744
Compass receivable, including accrued interest of $58,724 (see Note 11)	**1,589,146**	-
Miscellaneous other receivable	**6,881**	12,713
	3,707,109	2,341,494
Less allowance for doubtful accounts	**(252,630)**	(266,545)
	$ 3,454,479	$ 2,074,949

3. Accounts and contributions receivable - continued:

FSU Foundation's contributions receivable consist of the following at June 30, 2011 and 2010:

	2011	2010
Receivable in less than one year	**$ 1,406,930**	$ 1,272,718
Receivable in one to five years	**102,350**	259,900
Receivable in one to five years	**3,000**	-
	1,512,280	1,532,618
Discount on pledges	**(11,415)**	(21,765)
	$ 1,500,865	$ 1,510,853

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of contribution ranging from 2% to 4%.

Contributions receivable measured at fair value and net realizable value consist of the following at June 30:

	2011	2010
Measured at fair value	**$ 382,835**	$ 530,970
Measured at net realizable value	**1,118,030**	979,883
	$ 1,500,865	$ 1,510,853

4. Loans receivable:

Loans receivable include the following at June 30, 2011 and 2010:

	2011	2010
Perkins loans receivable	**$ 1,580,099**	$ 1,560,043
Nursing loans receivable	**357,483**	361,343
Emergency student loans receivable	**5,086**	4,058
	1,942,668	1,925,444
Less allowance for doubtful accounts	**(897)**	(1,488)
	$ 1,941,771	$ 1,923,956

5. Capital assets:

Capital assets activity of the University for the year ended June 30, 2011 is as follows:

Capital assets:	Totals June 30, 2010	Additions	Reclassifications* and Reductions	Totals June 30, 2011
Non-depreciable capital assets				
Land	$ 4,597,544	$ 145,221	$ 388,076	$ 5,130,841
Construction in progress	3,294,351	9,430,189	(1,418,676)	11,305,864
Total non-depreciable assets	7,891,895	9,575,410	(1,030,600)	16,436,705
Depreciable capital assets				
Buildings	44,491,325	-	-	44,491,325
Building improvements	41,593,669	5,143,078	1,030,600	47,767,347
Equipment	14,135,610	273,797	-	14,409,407
Furniture	597,676	-	-	597,676
Library materials	320,942	54,590	(34,138)	341,394
Total depreciable assets	101,139,222	5,471,465	996,462	107,607,149
Total capital assets	109,031,117	15,046,875	(34,138)	124,043,854
Less: accumulated depreciation				
Buildings	34,232,098	928,672	-	35,160,770
Building improvements	8,779,013	2,185,881	-	10,964,894
Equipment	10,509,522	959,764	-	11,469,286
Furniture	124,234	132,567	-	256,801
Library materials	-	34,138	(34,138)	-
Total accumulated depreciation	53,644,867	4,241,022	(34,138)	57,851,751
Capital assets, net	$ 55,386,250	$ 10,805,853	$ -	$ 66,192,103

As of June 30, 2011, capital assets of the University with a cost of approximately $20,661,000 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2011.

The University has entered into various contract commitments with contractors for improvements to its facilities. The outstanding balances under commitment were approximately $1,250,000 at June 30, 2011.

5. Capital assets - continued:

Capital assets activity of the University for the year ended June 30, 2010 is as follows:

Capital assets:	**Totals June 30, 2009**	**Additions**	**Reclassifications* and Reductions**	**Totals June 30, 2010**
Non-depreciable capital assets				
Land	$ 4,597,544	$ -	$ -	$ 4,597,544
Construction in progress	1,137,902	2,391,041	(234,592)	3,294,351
Total non-depreciable assets	5,735,446	2,391,041	(234,592)	7,891,895
Depreciable capital assets				
Buildings	44,491,325	-	-	44,491,325
Building improvements	39,130,645	2,315,093	147,931	41,593,669
Equipment	13,769,419	294,529	71,662	14,135,610
Furniture	82,739	499,938	14,999	597,676
Library materials	310,405	80,438	(69,901)	320,942
Total depreciable assets	97,784,533	3,189,998	164,691	101,139,222
Total capital assets	103,519,979	5,581,039	(69,901)	109,031,117
Less: accumulated depreciation				
Buildings	33,303,426	928,672	-	34,232,098
Building improvements	6,793,276	1,985,737	-	8,779,013
Equipment	9,607,631	901,891	-	10,509,522
Furniture	-	124,234	-	124,234
Library materials	-	69,901	(69,901)	-
Total accumulated depreciation	49,704,333	4,010,435	(69,901)	53,644,867
Capital assets, net	$ 53,815,646	$ 1,570,604	$ -	$ 55,386,250

As of June 30, 2010, capital assets of the University with a cost of approximately $12,745,000 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2010.

The University has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the University's financial statements for the years ended June 30, 2011 and 2010, respectively.

5. Capital assets - continued:

Capital assets activity of FSU Foundation for the year ended June 30, 2011 is as follows:

Capital assets:	**Totals June 30, 2010**	**Additions**	**Reclassifications and Reductions**	**Totals June 30, 2011**
Real estate under lease to the University:				
Land	$ 402,663	$ -	$ -	$ 402,663
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	-	-	100,452
	2,060,839	-	-	2,060,839
Real estate used for student housing:				
Land	253,555	-	-	253,555
Building	434,225	-	-	434,225
Building improvements	28,600		-	28,600
	716,380		-	716,380
Land	1,733,311	-	(123,270)	1,610,041
Land improvements	61,899	-	-	61,899
Buildings	556,478	-	-	556,478
Building improvements	39,569	-	-	39,569
Equipment	403,453	35,077	-	438,530
Furniture and fixtures	22,287	-	-	22,287
Library materials	6,570		-	6,570
Total capital assets	5,600,786	35,077	(123,270)	5,512,593
Less: accumulated depreciation				
Real estate under lease to the University:				
Land	-	-	-	-
Building	149,282	38,943	-	188,225
Building improvements	15,905	5,022	-	20,927
	165,187	43,965	-	209,152
Real estate used for student housing:				
Land	-	-	-	-
Building	33,471	10,856	-	44,327
Building improvements	1,191	1,431	-	2,622
	34,662	12,287	-	46,949

5. Capital assets - continued:

	Totals June 30, 2010	Additions	Reclassifications and Reductions	Totals June 30, 2011
Land	$ -	$ -	$ -	$ -
Land improvements	35,850	3,095	-	38,945
Buildings	26,377	13,912	-	40,289
Building improvements	2,043	1,978	-	4,021
Equipment	331,923	18,526	-	350,449
Furniture and fixtures	1,882	3,183	-	5,065
Library materials	657	1,314	-	1,971
Total accumulated depreciation	598,581	98,260	-	696,841
Capital assets, net	$ 5,002,205	($ 63,183)	($ 123,270)	$ 4,815,752

Non-depreciable capital assets of FSU Foundation totaled $2,266,259 at June 30, 2011 and consisted of land.

During fiscal 2010, FSU Foundation acquired two properties in Fitchburg, Massachusetts at an aggregate cost of $528,940. One property, acquired at a cost of $123,270, was sold during fiscal 2011 for $120,000 less closing costs of $1,130 to the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of Fitchburg State University. A loss of $4,400 was recorded from the sale of the property. The other property is currently serving as green space.

At June 30, 2011, capital assets of FSU Foundation with a cost of approximately $331,000 were fully depreciated and still in service.

5. Capital assets - continued:

Capital assets activity of FSU Foundation for the year ended June 30, 2010 is as follows:

Capital assets:	**Totals June 30, 2009**	**Additions**	**Reclassifications and Reductions**	**Totals June 30, 2010**
Real estate under lease to the University:				
Land	$ 402,663	$ -	$ -	$ 402,663
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	-	-	100,452
	2,060,839	-	-	2,060,839
Real estate used for student housing:				
Land	253,555	-	-	253,555
Building	434,225	-	-	434,225
Building improvements	-	28,600	-	28,600
	687,780	28,600	-	716,380
Land	1,480,040	528,941	(275,670)	1,733,311
Land improvements	61,899	-	-	61,899
Buildings	556,478	-	-	556,478
Building improvements	8,966	30,603	-	39,569
Equipment	333,728	69,725	-	403,453
Furniture and fixtures	-	22,287	-	22,287
Library materials	-	6,570	-	6,570
Total capital assets	5,189,730	686,726	(275,670)	5,600,786

5. Capital assets - continued:

	Totals June 30, 2009	Additions	Reclassifications and Reductions	Totals June 30, 2010
Less: accumulated depreciation				
Real estate under lease to the University:				
Land	$ -	$ -	$ -	-
Building	110,338	38,944	-	149,282
Building improvements	10,882	5,023	-	15,905
	121,220	43,967	-	165,187
Real estate used for student housing:				
Land	-	-	-	-
Building	22,615	10,856	-	33,471
Building improvements	-	1,191	-	1,191
	22,615	12,047	-	34,662
Land	-	-	-	-
Land improvements	32,755	3,095	-	35,850
Buildings	12,465	13,912	-	26,377
Building improvements	529	1,514	-	2,043
Equipment	330,941	982	-	331,923
Furniture and fixtures	-	1,882	-	1,882
Library materials	-	657	-	657
Total accumulated depreciation	520,525	78,056	-	598,581
Capital assets, net	$ 4,669,205	$ 608,670	($ 275,670)	$ 5,002,205

Non-depreciable capital assets of FSU Foundation totaled $2,389,529 at June 30, 2010 and consisted of land.

In February, 2010, FSU Foundation acquired a property in close proximity to the Fitchburg State University campus consistent with FSU Foundation's mission and the University's strategic plan which includes campus expansion and additional green space. The property, which included land and a building, was purchased for an aggregate cost of $405,670. The University subsequently razed the building and created green space. The land is being held for future use and development to further enhance the resources available for the University and City communities.

In April, 2010, FSU Foundation obtained an appraisal of the property. As a result of the appraisal, management determined, in accordance with the requirements of FASB accounting guidance, that the property was impaired and wrote down the asset to its fair value of $130,000. The impairment charge (a noncash accounting charge) to operations in the amount of $275,670 had no impact on FSU Foundation’s fiscal 2010 cash flow or its ability to generate cash flow in the future. The impairment charge is reflected in operations and maintenance of plant in FSU Foundation’s accompanying 2010 statement of revenues, expenses and changes in net position.

5. Capital assets - continued:

As of June 30, 2010, capital assets of FSU Foundation with a cost of approximately $331,000 were fully depreciated and still in service.

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities include the following at June 30, 2011 and 2010:

	2011	2010
Accounts payable - trade	**$ 824,761**	$ 1,114,261
Salaries and fringe benefits payable	**1,280,844**	1,179,028
Accrued interest payable	**132,481**	49,423
Tuition due State	**250,328**	153,432
	$ 2,488,414	$ 2,496,144

7. Accrued workers' compensation:

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth of Massachusetts' self-insured workers' compensation program were conducted as of June 30, 2011 and 2010. Based upon the Commonwealth's analyses, $752,198 and $661,105 of accrued workers' compensation has been recorded as a liability at June 30, 2011 and 2010, respectively.

8. Accrued compensated absences:

Accrued compensated absences are comprised of the following at June 30, 2011 and 2010:

	2011	2010
Vacation time payable	**$ 2,101,884**	$ 2,004,822
Sick time payable	**2,271,916**	2,010,217
Total	**$ 4,373,800**	$ 4,015,039
Amount representing obligations due to employees funded through sources other than State appropriations	**$ 253,387**	$ 239,346
Amount representing obligations for employees compensated through State appropriations	**4,120,413**	3,775,693
Total	**$ 4,373,800**	$ 4,015,039

8. Accrued compensated absences - continued:

It is anticipated that the obligation due to employees funded through State appropriations will be discharged through future State appropriations and the balance is expected to be liquidated through trust funds. Had these amounts not been reflected as obligations of the University, the University's unrestricted net position balances would be $26,196,064 and $21,052,890 at June 30, 2011 and 2010, respectively. (See Note 1, Compensated absences).

9. Faculty payroll accrual:

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth of Massachusetts and Fitchburg State University pay all faculty over the twelve month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2011 of $2,624,441 will be paid from the University's fiscal 2012 State appropriations. The total amount due at June 30, 2010 of $2,488,554 was paid from the University's fiscal 2011 State appropriations.

10. Deferred revenue:

Deferred revenue includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance.

Deferred revenue includes the following at June 30, 2011 and 2010:

	2011	2010
Tuition, fees and professional development	**$ 1,574,582**	$ 1,079,838
Grants	**58,796**	119,767
Other	**9,300**	3,405
	$ 1,642,678	$ 1,203,010

11. Deferred inflows of resources:

Deferred inflows of resources at June 30, 2011 and 2010 in the amounts of $2,621,266 and $978,577, respectively, consist of the unamortized balances of a service concession arrangement with Compass Group USA, Inc. (Compass) to manage and operate the University's food services operation at the University's dining services locations as more fully described in the arrangement. The service concession arrangement commenced on July 1, 1999 for a term of ten years through June 30, 2009 and has been amended several times thereafter to modify its terms, provide for additional payments to the University for investment in improvements in or at the University as mutually agreed upon by the parties, and extend the term of the arrangement until June 30, 2024. The last such amendment to the service concession arrangement was effective August 1, 2010 and provides for the extension of the arrangement to June 30, 2024 and payments to the University totaling $2,000,000. These payments shall be made to the University by Compass in six installments as follows: $300,000 in fiscal 2011; $1,200,000 in fiscal 2012; $200,000 in fiscal 2014; $200,000 in fiscal 2016; $50,000 in fiscal 2020; and $50,000

11. Deferred inflows of resources - continued:

in fiscal 2022. As of June 30, 2011, the University has received the first installment from Compass. In addition, Compass has agreed to pay the University specified percentages of 4%, 4 ½% or 12% of specified sales receipts from the food services operation as more fully described in the arrangement. All improvements and equipment purchased with the payments received from Compass shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, by giving not less than sixty days prior written notice to the other party. The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Compass. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Compass. The amortization schedules assume that all funds will be received from Compass. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

In fiscal 2011, the University elected to early adopt the requirements of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The effect of adopting GASB Statement No. 60 on prior years was not material to the University's financial statements. Accordingly, the prior period presented has not been restated. Instead, an adjustment for the effect on prior periods has been included as a reduction of capital grants revenue in the accompanying 2011 statement of revenues, expenses and changes in net position. In addition, the effect of adopting GASB Statement No. 60 in the current fiscal year was not material. As a result of the adoption of GASB Statement No. 60, the University has recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. The unamortized balance of the service concession arrangement at June 30, 2010 has been reclassified from a liability to a deferred inflow of resources in the accompanying 2010 statement of net position. The University has also recorded, in fiscal 2011, an accounts receivable from Compass at the present value of the future payments to be received from Compass, using a 5% discount rate determined by management of the University. The University received $300,000 from Compass in fiscal 2011 which was applied as follows: interest income - $15,159; and a reduction of the accounts receivable - $284,841. At June 30, 2011, the accompanying statement of net position includes a remaining accounts receivable from Compass in the amount of $1,589,146, which includes accrued interest receivable of $58,724 (see Note 3). The deferred inflow of resources is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amounts of $172,374 and $144,901, respectively, has been recognized in capital grants revenue in the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2011 and 2010.

12. Capital lease obligations:

During fiscal year 2001, the University acquired, through a capital lease arrangement, computer software and hardware for a student records system. Payments under the lease agreement were due each year on March 27 and September 27 for a ten year period commencing on March 27, 2001. The scheduled semi-annual payments were approximately $334,000. In September 2004, $255,920 remaining in the acquisition escrow upon completion of the project covered by this lease agreement was applied to the principal portion of the outstanding lease payments. The remaining lease payments were then recomputed based on the reduced principal balance. Commencing on March 27, 2005, the semi-annual lease payments were approximately $308,000 for the remainder of the lease term. The University utilized an interest rate of 5.85% per year which was determined to be applicable at the inception of the lease. The lease was satisfied in full during fiscal 2011.

12. Capital lease obligations - continued:

In June 2005, the University entered into a noncancellable capital lease for printing equipment. The lease had a term of five years and required monthly payments of $913. The asset and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 5.86% determined to be applicable at the inception of the lease. The lease was satisfied in full during fiscal 2011.

During fiscal 2006, the University entered into two noncancellable capital leases for upgrades to the voice, data and video cable system. The leases had terms of four years and required aggregate monthly payments of $2,819. The assets and capital lease obligations were recorded at the present value of the future minimum lease payments based upon interest rates of 4.96% and 7.93% which were determined to be applicable at the inception of the leases. The leases were satisfied in full during fiscal 2010.

During fiscal 2007, the University entered into a noncancellable capital lease for an upgrade to its network system hardware and software. The lease had a term of five years and required quarterly payments of $106,607 which commenced on September 30, 2007 and were to continue through June 30, 2012. The University prepaid the lease in full during fiscal 2010. The asset and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 5.13% which was determined to be applicable at the inception of the lease. In connection with this capital lease, the University entered into a maintenance and ongoing support agreement with a term of five years which commenced on July 1, 2007. In order to obtain favorable pricing terms, the University agreed to prepay the entire cost of the contract totaling $1,059,020. The University paid $500,000 prior to June 30, 2007 and the balance of $559,020 in July, 2007. Of the total payments made, $211,803 and $211,808 are included in other current assets at June 30, 2011 and 2010, respectively and $211,803 is included in other noncurrent assets at June 30, 2010.

During fiscal 2007, the University entered into a noncancellable capital lease for a telephone messaging system. The lease had a term of four years and required monthly payments of $1,806 which commenced in August, 2006. The asset and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 6.29% which was determined to be applicable at the inception of the lease. The lease was satisfied in full during fiscal 2011.

During fiscal 2009, the University entered into two noncancellable capital leases for various building wiring and cabling and equipment. The leases have terms of three years and require aggregate quarterly payments of $11,350 which commenced on March 31, 2009 and shall continue through December 31, 2011. The assets and capital lease obligations have been recorded at the present value of the future minimum lease payments based upon an interest rate of 4.25% which was determined to be applicable at the inception of the leases.

During fiscal 2009, the University entered into two noncancellable capital leases for various building wiring and cabling and furniture. The leases have terms of three years and require aggregate quarterly payments of $14,546 which commenced on June 30, 2009 and shall continue through March 31, 2012. The assets and capital lease obligations have been recorded at the present value of the future minimum lease payments based upon an interest rate of 3.27% which was determined to be applicable at the inception of the leases.

12. Capital lease obligations - continued:

During fiscal 2010, the University entered into a noncancellable capital lease for furniture. The lease has a term of five years and requires quarterly payments of $26,909 which commenced on September 30, 2009 and shall continue through September 30, 2014. The assets and capital lease obligation have been recorded at the present value of the future minimum lease payments based upon an interest rate of 2.85% which was determined to be applicable at the inception of the lease.

Capital lease assets are secured by the related assets.

The University's assets held under capital leases at June 30, 2011 and 2010 consists of the following:

	2011	2010
Printing equipment	**$ -**	$ 55,375
Voice, data and video cable system	**1,182,652**	1,259,114
Student records system	**-**	5,184,072
Building wiring and cabling	**130,126**	130,126
Equipment	**65,000**	65,000
Furniture	**597,675**	597,675
	$ 1,975,453	$ 7,291,362

The assets under capital leases are being depreciated over their useful lives and the depreciation on these assets is included in depreciation expense. The accumulated depreciation on these leased assets amounted to $1,139,343 and $5,098,850 at June 30, 2011 and 2010, respectively. Depreciation expense totaled $213,427 and $745,018 for 2011 and 2010, respectively.

During fiscal 2011, equipment and the student records system totaling $5,315,910 was no longer subject to a capital lease.

The following is a schedule of future minimum lease payments under capital leases:

Year ending June 30,	Total Payments
2012	$ 173,975
2013	107,636
2014	107,636
2015	26,909
Total minimum lease payments	416,156
Less amount representing interest	(17,903)
Present value of future minimum lease payments	$ 398,253

13. Interagency payables:

MDFA -

On November 22, 1996, the University signed a financing agreement to receive $6,000,000 from a MDFA (formerly Massachusetts Health and Educational Facilities Authority (MHEFA)) bond issuance, to be used for the construction of the University's athletic facility. This obligation is being repaid solely by the University through an increase in student fees. Construction of the athletic facility was completed in August, 2000. MDFA retained $502,899 of the bond proceeds for a debt service retirement fund.

In addition, the Commonwealth appropriated an additional $6,000,000 on behalf of the University for its share of the cost of the athletic facility.

The net proceeds of the borrowing deposited by MDFA on behalf of the University were as follows:

Debt issue	$ 6,000,000
Amount held by MDFA for debt service retirement fund (included in restricted cash and cash equivalents - noncurrent)	(502,899)
Origination fees paid to MDFA	(98,707)
Net proceeds	$ 5,398,394

The University is required to make annual funding payments of principal on this debt each July 1. The principal payment due July 1, 2011 of $195,091 was made as scheduled. These payments are made to a restricted cash account held in escrow in the University's name and recorded on the books of the University. These amounts, along with the initial deposit of $502,899, are to be held in escrow until July 1, 2023, when the total debt is due and payable unless the University elects to release the funds in the debt service reserve to redeem portions of the debt obligation. Earnings on this balance are transferred and used by the University to offset the administrative costs associated with this debt. In a prior year, the University elected to release the annual funding payments from the reserve to redeem portions of the debt obligation. Accordingly, each year the funding payments are now being released from the debt service reserve to redeem portions of the outstanding debt obligation. Furthermore, during fiscal 2011 and 2010, additional amounts of $9,968 and $20,584 were released from the debt service reserve and used to redeem portions of the outstanding debt obligation. The outstanding principal balance of this Interagency payable at June 30, 2011 and 2010 was $4,037,685 and $4,231,701, respectively.

Interest on the debt is paid every thirty-five days at a floating rate of interest subject to market conditions. The interest rate is determined by MDFA conducting a true auction of their debt issuance every thirty-five days, in which the University's obligation is pooled with other higher education institutions within the Commonwealth who have debt funded through MDFA. The most recent auctioned interest rate in effect at June 30, 2011 and 2010 was 0.831% and 0.883%, respectively. The University is also responsible to pay for program expenses at an annual rate of 0.504% (2011) and 0.825% (2010) of the outstanding principal balance, calculated and payable every thirty-five days when the rate is auctioned. The effective interest rate (including annual program expenses) for 2011 and 2010 amounted to 1.32% each year.

13. Interagency payables - continued:

MDFA - continued -

Principal funding payments and estimated interest, due to maturity, consist of the following:

For the year ending June 30,	Principal	Estimated Interest (1)	Total
2012	$ 195,091	$ 31,932	$ 227,023
2013	200,797	30,263	231,060
2014	219,204	28,442	247,646
2015	232,356	26,511	258,867
2016	246,298	24,464	270,762
2017-2021	1,471,708	87,054	1,558,762
2022-2024	1,119,534	18,515	1,138,049
	3,684,988	247,181	3,932,169
Balance of restricted cash held for debt principal	352,697	-	352,697
Total	$ 4,037,685	$ 247,181	$ 4,284,866

(1) The interest rate in effect at June 30, 2011 of 0.831% was used to calculate the estimated interest on the debt obligation of $4,037,685. The estimated interest also reflects the reduction of the outstanding debt obligation each year by the annual funding payments.

MDFA is responsible to determine, subject to certain criteria, if income earned on unexpended bond proceeds exceeds the interest cost to the bondholders. Any excess income earned is held in a rebate fund by an appointed trustee. Such amounts are held until every fifth year, whereby payment is to be made as indicated by the bond indenture agreement.

MSCBA -

During March 2005, the University signed a financing agreement to receive $5,110,000 from a Massachusetts State College Building Authority (MSCBA) bond issuance. These funds were used for renovations of the athletic fields and dining hall (the Projects) at the University. This obligation will be repaid solely by the University through dedicated student fees. The University also provided equity contributions totaling $5,582,838 to fund their portion of the total renovation costs of the Projects. Of this amount, $1,582,838 was provided by the University's food service vendor for the dining facilities Project. The University also executed a management agreement with MSCBA whereby MSCBA will provide management services to the University for the Projects.

As of June 30, 2010, unexpended net proceeds amounted to $1,007. During fiscal 2010, the unexpended University contribution of $246,186 was transferred and combined with the remaining funds from the Hammond Campus Center Project (see below).

13. Interagency payables - continued:

MSCBA - continued -

As of June 30, 2011 and 2010, amounts held by MSCBA related to the debt issue and the Projects are as follows:

	2011	2010
Unexpended debt proceeds	**$ -**	$ 1,007
Unexpended University contribution	**-**	-
Debt service reserve fund	**388,335**	388,335
	$ 388,335	$ 389,342

The amounts held by MSCBA are included in the accompanying statements of net position at June 30, 2011 and 2010 as follows:

	2011	2010
Restricted cash and cash equivalents:		
Current	**$ -**	$ -
Noncurrent	**388,335**	389,342
	$ 388,335	$ 389,342

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2025. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.5% to 5% over the term of the debt to maturity. Funds from the debt service reserve fund will be applied to reduce the semi annual interest payments on the debt pursuant to the amortization schedule prepared by MSCBA. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. For the years ended June 30, 2011 and 2010, the effective interest rate on this debt was 4.26% and 4.23%, respectively. The outstanding balance of this Interagency payable was $3,955,000 and $4,165,000 at June 30, 2011 and 2010, respectively.

13. Interagency payables - continued:

MSCBA - continued -

Principal and interest payments due to maturity consist of the following:

For the year ending June 30,	Principal	Interest	Total
2012	$ 215,000	$ 169,913	$ 384,913
2013	220,000	162,388	382,388
2014	235,000	153,588	388,588
2015	240,000	144,188	384,188
2016	255,000	134,588	389,588
2017-2021	1,420,000	511,656	1,931,656
2022-2025	1,370,000	173,100	1,543,100
Total	$ 3,955,000	$ 1,449,421	$ 5,404,421

During March 2006, the University signed a financing agreement to receive $2,060,000 from a Massachusetts State College Building Authority (MSCBA) bond issuance. These funds were used for renovations of the dining hall (the Project) at the University. This obligation will be repaid solely by the University through dedicated student fees. The University also executed a management agreement with MSCBA whereby MSCBA will provide management services to the University for the Project.

As of June 30, 2010, unexpended net proceeds amounted to $6,291.

As of June 30, 2011 and 2010, amounts held by MSCBA related to the debt issue and the Project are as follows:

	2011	2010
Unexpended debt proceeds	$ -	$ 6,291
Debt service reserve fund	144,841	144,841
	$ 144,841	$ 151,132

The amounts held by MSCBA are included in the accompanying statements of net position at June 30, 2011 and 2010 as follows:

	2011	2010
Restricted cash and cash equivalents:		
Current	$ -	$ -
Noncurrent	144,841	151,132
	$ 144,841	$ 151,132

13. Interagency payables - continued:

MSCBA - continued -

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2026. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.5% to 5% over the term of the debt to maturity. Funds from the debt service reserve fund will be applied to reduce the semi annual interest payments on the debt pursuant to the amortization schedule prepared by MSCBA. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. For the years ended June 30, 2011 and 2010, the effective interest rate on this debt was 4.25% and 4.23%, respectively. The outstanding balance of this Interagency payable was $1,783,353 and $1,869,036 at June 30, 2011 and 2010, respectively, including unamortized premium.

Principal and interest payments due to maturity consist of the following:

For the year ending June 30,	Principal	Interest	Total
2012	$ 80,000	$ 81,813	$ 161,813
2013	85,000	77,813	162,813
2014	90,000	73,563	163,563
2015	95,000	69,963	164,963
2016	95,000	65,450	160,450
2017-2021	550,000	258,150	808,150
2022-2026	705,000	109,500	814,500
	1,700,000	736,252	2,436,252
Plus: Unamortized premiums	83,353	-	83,353
Total	$ 1,783,353	$ 736,252	$ 2,519,605

In December 2005, the University advanced $300,000 to MSCBA to be used for renovations to the Hammond Campus Center. In 2007, the University advanced an additional $842,000 to MSCBA to be used for renovations to the Hammond Campus Center. During fiscal 2009, the renovations were placed in service and are being depreciated. During fiscal 2010, the remaining funds of $246,186 from the athletic fields and dining hall projects were transferred to and combined with the remaining funds from the Hammond Campus Center Project. As of June 30, 2011 and 2010, the unexpended portion of the University's contribution held by MSCBA amounted to $142,159 and $295,092, respectively.

The amounts held by MSCBA related to the Hammond Campus Center Project are included in the accompanying statements of net position at June 30, 2011 and 2010 as follows:

	2011	2010
Restricted cash and cash equivalents:		
Current	**$ -**	$ -
Noncurrent	**142,159**	295,092
	$ 142,159	$ 295,092

13. Interagency payables - continued:

MSCBA - continued -

During December, 2010, the University signed a financing agreement to receive $15,935,656 from a Massachusetts State College Building Authority (MSCBA) bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA will provide management services to the University for the renovations.

The net proceeds of the borrowing deposited by MSCBA on behalf of the University were as follows:

	2011
Debt issue	**$ 15,935,656**
Amount held by MSCBA for debt service reserve fund (included in restricted cash and cash equivalents - noncurrent)	**(1,449,777)**
Debt issuance costs	**(178,440)**
Other miscellaneous expense	**(439)**
Net proceeds	**$ 14,307,000**

As of June 30, 2011, unexpended net proceeds amounted to $12,833,282.

As of June 30, 2011, amounts held by MSCBA related to the debt issue and the Project are as follows:

	2011
Unexpended debt proceeds	**$ 12,833,282**
Debt service reserve fund	**1,449,777**
	$ 14,283,059

The amounts held by MSCBA are included in the accompanying statement of net position at June 30, 2011 as follows:

	2011
Restricted cash and cash equivalents:	
Current	**$ 1,271,600**
Noncurrent	**13,011,459**
	$ 14,283,059

13. Interagency payables - continued:

MSCBA - continued -

The University is required to make annual principal payments on this debt each May 1 commencing in fiscal 2012. The final principal payment is due on May 1, 2030. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.0% to 6.54% over the term of the debt to maturity. Funds from the debt service reserve fund will be applied to reduce the semi annual interest payments on the debt pursuant to the amortization schedule prepared by MSCBA. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. For the year ended June 30, 2011, the effective interest rate on this debt was 3.22%. The outstanding balance of this Interagency payable was $15,923,924 at June 30, 2011, including unamortized premium.

Principal and interest payments due to maturity consist of the following:

For the year ending June 30,	Principal	Interest	Total
2012	$ 571,715	$ 533,797	$ 1,105,512
2013	589,374	516,645	1,106,019
2014	607,033	498,964	1,105,997
2015	631,315	474,683	1,105,998
2016	655,596	449,430	1,105,026
2017-2021	3,730,495	1,861,913	5,592,408
2022-2026	4,478,801	1,151,916	5,630,717
2027-2030	4,269,099	271,242	4,540,341
	15,533,428	5,758,590	21,292,018
Plus: Unamortized premiums	390,496	-	390,496
Total	$ 15,923,924	$ 5,758,590	$ 21,682,514

14. FSU Foundation long term debt:

FSU Foundation's long-term debt consists of the following at June 30, 2011 and 2010:

	2011	2010
First mortgage notes payable	**$ 3,121,795**	$ 3,224,841
Notes payable - bank	**681,816**	717,056
	3,803,611	3,941,897
Less current portion	**150,153**	138,416
	$ 3,653,458	$ 3,803,481

14. FSU Foundation long term debt - continued:

In April, 2008, the Foundation acquired land and buildings at a total cost of $561,664, including related acquisition costs. The properties are located on the Fitchburg State University campus and were previously owned by an unrelated third party. The acquisitions were funded with the proceeds of a mortgage note payable in the amount of $550,000, dated April 16, 2008, with Fidelity Co-operative Bank. The note is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.75% per annum for the first ten years of the loan term. Thereafter, the interest rate will be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final ten years of the term of the loan plus 118 basis points. The loan requires monthly installments of principal and interest of $3,862. The monthly installments of principal and interest during the final ten years of the loan term shall be determined based on the interest rate then in effect to provide for the amortization of the then outstanding loan principal over the remaining term of the loan. The note matures on April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2011 and 2010, the outstanding principal balance of this mortgage note payable amounted to $500,402 and $517,127, respectively.

In August, 2006, the Foundation Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAM on behalf of the University (see Note 23). The University is currently using the property for its print services, maintenance, and shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the bonds), dated August 1, 2006, in the amount of $1,900,000, issued by the Massachusetts Development Finance Agency (MDFA), pursuant to a Loan and Trust Agreement. People’s United Bank, as succession in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Foundation Supporting Organization’s obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank’s prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011. Commencing thereafter, the monthly installments of principal and interest are $12,306 until the next five-year interval adjustment date of August 16, 2016. The loan matures on August 16, 2026. The loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

14. FSU Foundation long term debt - continued:

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

The loan documents contain cross default provisions with the DCAM lease.

At June 30, 2011 and 2010, the outstanding principal balance of this first mortgage note payable amounted to $1,612,542 and $1,678,437, respectively.

Workers' Credit Union (WCU) provided financing to the Foundation Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The proceeds of the loan were used primarily to repay advances made to the Foundation Supporting Organization by the Foundation for the acquisition of four real estate properties. The note is secured by a first mortgage interest in certain real estate owned by the Foundation Supporting Organization and an assignment of certain leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2011 and 2010, the Foundation Supporting Organization has total cash balances of $81,194 and $82,428, respectively, held at WCU which serve as additional collateral for both WCU loans to the Foundation Supporting Organization (see below).

The mortgage note has a term of ten years, expiring on February 27, 2019, and provides for a fixed rate of interest of 5.74% per annum. The note requires monthly installments of principal and interest of $4,714 based on a twenty-five year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2011 and 2010, the outstanding principal balance of this first mortgage loan amounted to $716,105 and $731,099, respectively.

During fiscal 2010, Workers' Credit Union provided financing to the Foundation Supporting Organization in the form of a note, dated February 19, 2010, in the amount of $300,000. The proceeds of the loan were used to finance the acquisition of a real estate property. The note is secured by a first mortgage interest in the property and an assignment of leases and rents on this property. The note is also collateralized by all funds held by the lender. At June 30, 2011 and 2010, the Foundation Supporting Organization has total cash balances of $81,194 and $82,428, respectively, held at WCU which serve as additional collateral for both WCU loans to the Foundation Supporting Organization.

In June, 2010, the Foundation Supporting Organization determined that the value of the property securing this first mortgage note payable to WCU was less than its carrying value. Accordingly, the Foundation Supporting Organization recorded an impairment loss. As a result, WCU required additional collateral to further secure this loan. On October 25, 2010, the Foundation Supporting Organization provided WCU with a second mortgage interest in the real estate and related personal property located at 167 Klondike Avenue in Fitchburg, Massachusetts. The first mortgage on that property secures the Foundation Supporting Organization's obligations under the MDFA Revenue Bonds Issue. The Foundation Supporting Organization also provided WCU with a second assignment of leases and rents related to that property.

14. FSU Foundation long term debt - continued:

The mortgage note has a term of ten years, expiring on February 19, 2020, and provides for a fixed rate of interest of 6.03% per annum. The note requires monthly installments of principal and interest of $1,939 based on a twenty-five year principal amortization. Monthly principal and interest payments commenced on March 19, 2010. The note may be prepaid at any time, in whole or in part, without premium or penalty. The loan documents contain cross default - cross collateralization provisions with all other obligations of the Foundation Supporting Organization to WCU.

As of June 30, 2011 and 2010, the outstanding principal balance of the mortgage loan amounted to $292,746 and $298,178, respectively.

In connection with the fiscal 2010 loan, the Foundation Supporting Organization was required to establish an escrow account held at WCU in the amount of $75,000 until the Foundation Supporting Organization resolved certain environmental matters related to the property. The environmental matters have since been resolved and WCU released the escrow in fiscal 2011.

During fiscal 2010, Rollstone Bank & Trust provided financing to the Foundation in the form of a note dated January 5, 2010, in the amount of $77,952. The proceeds of the loan were used to finance the purchase of computer software to be used in the Foundation's operations. The note is unsecured.

The note has a term of three years, expiring on January 5, 2013, and provides for a fixed rate of interest of 5% per annum. The note requires monthly installments of principal and interest of $2,339 based on a three year principal amortization. Monthly principal and interest payments commenced on February 5, 2010.

At June 30, 2011 and 2010, the outstanding principal balance of this note payable amounted to $42,590 and $67,820, respectively.

In May, 2007, the Foundation Supporting Organization acquired land and a building consisting of six apartment units at a total cost of $504,479, including related acquisition costs. The Foundation Supporting Organization also acquired an adjacent parcel of land at a cost of $183,301. The properties are located in the area surrounding the Fitchburg State University campus. The apartments are being used by the University as additional student housing for which the Foundation Supporting Organization receives residence hall fees.

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments with an equivalent fair value of $972,000. In addition, payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of thirty years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The loan requires monthly installments of principal and interest of $4,122 based on a thirty year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

14. FSU Foundation long term debt - continued:

At June 30, 2011 and 2010, the outstanding principal balance of this note payable amounted to $639,226 and $649,236, respectively.

Principal funding payments and estimated interest, due to maturity, consist of the following:

For the year ending June 30,	Principal	Estimated Interest (1)	Total
2012	$ 150,153	$ 202,256	$ 352,409
2013	148,358	191,300	339,658
2014	139,180	184,128	323,308
2015	146,444	176,866	323,310
2016	152,729	169,580	322,309
2017-2021	1,115,996	698,892	1,814,888
2022-2026	1,102,831	397,389	1,500,220
2027-2031	481,094	172,116	653,210
2032-2036	346,237	51,043	397,280
2037	20,589	310	20,899
Total	$ 3,803,611	$ 2,243,880	$ 6,047,491

(1) The interest rates in effect at June 30, 2011 of 5.75%, 5.5% (adjusted to 4.5% on August 16, 2011), 5.74%, and 6.03% on the first mortgage notes payable and 5% and 6% on the notes payable - bank were used to calculate the estimated interest on these debt obligations.

15. FSU Foundation line of credit:

In March, 2011, the Foundation renewed, under substantially the same terms, its existing revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. At June 30, 2011, there were no borrowings outstanding under the line of credit. At June 30, 2010, the Foundation had an outstanding balance of $125,000 under the line of credit. The line of credit provides for interest at the Wall Street Journal Prime Rate, but in no event less than 6% per annum. At both June 30, 2011 and 2010, the effective interest rates were 6% per annum. Borrowings are secured by investments with an equivalent fair value of $315,000. The line of credit agreement expires on March 17, 2013. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty.

16. Long term liabilities:

Long-term liability activity of the University for the year ended June 30, 2011 included the following:

	Totals June 30, 2010	Additions	Reductions	Totals June 30, 2011 Ending Balance	Totals June 30, 2011 Current Portion
Interagency payables and capital leases:					
Interagency payables	**$ 10,265,737**	**$ 15,935,656**	**$ 501,431**	**$ 25,699,962**	**$ 1,146,738**
Capital leases	**895,689**	**-**	**497,436**	**398,253**	**166,275**
Total	**11,161,426**	**15,935,656**	**998,867**	**26,098,215**	**1,313,013**
Other liabilities:					
Workers' compensation	**661,105**	**221,331**	**130,238**	**752,198**	**148,183**
Compensated absences	**4,015,039**	**2,700,657**	**2,341,896**	**4,373,800**	**2,664,148**
Rebate payable	**17,965**	**28**	**-**	**17,993**	**-**
Loan payable - federal financial assistance	**1,851,713**	**63,680**	**33,306**	**1,882,087**	**-**
Total other liabilities	**6,545,822**	**2,985,696**	**2,505,440**	**7,026,078**	**2,812,331**
Long term obligations	**$ 17,707,248**	**$ 18,921,352**	**$ 3,504,307**	**$ 33,124,293**	**$ 4,125,344**

Long-term liability activity of the University for the year ended June 30, 2010 included the following:

	Totals June 30, 2009	Additions	Reductions	Totals June 30, 2010 Ending Balance	Totals June 30, 2010 Current Portion
Interagency payables and capital leases:					
Interagency payables	$ 10,745,634	$ -	$ 479,897	$ 10,265,737	$ 479,731
Capital leases	2,369,565	499,938	1,973,814	895,689	497,437
Total	13,115,199	499,938	2,453,711	11,161,426	977,168
Other liabilities:					
Workers' compensation	503,768	256,579	99,242	661,105	130,238
Compensated absences	3,953,850	2,383,433	2,322,244	4,015,039	2,341,896
Rebate payable	17,875	90	-	17,965	-
Loan payable - federal financial assistance	1,833,747	53,453	35,487	1,851,713	-
Total other liabilities	6,309,240	2,693,555	2,456,973	6,545,822	2,472,134
Long term obligations	$ 19,424,439	$ 3,193,493	$ 4,910,684	$ 17,707,248	$ 3,449,302

16. Long term liabilities - continued:

Long-term liability activity of FSU Foundation for the year ended June 30, 2011 included the following:

	Totals June 30, 2010	Additions	Reductions	Totals June 30, 2011 Ending Balance	Current Portion
First mortgage notes payable	**$ 3,224,841**	**$ -**	**$ 103,046**	**$ 3,121,795**	**$ 112,846**
Notes payable - bank	**717,056**	**-**	**35,240**	**681,816**	**37,307**
Long-term obligations	**$ 3,941,897**	**$ -**	**$ 138,286**	**$ 3,803,611**	**$ 150,153**

Long-term liability activity of FSU Foundation for the year ended June 30, 2010 included the following:

	Totals June 30, 2009	Additions	Reductions	Totals June 30, 2010 Ending Balance	Current Portion
First mortgage notes Payable	$ 3,018,845	$ 300,000	$ 94,004	$ 3,224,841	$ 102,952
Note payable - bank	658,859	77,952	19,755	717,056	35,464
Long-term obligations	$ 3,677,704	$ 377,952	$ 113,759	$ 3,941,897	$ 138,416

17. Unrestricted net position:

Unrestricted net position is comprised of net assets that are not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net assets are internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net assets were $8,488,308 and $8,134,673 at June 30, 2011 and 2010, respectively. Undesignated unrestricted net assets were $13,587,343 and $9,142,524 at June 30, 2011 and 2010, respectively.

The unrestricted net position amount of $22,075,651 includes the effect of deferring the recognition of revenue from the installment payments associated with the dining facilities service concession arrangement. The $2,621,266 balance of the deferred inflow of resources at June 30, 2011 will be recognized as revenue and increase unrestricted net position over the remaining thirteen years of the arrangement.

18. Net position restricted by enabling legislation:

Fitchburg State University Foundation, Inc.'s consolidated statements of net position as of June 30, 2011 and 2010 reflect a restricted net position of $11,365,274 and $10,251,327, respectively. Of these amounts, $2,357,931 for each year, are restricted by enabling legislation for the State Matching Funds Program.

19. Operating expenses:

The University's operating expenses for the years ended June 30, 2011 and 2010, on a natural classification basis, are comprised of the following:

	2011	2010
Salaries:		
Faculty	**17,381,110**	$ 16,568,424
Exempt wages	**2,794,427**	3,734,036
Non-exempt wages	**14,868,032**	13,750,367
Benefits	**9,983,512**	8,250,267
Scholarships (endowed)	**1,653,433**	1,640,584
Utilities	**3,996,055**	3,698,307
Supplies and other services	**17,141,119**	16,189,508
Depreciation	**4,241,022**	4,010,435
Total operating expenses	**$ 72,058,710**	$ 67,841,928

20. State controlled accounts:

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System and for the employer's share of health care premiums.

The estimated amounts of funding attributable for the Commonwealth's retirement system contribution and the employer's share of health care premiums for the years ended June 30, 2011, 2010 and 2009 were as follows (See State appropriations under Note 25):

	2011	2010	2009
Commonwealth's retirement system Contributions	**$ 1,519,792**	$ 1,489,214	$ 1,962,325
Employers share of health care premium	**$ 5,966,244**	$ 4,091,641	$ 4,371,925

21. Retirement plan:

Substantially all of the University's full-time employees are covered by the Massachusetts State Employees' Retirement System (SERS). SERS, a single employer defined benefit public employee retirement system, is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 32A of the General Laws of the Commonwealth of Massachusetts assigns the authority to establish and amend benefit provisions to the Massachusetts Legislature. The University is not required to contribute from its appropriation allocation or other University funds to SERS for employees compensated from State appropriations. For University employees covered by SERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate established by the State. The total amount of current funding by the State related to the University's employees was $1,519,792, $1,489,214 and $1,962,325 during 2011, 2010 and 2009, respectively. Annual covered payroll was approximately 67%, 62% and 76% of total payroll for the University for the years ended June 30, 2011, 2010 and 2009, respectively.

The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Substantially all full-time staff are covered by and must participate in SERS. Benefits fully vest after 10 years of full-time employment. An employee may receive retirement benefits after 20 years of service, or after 10 years of service and having attained the age of 55.

Based on State statute, covered employees of the University contribute an amount ranging from 5% to 9% (depending on date of employment) of their eligible compensation to SERS. Employees hired after January 1, 1979, are required to contribute an additional 2% for the eligible compensation over $30,000 per year. The State is required to make actuarially determined contributions that maintain the financial integrity of the retirement system.

22. Fringe benefits for current employees and post employment obligations - pension and non-pension:

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post - employment health insurance, unemployment, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth and currently the liability is borne by the Commonwealth.

On-behalf payments of fringe benefits for benefited employees on the Commonwealth's payroll are recognized as revenues and expenses in the University's financial statements in each of the fiscal years presented.

Post Employment Other than Pensions

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach

22. Fringe benefits for current employees and post employment obligations - pension and non-pension - continued:

Post Employment Other than Pensions - continued

retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Commonwealth's Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns and a small amount of municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC administers a plan included within the State Retire Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios.

The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

The GIC is a quasi-independent state agency governed by an eleven-member body (the Commission) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended on June 30, 2011 and 2010, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

The amount of funding by the University related to benefits other than pensions for the years ended June 30, 2011, 2010 and 2009 were $9,983,512, $8,250,267 and $7,620,674, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program.

23. Lease and license agreements:

As disclosed in Note 14, the Foundation Supporting Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006. The lease is for a term of ten years and provides for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University is also responsible for the payment of normal operating, maintenance

23. Lease and license agreements - continued:

and repair costs associated with its use of the property. At the expiration of the lease term, the Foundation Supporting Organization expects the lease will be renewed with DCAM on behalf of the University. For the years ended June 30, 2011 and 2010, rental income for the Foundation Supporting Organization amounted to $165,000 in each year. The rental income is reflected in revenue from sales and services of educational departments in the accompanying statements of net position. The corresponding rent expense of the University is reflected in operations and maintenance of plant.

The following is a schedule of future minimum rent on this lease:

Year ending June 30,	Amount
2012	$ 165,000
2013	165,000
2014	165,000
2015	165,000
2016	165,000
2017	20,625
	$ 845,625

On August 6, 2008, the Foundation Supporting Organization entered into a ten year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provides for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three year period of the lease term, including the continuous period of any extensions thereof. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time after November 1, 2009 with the payment of two months' base rent as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2011 and 2010, rent expense amounted to $17,625 each year.

The following is a schedule of future minimum rental payments under this operating lease agreement:

Year ending June 30,	Amount
2012	$ 18,506
2013	18,947
2014	18,947
2015	19,895
2016	20,368
2017 - 2019	49,053
	$ 145,716

23. Lease and license agreements - continued:

The Foundation Supporting Organization and the University entered into a License Agreement whereby the Foundation Supporting Organization granted the University an irrevocable and exclusive license to occupy, manage, maintain and operate certain property owned by the Foundation Supporting Organization. The License Agreement, which commenced on September 3, 2008, had an initial term of one year. Upon expiration of the initial term, the License Agreement provides for automatic annual renewals thereafter. The License Agreement provided for an annual license fee of $108,875 payable, in arrears, in twelve equal monthly installments. The annual license fee was increased to $177,455 commencing July 1, 2010 by agreement between the parties. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreement may be terminated by either party upon the expiration of the initial term of the agreement and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreement at any time with the giving of proper notice. For the years ended June 30, 2011 and 2010, license fee income for the Foundation Supporting Organization amounted to $177,455 and $108,875, respectively. The license fee income is reflected in revenue from sales and services of educational departments in the accompanying statements of net position. The corresponding license fee expense of the University is reflected in operations and maintenance of plant.

24. Donated equipment, materials and services:

The value of donated equipment, materials and services received by the Foundation included in gifts and contributions for the year ended June 30, 2011 totaled $2,862,391. Of this amount, $20,738 represents equipment that has been included in capital assets and the remainder of $2,841,653 has been reflected in educational and general expenses as follows:

Functional Expense Category	Nature of expense	Amount
Speakers and cultural programs	Advertising	$ 17,500
Equipment and maintenance	Computer software license and miscellaneous equipment	2,824,153
		$ 2,841,653

The computer software license has been renewed for another term of one year expiring on June 30, 2012 and it is currently expected to be renewed annually thereafter. The Foundation shall record donation revenue each year in an amount equal to the then commercial value of the license to use the software.

25. Management Accounting and Reporting System:

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS) on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

25. Management Accounting and Reporting System - continued:

State appropriations:

The University's State appropriations are comprised of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Gross State appropriations	**$ 24,454,735**	$ 21,429,373
Add: Fringe benefits for benefited employees on the Commonwealth payroll	**7,486,036**	5,580,855
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	**(2,467,840)**	(2,387,879)
Net State appropriations	**$ 29,472,931**	$ 24,622,349

$29,332,885 and $24,622,349 represent appropriations for maintenance and payroll during 2011 and 2010, respectively, and $140,046 represents appropriations for capital improvements for 2011. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net position.

Day school tuition receipts and transfers have been recorded in an agency fund during the year and had no material balance outstanding at June 30, 2011 and 2010.

26. Stimulus grants:

In fiscal years 2011 and 2010, Fitchburg State University, through the Department of Higher Education, was the subrecipient of $3,098,023 and $6,666,991, respectively, in stimulus grants as part of the American Recovery and Reinvestment Act of 2009 (ARRA). As of June 30, 2011 and 2010, $327,274 and $376,405, respectively, of the total awarded for fiscal 2011 and 2010 is included in accounts receivable in the accompanying 2011 and 2010 statements of net position. The funds awarded have been expended as follows:

	2011	2010
Regular employee compensation	**$ 2,311,522**	$ 2,335,343
Pension and insurance	**779,676**	649,226
Capital lease payments	**-**	1,121,070
Scholarship allowances	**6,825**	2,561,352
	$ 3,098,023	$ 6,666,991

27. Risk management:

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commonwealth is self-insured. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Educator's Legal Liability, commercial crime, general liability, automobile liability, excess liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverages in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employees workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 22).

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to $100,000 per occurrence, in most circumstances.

28. Commitments and contingencies:

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the University since most of any obligation is expected to be paid from state appropriated funds.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditure of funds under these programs require compliance with the grant agreements and are subject to audit by representatives of these federal and state agencies. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program. This program allows participants to pay in advance (against a bond) for future tuition at the cost of tuition at the time of the bond purchase, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University can perform capital projects that are funded and controlled by another State agency. These projects would be paid from funds appropriated and under the control of the Department of Capital Asset Management (DCAM). The projects generally consist of renovations and improvements and have been recorded in the respective accounts.

29. McKay Agreement:

The University has an agreement with the City of Fitchburg, whereby the City can use the McKay building to provide elementary education to local residents on a year to year basis. The University receives quarterly payments from the City to reimburse the University for its share of payroll and related operating expenses (the McKay School expenditures). Reimbursements received for each of the years ended June 30, 2011 and 2010 were $994,887. These reimbursements are included in the Sales and Services of Educational Departments revenue amount and the McKay School expenditures are included in the appropriate categories under Operating Expenses in the accompanying statements of revenues, expenses and changes in net position.

30. Civic Center:

In August 2006, the University and the City of Fitchburg entered into a Memorandum of Understanding in which the University would assume responsibility for the operations, management and maintenance of the George R. Wallace, Jr. Civic Center and the Alice G. Wallace Planetarium (collectively, the Civic Center). The Civic Center includes two skating rinks and the adjoining planetarium. The Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of the University entered into a lease agreement for the Civic Center with the City of Fitchburg and the Board of Trustees of the Civic Center. The lease commenced on October 1, 2007 and is for a term of 99 years. The lease provided for an initial nominal rent payment and is otherwise a net lease. Pursuant to the terms of the lease, the University has complete authority, at its sole discretion, to do all such acts and deeds as it deems reasonably necessary to manage, maintain and operate the Civic Center for the permitted uses specified in the lease agreement. The University is responsible for payment, from net revenues generated by its operation of the Civic Center, of all costs associated with the maintenance and operation of the Civic Center, and certain other payments as specified in the lease agreement. DCAM, at the instruction of the University and with 60 days prior written notice, may terminate the lease in the event that the University, in its sole discretion, determines that continuation of the lease is not in the interest of the University.

During fiscal 2007, the University commenced initial management, maintenance and operations activities at the Civic Center in anticipation of the lease agreement being executed. The Commonwealth of Massachusetts Legislature appropriated an aggregate amount of $2,500,000 for repairs and upgrades to the Civic Center. During fiscal 2008, the University made repairs and upgrades to the Civic Center for an aggregate cost of $2,477,381. The University engaged the services of a professional management company, Facilities Management Corporation (FMC), to assist with management, maintenance and operations activities of the ice-skating rink program at the Civic Center. The initial management contract expired on December 31, 2008.

On February 1, 2009, the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance on behalf of the University entered into a sublease agreement with FMC for a term of twenty-five years commencing on the date of the agreement. The sublease agreement is a net lease and, accordingly, FMC is responsible for all costs associated with the operations, management, and maintenance of the sublease premises as well as repairs and required capital improvements. The sublease premises consist of the facilities and related equipment associated with the operation of a public ice-skating rink program. The planetarium is not part of the sublease premises and it is not currently operational. FMC is also responsible for certain other payments for and on behalf of the University related to obligations in existence at the date the University initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the University monthly percentage rent based upon the actual gross revenues from its

30. Civic Center - continued:

operations, as defined. During each of the first ten years of the sublease term, no percentage rent is required. Thereafter, for each of the years eleven through twenty-five, percentage rent at the rate of 1% of actual gross revenues shall be due and payable on a monthly basis. However, in no event shall the aggregate amount of percentage rent paid by FMC during the sublease term be less than $107,155.

The University, officials of the City of Fitchburg, and the Board of Trustees of the Civic Center believe that their collective efforts will return the Civic Center to a vibrant place where the citizenries of the City of Fitchburg and its surrounding cities and towns can enjoy athletic, educational and cultural activities.

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SUPPLEMENTAL INFORMATION

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

JUNE 30, 2011 AND 2010

The University's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Position at June 30, 2011 are as follows:

Statements of Net Position

	Residence Hall Fund	Residence Hall Damage Fund
Assets:		
Cash	$ 681,734	$ 92,579
Cash held by State Treasurer	150,438	-
Investments	1,726,459	-
Accounts receivable, net	31,944	17,971
Prepaid expenses	525	-
Total assets	2,591,100	110,550
Liabilities:		
Accounts payable	91,190	487
Deposits	259,160	-
Salaries payable	82,864	-
Compensated absences	108,801	-
Deferred revenue	2,400	-
Total liabilities	544,415	487
Net position	$ 2,046,685	$ 110,063

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY - CONTINUED

YEAR ENDED JUNE 30, 2011 AND 2010

The University's Residence Hall Fund and Residence Hall Damage Fund Statements of Revenues, Expenses and Changes in Net Position (presented in accordance with the Commonwealth of Massachusetts' Expenditure Classification plan) for the year ended June 30, 2011 are as follows:

	Residence Hall Fund	Residence Hall Damage Fund
Revenues:		
Student fees	$ 7,756,640	$ 338
Interest	52,204	1,360
Investment income (loss)	94,136	2,440
Commissions	34,341	-
Rentals	29,284	-
Room damage assessments	-	9,874
Miscellaneous	29,905	-
Total revenues	7,996,510	14,012
Expenses:		
Regular employee compensation	1,047,763	-
Regular employee related expenses	7,888	-
Special employee/contract services	190,620	-
Pension and insurance	352,242	-
Facility operating supplies and related expenses	7,093	-
Administrative expenses	22,882	-
Energy and space rental	1,083,177	-
Consultant services	5,508	-
Operational services	26,712	87
Equipment purchases	71,745	1,670
Equipment lease - purchase, lease, rent, repair	11,732	-
Purchased client services and programs	4,064	-
Construction and improvements	360,790	20,036
Benefit program	34,453	-
Loans and special payments	4,755,410	-
Other - bad debt expense (recovery)	1,747	(2,217)
Information technology expenses	15,327	-
Total expenses	7,999,153	19,576
Transfers (in)/out:		
Interdepartmental rental income	(111,949)	-
Printing	12,164	-
Other	31,291	-
Total transfers	(68,494)	-
Total expenses and transfers	7,930,659	19,576
Increase (decrease) in net position	65,851	(5,564)
Net position - beginning of year	1,980,834	115,627
Net position - end of year	$ 2,046,685	$ 110,063

The above Statements of Revenues, Expenses and Changes in Net Position do not include an allocation of the current year charge for workers' compensation as estimated by the Commonwealth's actuarial review. It is not practical to allocate any such amount to any specific trust fund.

Supplemental Statistical Information - Unaudited

Fiscal Year

Schedule of Net Position by Category

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 [a]
Net investment in capital assets	$ 20,780,141	$ 20,793,469	$ 21,045,366	$ 20,186,185	$ 20,360,103	$ 25,806,513	$ 30,983,682	$ 39,530,560	$ 40,791,020	$ 44,551,543
Restricted-expendable	4,483,491	4,076,361	3,816,427	7,138,933	9,083,307	10,946,782	9,850,228	6,515,426	8,403,189	13,044,768
Restricted-nonexpendable	529,685	521,361	576,826	588,587	597,461	600,377	511,206	437,045	470,158	458,004
Unrestricted	4,493,708	6,881,233	9,583,813	11,085,627	14,253,916	12,699,422	11,914,978	9,755,072	17,277,197	22,075,651
Total net position	**$ 30,287,025**	**$ 32,272,424**	**$ 35,022,432**	**$ 38,999,332**	**$ 44,294,787**	**$ 50,053,094**	**$ 53,260,094**	**$ 56,238,103**	**$ 66,941,564**	**$ 80,129,966**

Note: This schedule does not include the component unit, like the Fitchburg State University Foundation, Inc.

Sources and Uses of Funds

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Source of Revenue										
Student charges (net of scholarships)	$ 11,213,515	$ 13,943,385	$ 16,035,993	$ 18,083,828	$ 20,877,997	$ 22,942,610	$ 25,033,128	$ 26,737,289	$ 28,372,042	$ 29,985,296
Grants & contracts	2,930,694	3,081,004	3,962,244	3,831,266	3,486,257	3,656,979	3,951,007	4,483,292	6,112,586	6,616,044
Stimulus grants	-	-	-	-	-	-	-	-	6,666,991	3,098,023
Auxiliary enterprises	3,477,126	3,877,418	4,317,584	5,027,889	5,485,605	5,946,282	6,085,147	6,467,184	8,046,782	8,042,922
Other operating revenue	1,702,415	1,806,843	1,796,923	1,889,756	1,927,868	1,987,191	1,963,274	2,098,358	2,096,607	2,169,883
Total operating revenue	**19,323,750**	**22,708,650**	**26,112,744**	**28,832,739**	**31,777,727**	**34,533,062**	**37,032,556**	**39,786,123**	**51,295,008**	**49,912,168**
State appropriations	29,808,715	27,974,237	25,199,981	27,375,808	29,645,087	31,702,393	34,063,661	29,415,783	24,622,349	29,332,885
State capital appropriations	486,480	177,600	-	407,191	1,195,000	1,799,754	475,000	497,822	-	140,046
Capital grants	23,750	85,000	118,358	121,217	123,535	123,535	178,264	325,351	1,683,802	5,319,402
Other non-operating revenue	383,553	260,729	265,905	510,689	1,078,894	1,393,662	819,844	(179,115)	1,329,091	1,125,671
Total non-operating revenue	**30,702,498**	**28,497,566**	**25,584,244**	**28,414,905**	**32,042,516**	**35,019,344**	**35,536,769**	**30,059,841**	**27,635,242**	**35,918,004**
Total revenue	**$ 50,026,248**	**$ 51,206,216**	**$ 51,696,988**	**$ 57,247,644**	**$ 63,820,243**	**$ 69,552,406**	**$ 72,569,325**	**$ 69,845,964**	**$ 78,930,250**	**$ 85,830,172**
Functional Expense										
Instruction	$ 20,092,140	$ 19,366,094	$ 18,019,813	$ 18,847,979	$ 22,856,426	$ 24,193,071	$ 26,699,550	$ 25,010,246	$ 25,682,331	$ 27,138,609
Research	1,323	2,499	130,803	164,787	165,550	61,077	37,104	99,265	106,458	68,156
Public service	640,666	810,173	785,084	636,765	598,273	486,633	558,388	390,127	409,901	456,372
Academic support	5,038,238	4,553,718	4,301,883	4,607,796	4,631,842	5,108,978	5,344,027	4,538,538	4,361,103	4,806,942
Student services	5,284,418	5,772,833	5,426,794	5,980,391	6,560,972	7,022,806	7,478,709	7,299,258	7,445,019	8,030,813
Institutional support	6,414,461	5,998,902	6,764,298	7,179,198	6,169,474	6,648,295	7,228,110	6,464,395	5,988,283	6,767,632
Operations and maintenance of plant	6,233,864	5,911,344	5,944,096	7,246,710	8,185,991	9,699,216	11,040,391	11,306,190	10,818,202	10,881,270
Scholarships	345,591	760,798	926,658	949,222	971,606	1,198,719	1,280,862	1,456,842	1,608,419	1,618,980
Sub-total	**44,050,701**	**43,176,361**	**42,299,429**	**45,612,848**	**50,140,134**	**54,418,795**	**59,667,141**	**56,564,861**	**56,419,716**	**59,768,774**
Auxiliary enterprises	2,908,940	3,576,732	4,032,223	4,762,364	5,419,873	5,714,435	5,809,898	6,200,539	7,411,777	8,048,914
Total operating expense	**46,959,641**	**46,753,093**	**46,331,652**	**50,375,212**	**55,560,007**	**60,133,230**	**65,477,039**	**62,765,400**	**63,831,493**	**67,817,688**
Interest expense	177,366	146,440	198,855	307,292	316,491	548,265	657,783	545,680	384,861	583,060
Total non-operating expense	**177,366**	**146,440**	**198,855**	**307,292**	**316,491**	**548,265**	**657,783**	**545,680**	**384,861**	**583,060**
Total expenses	**$ 47,137,007**	**$ 46,899,533**	**$ 46,530,507**	**$ 50,682,504**	**$ 55,876,498**	**$ 60,681,495**	**$ 66,134,822**	**$ 63,311,080**	**$ 64,216,354**	**$ 68,400,748**

Note: This schedule does not include the component unit, like the Fitchburg State University Foundation, Inc.; total operating expense does not include depreciation.

[a] Beginning in 2011, the University began reporting net position rather than net assets, in conformity with GASB Statement 60. Prior to that time, net investment in capital assets was labeled "invested in capital assets, net of related debt."

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

Supplemental Statistical Information - Unaudited

Schedule of Capital Asset Information

	Academic Year 2011
Land (acreage)	222
Buildings (square feet)	
100 Instruction /classroom	85,840
200 Labs	87,517
300 Administrative	125,860
400 Study facilities	56,289
52x Athletic	48,827
5xx Other Special Use	5,243
600 General Use	122,721
700 Support facilities	21,296
800 Health Care	878
000 Unclassified	7,197
Unassigned/ unassignable	299,006
Total Sq Ft	**860,674**
Residence Halls	438,140
Rental space	111,775

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Dormitories - # of residents	1,215	1,305	1,355	1,434	1,443	1,466	1,499	1,483	1,639	1,620

Note: Classification of facilities space is consisent with Facilities Inventory & Classification Code guide.
This was implemented in 2005; comparable statistics prior to this time are not available.
Number of residents is an average of total fall and spring residency counts as reported to the Massachusetts State College Building Authority.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

Supplemental Statistical Information - Unaudited

Schedule of Tuition & Mandatory Fees

	Academic Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Resident Undergraduate										
Tuition	$ 970	$ 970	$ 970	$ 970	$ 970	$ 970	$ 970	$ 970	$ 970	$ 970
Mandatory Fees	2,018	2,718	3,216	3,618	4,032	4,572	5,022	5,430	5,930	6,830
Total	**$ 2,988**	**$ 3,688**	**$ 4,186**	**$ 4,588**	**$ 5,002**	**$ 5,542**	**$ 5,992**	**$ 6,400**	**$ 6,900**	**$ 7,800**
Non Resident Undergraduate										
Tuition	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050	$ 7,050
Mandatory Fees	2,018	2,718	3,216	3,618	4,032	4,572	5,022	5,430	5,930	6,830
Total	**$ 9,068**	**$ 9,768**	**$ 10,266**	**$ 10,668**	**$ 11,082**	**$ 11,622**	**$ 12,072**	**$ 12,480**	**$ 12,980**	**$ 13,880**
Resident Graduate										
Tuition	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900
Mandatory Fees	107	117	432	432	510	510	653	653	720	762
Total	**$ 1,007**	**$ 1,017**	**$ 1,332**	**$ 1,332**	**$ 1,410**	**$ 1,410**	**$ 1,553**	**$ 1,553**	**$ 1,620**	**$ 1,662**

Note: Undergraduate tuition & fees is per academic year and excludes dormitory fees. Graduate tuition and fees are based on a six credit course load.

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

Supplemental Statistical Information - Unaudited

Admissions, Enrollment, and Degree Statistics

Admissions-Freshman (1)	Fall Term 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Applications	2,681	3,289	3,861	3,514	3,859	3,880	4,057	4,342	4,572	4,193
Applications accepted	1,804	2,163	2,498	2,468	2,777	2,795	2,838	2,982	3,152	3,034
Accepted as a percentage of applications	67%	66%	65%	70%	72%	72%	70%	69%	69%	72%
Students enrolled (2)	763	887	988	1,016	1,007	1,086	1,067	1,133	1,163	1,085
Enrolled as a percentage of accepted	42%	41%	40%	41%	36%	39%	38%	38%	37%	36%

(1) Includes all undergraduate admissions including transfer students.
(2) Includes only students who were accepted and enrolled. Non degree seeking students are excluded.

Enrollment	Annual FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Full-time equivalent	4,448	4,648	4,360	4,670	5,029	5,018	5,159	5,305	5,461	5,287
Unduplicated credit headcount	13,649	13,107	11,302	11,272	12,578	11,906	11,756	12,140	11,855	11,784
Percent undergraduate (3)	64%	67%	70%	68%	68%	68%	57%	60%	41%	42%
Percent graduate	36%	33%	30%	32%	32%	32%	43%	40%	59%	58%

(3) Percent undergraduate/graduate based on Fall semester registration, unduplicated headcount

Student Population Demographics (4)	Fall Term 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Percentage of men	36%	37%	39%	38%	38%	38%	37%	39%	39%	39%
Percentage of women	64%	63%	61%	62%	62%	62%	63%	61%	61%	61%
Percentage of African-American	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Percentage of White	92%	92%	92%	92%	92%	92%	92%	92%	92%	89%
Percentage of Latino	3%	3%	3%	3%	3%	3%	3%	3%	3%	5%
Percentage of Other (5)	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%
< 20	17%	18%	21%	22%	21%	21%	18%	18%	19%	18%
20 to 24	36%	37%	38%	36%	38%	40%	35%	36%	34%	37%
25 to 44	33%	32%	30%	30%	29%	29%	33%	33%	33%	32%
44 & Over	14%	13%	11%	12%	12%	10%	14%	13%	14%	13%

(4) Percents within category are based on population of students who reported this information (gender, race/ethnicity, and age).
(5) Other includes Asian or Pacific Islander, American Indian, Alaskan Native, and Cape Verdean.

Degrees Granted	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Bachelor's	468	516	579	489	553	622	628	640	696	696
Master's	463	379	465	368	484	475	370	531	460	506

FITCHBURG STATE UNIVERSITY
(a department of the Commonwealth of Massachusetts)

Supplemental Statistical Information - Unaudited

Schedule of Employment

	2001	**2003**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Faculty - Primary Instruction (1)	**474**	**283**	**252**	**269**	**266**	**350**	**377**	**369**
Part-time	273	115	86	95	90	166	197	193
Full-time	201	168	166	174	176	184	180	176
Staff and Administrators	**346**	**329**	**439**	**385**	**386**	**410**	**419**	**394**
Part-time	9	13	143	81	75	93	112	77
Full-time	337	316	296	304	311	317	307	317
Total Employees	**820**	**612**	**691**	**654**	**652**	**760**	**796**	**763**
Part-time	282	128	229	176	165	259	309	270
Full-time	538	484	462	478	487	501	487	493

(1) Includes Instruction, Research & Public Service

Notes: This schedule reflects personnel as of November 1, Full-Time Equivalent Employees is as of June 30.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL 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 of
Fitchburg State University
Fitchburg, Massachusetts

We have audited the financial statements of the business type activities and discretely presented component unit of Fitchburg State University (the University) (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2011, which collectively comprise Fitchburg State University's basic financial statements, and have issued our report thereon dated October 18, 2011, which included an explanatory paragraph as indicated on page 1. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fitchburg State University's internal control over financial reporting as a basis for designing our auditing procedures 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 University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fitchburg State University's financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the Board of Trustees, management, others within Fitchburg State University, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ercolini & Company LLP

Boston, Massachusetts
October 18, 2011

TAB B

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

FITCHBURG STATE UNIVERSITY

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAM CLUSTER

FOR THE YEAR ENDED JUNE 30, 2011

FITCHBURG STATE UNIVERSITY

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAM CLUSTER

FOR THE YEAR ENDED JUNE 30, 2011

CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAM CLUSTER

The Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

We have examined management's assertions, included in its representation letter dated October 18, 2011, that Fitchburg State University complied with the following compliance requirements as specified in The Massachusetts Office of Student Financial Assistance Attestation Guide (Fourth Edition, April 2007) for the year ended June 30, 2011:

- Institutional eligibility
- Student eligibility
- Reporting
- Disbursements
- Refunds

As discussed in that representation letter, management is responsible for Fitchburg State University's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Fitchburg State University's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about Fitchburg State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Fitchburg State University's compliance with specified requirements.

In our opinion, management's assertion that Fitchburg State University complied with the aforementioned requirements for the year ended June 30, 2011 is fairly stated, in all material respects.

This report is intended solely for the use of the Department of Higher Education of the Commonwealth of Massachusetts, the Office of the State Auditor, the Office of the State Comptroller of the Commonwealth of Massachusetts and the Board of Trustees, management and others within Fitchburg State University, and is not intended to be and should not be used by anyone other than these specified parties.

Ercolini & Company LLP

Boston, Massachusetts
October 18, 2011

FITCHBURG STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

NONE

FITCHBURG STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2011

NONE

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

The Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

We have audited the financial statements of the business-type activities and discretely presented component unit of Fitchburg State University (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2011, which collectively comprise Fitchburg State University's basic financial statements, and have issued our report thereon, dated October 18, 2011, which contained an unqualified opinion on those financial statements. We conducted our audit 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. Our audit was performed for the purpose of forming an opinion on the financial statements of Fitchburg State University as a whole. The supplementary information included on pages 5 to 7 is presented for purposes of additional analysis and to comply with the reporting requirements of the Massachusetts Office of Student Financial Assistance 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. 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.

This report is intended solely for the information and use of the Department of Higher Education of the Commonwealth of Massachusetts, the Office of the State Auditor, the Office of the State Comptroller of the Commonwealth of Massachusetts and the Board of Trustees, management and others within Fitchburg State University, and is not intended to be and should not be used by anyone other than these specified parties.

Ercolini & Company LLP

Boston, Massachusetts
October 18, 2011

FITCHBURG STATE UNIVERSITY

SCHEDULE OF POPULATION, ITEMS TESTED, AND FINDINGS FOR
MASSACHUSETTS STATE FINANCIAL AID PROGRAM CLUSTER

FOR THE YEAR ENDED JUNE 30, 2011

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
Massachusetts Assistance for Student Success (MASSGrant)	Population	911	100%	$ 511,307	100%
	Tested	18	1.98%	11,750	2.30%
	Findings	-	0.00%	-	0.00%
Christian A. Herter Memorial Scholarship	Population	1	100%	$ 7,300	100%
	Tested	1	100%	7,300	100.00%
	Findings	-	0.00%	-	0.00%
Part Time Grant Program	Population	43	100%	$ 16,800	100%
	Tested	1	2.33%	250	1.49%
	Findings	-	0.00%	-	0.00%
Cash Grant Program	Population	466	100%	$ 804,949	100%
	Tested	13	2.79%	18,303	2.27%
	Findings	-	0.00%	-	0.00%
Massachusetts No Interest Loan Program	Population	77	100%	$ 132,965	100%
	Tested	2	2.60%	2,400	1.80%
	Findings	-	0.00%	-	0.00%
Foster Child Grant Program	Population	4	100%	$ 17,480	100%
	Tested	1	25.00%	3,240	18.54%
	Findings	-	0.00%	-	0.00%

See independent auditor's report on supplementary information on page 4.

FITCHBURG STATE UNIVERSITY

SCHEDULE OF POPULATION, ITEMS TESTED, AND FINDINGS FOR
MASSACHUSETTS STATE FINANCIAL AID PROGRAM CLUSTER - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2011

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
Paraprofessional Teacher Preparation Grant	Population	5	100%	$ 27,000	100%
	Tested	1	20.00%	5,400	20.00%
	Findings	-	0.00%	-	0.00%
Early Childhood Educators Scholarship	Population	17	100%	$ 72,949	100%
	Tested	1	5.88%	4,800	6.58%
	Findings	-	0.00%	-	0.00%
John & Abigail Adams Scholarship	Population	397	100%	$ 363,380	100%
	Tested	5	1.26%	3,880	1.07%
	Findings	-	0.00%	-	0.00%
National Guard Tuition & Fee Assistance	Population	14	100%	$ 10,751	100%
	Tested	1	7.14%	970	9.02%
	Findings	-	0.00%	-	0.00%
Need Based Tuition Waiver	Population	546	100%	$ 414,487	100%
	Tested	13	2.38%	9,215	2.22%
	Findings	-	0.00%	-	0.00%
Categorical Tuition Waivers	Population	94	100%	$ 58,665	100%
	Tested	4	4.26%	3,880	6.61%
	Findings	-	0.00%	-	0.00%

See independent auditor's report on supplementary information on page 4.

FITCHBURG STATE UNIVERSITY

SCHEDULE OF POPULATION, ITEMS TESTED, AND FINDINGS FOR
MASSACHUSETTS STATE FINANCIAL AID PROGRAM CLUSTER - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2011

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
Massachusetts Education Financing Authority Prepaid Tuition Waiver	Population	38	100%	$ 5,342	100%
	Tested	38	100%	5,342	100%
	Findings	-	0.00%	-	0.00%
MassTransfer Tuition Waiver	Population	10	100%	$ 2,265	100%
	Tested	1	10.00%	106	4.68%
	Findings	-	0.00%	-	0.00%
Senator Paul E. Tsongas Scholarship Tuition Waiver	Population	14	100%	$ 13,095	100%
	Tested	1	7.14%	970	7.41%
	Findings	-	0.00%	-	0.00%
Washington Center Program Tuition Waiver	Population	6	100%	$ 2,910	100%
	Tested	1	16.67%	485	16.67%
	Findings	-	0.00%	-	0.00%
DSS Adopted Children Tuition Waiver	Population	5	100%	$ 4,244	100%
	Tested	1	20.00%	970	22.86%
	Findings	-	0.00%	-	0.00%
DSS Foster Care Children Tuition Waiver	Population	10	100%	$ 8,366	100%
	Tested	1	10.00%	485	5.80%
	Findings	-	0.00%	-	0.00%
Stanely Z. Koplik Certificate of Mastery Tuition Waiver	Population	2	100%	$ 1,940	100%
	Tested	1	50.00%	970	50.00%
	Findings	-	0.00%	-	0.00%

See independent auditor's report on supplementary information on page 4.

TAB C

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

FITCHBURG STATE UNIVERSITY

FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS
REPORT ON CONSULTING SERVICES

YEAR ENDED JUNE 30, 2011

October 18, 2011

To the Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

We were engaged by Fitchburg State University (the University) (formerly known as Fitchburg State College) to perform consulting services with respect to its administration of the Federal Student Financial Assistance Programs for the year ended June 30, 2011. Fitchburg State University is responsible for adhering to the United States Department of Education's compliance requirements governing the Federal Student Financial Assistance Programs.

OBJECTIVE

The objective of our engagement was to review the University's policies and procedures regarding the administration of its Federal Student Financial Assistance Programs and determine whether they meet the Department of Education's compliance requirements. Our engagement included a review of the following programs:

- Federal Direct Loan Program (FDLP),
- Federal Pell Grant (PELL),
- Federal Perkins Loan (FPL),
- Federal Work-Study (FWS), and
- Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

In conducting our engagement, we referred to the suggested procedures as outlined in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, January 2000 (the Guide)*. This Guide recommends a review of the following areas to determine compliance:

- Institutional Eligibility and Participation
- Reporting
- Student Eligibility
- Disbursements
- Return of Title IV Funds
- GAPS and Cash Management
- Perkins Loan
- Administrative Capability

PROCEDURES

The following paragraphs outline the compliance areas reviewed, present a summary of certain procedures performed, and indicate any findings of noncompliance.

Institutional Eligibility and Participation:

- We reviewed the University's ED Institution Approval Notice and accreditation letter from its accrediting agency.
- We inquired of management and performed procedures to determine that:
  - No person had received any payments based directly on success in securing enrollments, financial assistance to students, or student retention.
  - No person had been judicially determined to have committed fraud involving Title IV funds.
  - The University had not been notified of the loss of eligibility for any Title IV program due to high default rates.
- We determined that educational programs offered by the University were offered and conducted at stated lengths and durations.

Findings of Noncompliance:

NONE

Reporting

- We reviewed, evaluated, documented and tested the procedures by which the University performs the following: (1) Reports Pell Grant expenditures; (2) Completes and submits SSCR's within 30 days; (3) Completes and submits its annual FISAP; and (4) Completes monthly FDLP DLSAS reconciliations.
- We tested certain reports to determine completeness and timeliness of submission.

Findings of Noncompliance:

NONE

Student Eligibility

- We reviewed, evaluated, and documented the University's procedures for determining student eligibility.

- We judgmentally selected a sample of student files to determine whether students were eligible for Student Financial Assistance (SFA). Our testing included procedures to determine, where applicable, that the student:

  - Is a regular student (as defined);
  - Is enrolled in an eligible program at least half-time (as defined);
  - Is a U.S. citizen or eligible non-citizen;
  - Has a valid Social Security number;
  - Has financial need (as defined) and that total financial assistance did not exceed determined financial need;
  - Has signed a Statement of Educational Purpose and a Statement of Overpayments and Defaults;
  - Has evidence of a signed FAFSA or other acceptable documentation;
  - Does not owe a refund on a Title IV grant and is not in default on a federally funded or insured student loan;
  - Has a high school diploma or permitted equivalency;
  - Has provided all necessary documentation to complete required verification procedures by the University;
  - Is maintaining satisfactory academic progress (as defined);
  - Has a valid financial assistance transcript from any previously attended institutions; and
  - That professional judgment was made by the Financial Assistance Administrator, appropriately documented, to conform with the intent of a needs analysis formula.

Findings of Noncompliance:

NONE

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Disbursements

- We reviewed, evaluated, and documented procedures for (1) Completing loan applications; (2) Recording financial transactions; (3) Requesting and disbursing funds by payment periods and within required time frames and restrictions; and (4) Conducting entrance and exit counseling.

- We judgmentally selected a sample of student files to test the aforementioned criteria.

Findings of Noncompliance:

NONE

Return of Title IV Funds

- We reviewed, evaluated, documented and tested the procedures by which the University identifies students who either were or should have been withdrawn, dropped, terminated or who are on a leave of absence.

- We reviewed and tested the University's procedures to determine the appropriate refund due the student and/or the financial assistance program, and tested that the refunds were paid within due dates.

Findings of Noncompliance:

NONE

GAPS and Cash Management

- We reviewed, evaluated, and documented the University's procedures for forecasting cash needs, entering drawdown requests into GAPS, and disbursing SFA funds.

- We judgmentally selected a sample of drawdowns to test for regulatory compliance.

Findings of Noncompliance:

NONE

Perkins Loan

- We reviewed, evaluated and documented the University's methodologies for determining compliance with Perkins collections and due diligence requirements, and entering Federal Perkins Loan data and grant overpayments into the National Student Loan Data System.

Perkins Loan - continued

- We selected a sample of Federal Perkins Loans which are representative of the loans in the University's portfolio and tested their compliance with applicable SFA requirements.

Findings of Noncompliance:

NONE

Administrative Capability

- We reviewed, evaluated, and documented the University's methodologies for determining compliance with the administrative capability requirements listed in Part II of the SFA Audit Guide.

- We determined that the University has established, published and is applying the required minimum standards for measuring student satisfactory academic progress.

- We reviewed, evaluated and determined that the University has adequate controls over electronic processing.

- We reviewed the University's annual security report; determined that it contained all information required; and that it was distributed as required.

- We ascertained that annual information regarding completion or graduation rates and transfer-out rates of certificate or degree-seeking full-time undergraduate students was disseminated to all enrolled students or, as requested, to prospective students.

Findings of Noncompliance:

NONE

Prior Year Matters

NONE

This report is intended solely for the information and use of the Board of Trustees, management and others within Fitchburg State University and is not intended to be and should not be used by anyone other than these specified parties.

Ercolini & Company LLP

Boston, Massachusetts
October 18, 2011

Foundation
Audit Agenda

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4555 ■ Fax 978.665.3376

Fitchburg State University Foundation, Inc.
Audit Committee
Tuesday, October 18, 2011
11:00 a.m.
President's Conference Room, Sanders Administration Building
300 Highland Avenue, Fitchburg, MA 01420

AGENDA

I. Call to Order

II. Public Comments

III. Consideration of minutes from previous meeting

  a. October 15, 2010

IV. Presentation of Independent Auditor's Report, Ercolini & Company, LLP

  a. Jay Kaufman, CPA, Partner; Phil Weitzel, CPA, Partner; Jeffrey Caputi, Audit Supervisor

V. Votes Required

  a. FY 2011 Audit – **AUD-01-10182011**

VI. Other Business

VII. Adjournment

FOUNDATION BOARD OF DIRECTORS AUDIT COMMITTEE
SUPPORTING ORGANIZATION
JOINT MEETING

Friday, October 15, 2010 at
10:00 a.m.
Fitchburg State University
President's Hall
Guglielmi Mazzaferro Center

Members Present: President Robert V. Antonucci, Robert C. Alario, Gail Allen, Esq., David Celuzza, Martin F. Connors Jr., Barbara Fiske, Scott Foster, Richard Healey, Edward Manzi, Sheila Sykes

Members Absent: Jay Bry, David Rodgers, Joseph Sova

Also Attending: Cathleen Daggett, Mary Lynn Leary, Jacklynn Taylor, Karen Sharpe

Auditors: Jay Kaufman, CPA, Audit Partner, Philip Weitzel, CPA, Audit Partner, Jeffrey Caputi, Audit Supervisor

The meeting was called to order at 10:00 a.m. by President Robert V. Antonucci

President Robert V. Antonucci welcomed everyone to the meeting. He mentioned that this would be a joint meeting of the Board of Trustees and the Foundation Audit Committee and Supporting Organization Committee.

Robert Alario requested that a motion be made to accept the minutes of the Foundation Audit Committee held on October 13, 2009.

> **Upon a motion made by Gail Allen and seconded by Scott Foster the members voted unanimously to accept the minutes of the Foundation Audit Committee held on October 13, 2009.**

Robert V. Antonucci requested that a motion be made to accept the minutes of the four meetings of the Foundation Supporting Organization Committee held on November 4, 2009, December 15, 2009, March 3, 2010 and September 7, 2010.

Upon a motion made by Scott Foster and seconded by David Celuzza the members voted unanimously to accept the minutes of the four meetings of the Foundation Supporting Organization Committee held on November 4, 2009, December 15, 2009, March 3, 2010 and September 7, 2010.

Jay Kaufman, Philip Weitzel and Jeffrey Caputi, from Ercolini & Company LLP, presented the Committee with the results of the Foundation Audits.

Discussed as follows:

- Stand alone financial statements issued for the Supporting Organization
- Independent Auditor's Report
- Review of Financial Statements: Management's Executive Summary
- Highlights of Financial Statements including Investment performance, Contributions receivable and major donors, property acquisitions and related Financing
- Significant Events, unusual or infrequent events
- Impairment loss on Main Street property (Supporting Organization)
- Other-than-temporary impairment write-down of investment in Commonfund Realty Investors, Inc.
- Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) which became effective on July 1, 2009
- Major donation of remainder interest in charitable trust with expected proceeds Of approximately $970 K expected to be received in FY2011
- Subsequent event – donation of computer software and related license with a value of approximately $2.8 million received in September 2010
- Comparisons between years

The audits were conducted 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 audits disclosed no instances of noncompliance.

Upon a motion duly made by Martin F. Connors and seconded by Gail Allen, the Committee voted unanimously to accept the results of the Audit.

Robert Antonucci requested that a motion be made to accept the results of the Foundation Supporting Organization.

Upon a motion duly made by Scott Foster and seconded by David Celuzza, the Committee voted unanimously to accept the results of the Supporting Organization.

President Robert V. Antonucci invited everyone to attend the combined celebration of the recent designation as a university and the groundbreaking of the new Science Center on Tuesday, October 26 at 3:30 p.m. in Weston Auditorium.

President Antonucci adjourned the meeting at 10:50 a.m.

Respectfully submitted by Jacklynn Taylor

Foundation Exec.
Summary & Audit

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4555 ▪ Fax 978.665.3376

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.
Executive Summary
Report on Audit of Consolidated Financial Statements
Years Ended June 30, 2011 and 2010

The Foundation received an *unqualified report* from its auditors and there were no issues or findings that arose during the audit.

Consolidated Statement of Financial Position (page 2):

- Total assets increased by approximately $1.3 million due primarily to capital campaign donations and investment gains.
- Property & equipment decreased due to the sale of 145 North Street. The Foundation, through donation acquired $20,700 in photography equipment for the Communications Media department.

Consolidated Statement of Activities (page 3):

- There was an overall increase of $1.6 million in net assets at year end resulting from capital campaign donations and investment gains as mentioned above. Unrestricted gifts and donations were approximately $248,000. Total gifts and donations were $3,464,000 and include a $2.8 million donation of software for the Industrial Technology department.
- Rental income, license fees and residence hall fees totaled $543,000 and are made up of rents and fees paid by the University for the use of various properties and fees paid by students for 185 North Street.
- Interest and dividend income totaled $190,000. Investment gains totaled $1.4 million.
- Program expenses increased primarily due to the booking a corresponding expense of $2.8 million for the donated software mentioned above.
- Management and general expenses increased due to the additional maintenance fees for the Razor's Edge software.
- Fundraising expenses increased due expenses related to final capital campaign initiatives (Race to the Finish).

Consolidated Statement of Cash Flows (pages 4 - 5):

- $312,000 in positive cash flow was provided by operating activities. There was an overall net increase in cash of approximately $658,000.
- Proceeds from the sale of property totaled $119,000.
- Cash paid for interest was $227,000.

Notes to the Financials Statements (pages 6-34):

- Most of the notes are standard disclosures.
- Detail on investments is disclosed in Note 3 beginning on page 14, as well as Note 5 beginning on page 20.
- Detail on property and equipment and its related debt is disclosed in Note 6 beginning on page24 and Notes 10 and 11 beginning on page 25.
- Related party transactions are disclosed in Note 14 on page 33.

Consolidated Statement of Functional Expenses (page 36):

- This statement presents expenses by major activity and purpose. The significant variances from fiscal 2010 have been mentioned above.

October XX, 2011

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

To the Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

We have audited the consolidated financial statements of Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc. (formerly known as Fitchburg State College Foundation, Inc. and FSC Foundation Supporting Organization, Inc.) (collectively referred to hereinafter as the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October XX, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated April 28, 2011, our responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement, and to express an opinion about whether the consolidated financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the Organization's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement, we performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters in April, 2011.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. This letter communicates any significant findings as a result of our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the 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 Organization are described in Note 1 to the consolidated financial statements.

During the year ended June 30, 2011, the Organization adopted new Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements and Disclosures, Improving Disclosures about Fair Value Measurements.* This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on significant transfers of assets and liabilities in and out of Level 1 (quoted prices in active markets for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. The guidance also clarifies certain existing disclosures. Additionally, commencing in fiscal 2012, the guidance requires separate disclosure in the reconciliation of Level 3 fair value measurements (significant unobservable inputs) of information on purchases, sales, issuances, and settlements of the assets and liabilities measured using Level 3 inputs. Adoption by the Organization of the applicable required disclosures in fiscal 2011 had no impact on the Organization's consolidated financial statements. Adoption of the required disclosures for fiscal 2012 is not expected to have any impact on the Organization's 2012 consolidated financial statements.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements are management's estimate of the allowance for doubtful collections for contributions receivable and the fair value of the Commonfund Realty Investors, Inc. investment. Management's estimate of the allowance for doubtful collections for contributions receivable is based on its historical experience and an analysis of the collectability of individual pledges receivable. We evaluated the key factors and assumptions used by management to develop the allowance for doubtful collections for contributions receivable in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

The fair value for the Organization's investment in the Commonfund Realty Investors, Inc. is based upon the estimated net asset value provided by the Commonfund's management in consultation with its respective investment managers. This investment was written down to zero in the prior fiscal year and there has been no asset recovery since then. Management closely monitors the investment and reviews investment activity and valuations when and if provided by the Commonfund. No such valuations have been provided in the most recent year ended June 30, 2011. We reviewed management's procedures for monitoring this investment and oversight of its professional investment advisor and believe them to be reasonable, in the circumstances.

The disclosures in the consolidated financial statements are neutral, consistent, and clear. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the consolidated financial statements are the disclosures related to the Organization's investments found in Notes 3 and 5 to the consolidated financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings - continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were noted during the audit. The attached schedule summarizes uncorrected misstatements of the consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October XX, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Boards of Directors and management of Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Very truly yours,

Ercolini & Company LLP

AUDIT DIFFERENCE EVALUATION FORM

Index: **F1000-03**

Project Owner: **Fitchburg State University Foundation, Inc.**

Balance Sheet Date: 06/30/11

Completed by: WHJ

A List of Known Audit Differences Over: $3,000

Reviewed by: Jay Kaufman

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Instructions

This form should be used to accumulate known audit differences detected by nonsampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. The current year effect of prior years' uncorrected audit differences should also be summarized on the form. This form should not include normal closing entries that the client expects the auditor to prepare and book. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude whether they materially misstate the financial statements taken as a whole. (See the NOTES following the table for a listing of qualitative considerations in evaluating materiality.) If the project owner has more than one major program, the materiality of the uncorrected audit differences should also be made at the major program level.

			Financial Statement Effect—Amount of Over (Under) Statement of:				
Description (Nature) of Audit Difference	**Cause**	**Audit Doc. Reference**	**Total Assets**	**Total Liabilities**	**Net Assets (Deficit)**	**Revenues**	**Change in Net Assets Over(Under)**
Building improvements	Expensed	SO-X-02	(6,000)		(6,000)		
Depreciation on above	20 yr life		750		300		300
Total			($5,250)	$0	($5,700)	$0	$300
Less Audit Adjustments Subsequently Booked							0
Net Unadjusted Audit Differences—This Year			($5,250)	$0	($5,700)	$0	$300
Effect of Unadjusted Audit Differences—Prior Years						0	0
Net Audit Differences			($5,250)	$0	($5,700)	$0	$300
Combined Financial Statement Caption Totals			$18,903,919	$3,906,997	$14,996,922	$5,949,209	$1,642,182
Net Audit Differences as % of F/S Captions			-0.03%	0.00%	-0.04%	0.00%	0.02%

Conclusion: Based on the results of the evaluation performed above, uncorrected audit differences, individually and in the aggregate, ☐ do X do not cause the financial statements taken as a whole to be materially misstated. Pass adjustments, immaterial JK

AUDIT DIFFERENCE EVALUATION FORM

Index F1000-03

Project Owner: **Fitchburg State University Foundation, Inc.**

Balance Sheet Date: 06/30/11

Completed by: WHJ

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Qualitative Considerations in Evaluating Materiality

The judgment about whether a misstatement is material is influenced by qualitative considerations as well as quantitative considerations. The following are examples of qualitative factors that might be considered:

1. Effect on other financial statement components (that is, the pervasiveness of the misstatement).
2. Effect of the misstatement on overall trends in profitability, such as a misstatement that reverses a downward trend of earnings or changes a loss into income.
3. Significance of the financial statement element or portion of the company's business affected by the misstatement.
4. Effect of the misstatement on the project owner's compliance with loan covenants, HUD requirements, other contractual agreements, or regulatory provisions.
5. The existence of statutory or regulatory requirements affecting materiality thresholds.
6. A misstatement that affects management's compensation (for example, meeting an earnings target might trigger a bonus).
7. The sensitivity of the circumstances (such as implications of misstatements involving fraud, possible illegal acts, violations of contractual provisions, or conflicts of interest).
8. The effects of misclassifications that could be significant to the financial statement users.
9. Significance of the misstatement or disclosures in relation to known user needs (for example, a misstatement that could have a significant effect on the calculation of purchase price if the project is being acquired).
10. The character of the misstatement (for example, the precision of the audit differences).
11. Motivation of management.
12. Offsetting effects of individually significant misstatements.
13. Potential effect on future periods.
14. Cost of making the correction.
15. Risk of possible additional undetected misstatements.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2011

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2011

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

CONTENTS

INDEPENDENT AUDITOR'S REPORT

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

To the Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

We have audited the accompanying consolidated statement of financial position of Fitchburg State University Foundation, Inc. (formerly known as Fitchburg State College Foundation, Inc.) (a not-for-profit organization) as of June 30, 2011, and the related consolidated statements of activities, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of the Foundation. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2010 consolidated financial statements and, in our report dated October 15, 2010, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fitchburg State University Foundation, Inc. as of June 30, 2011, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October __, 2011 on our consideration of Fitchburg State University Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the year ended June 30, 2011. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our 2011 audit.

Ercolini & Company LLP

Boston, Massachusetts
October __, 2011

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

(with comparative totals as of June 30, 2010)

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

	2011	2010
ASSETS		
Cash and equivalents	$ 2,270,542	$ 1,612,966
Cash held in escrow	-	75,053
Investments	10,118,447	9,125,899
Accrued investment income receivable	5,518	56,517
Accounts receivable	5,393	2,309
Contributions receivable, net	1,500,865	1,510,853
Prepaid expenses and other current assets	33,665	18,445
Property and equipment, net of accumulated depreciation	4,815,752	5,002,205
Deferred financing costs, net of accumulated amortization of $14,116 and $10,646, respectively	44,618	48,088
Other assets	109,119	102,211
Total assets	$ 18,903,919	$ 17,554,546
LIABILITIES AND NET ASSETS		
Accounts payable, trade	$ 68,661	$ 80,251
Accrued interest payable	12,320	10,653
Deferred revenue	22,405	42,005
Bank line of credit	-	125,000
Notes payable - bank	681,816	717,056
First mortgage notes payable	3,121,795	3,224,841
Total liabilities	3,906,997	4,199,806
Net assets:		
Unrestricted	3,603,607	3,103,413
Temporarily restricted	3,077,888	2,093,525
Permanently restricted	8,315,427	8,157,802
Total net assets	14,996,922	13,354,740
Total liabilities and net assets	$ 18,903,919	$ 17,554,546

See notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

(with comparative totals for the year ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Revenue and support:					
Program revenues:					
Gifts and donations	$ 248,275	$ 3,064,861	$ 150,716	**$ 3,463,852**	$ 1,519,518
Grants and contracts	-	44,036	-	**44,036**	20,880
Sales and services	149,169	162,952	-	**312,121**	270,495
Rental income	165,000	-	-	**165,000**	165,000
Residence hall income	200,120	-	-	**200,120**	185,873
License fee income	177,455	-	-	**177,455**	108,875
Other revenue:					
Interest and dividends	55,445	134,866	-	**190,311**	237,186
Gain (loss) on investments	393,963	995,442	-	**1,389,405**	795,810
Increase in cash surrender value of life insurance	-	-	6,909	**6,909**	4,816
Net assets released from restrictions	3,417,794	(3,417,794)	-	**-**	-
Total revenue and support	4,807,221	984,363	157,625	**5,949,209**	3,308,453
Expenses:					
Program services	4,014,171	-	-	**4,014,171**	1,375,684
Management and general	167,630	-	-	**167,630**	128,861
Fund raising	125,226	-	-	**125,226**	46,441
Total expenses	4,307,027	-	-	**4,307,027**	1,550,986
Increase (decrease) in net assets	500,194	984,363	157,625	**1,642,182**	1,757,467
Net assets at beginning of year	3,103,413	2,093,525	8,157,802	**13,354,740**	11,597,273
Net assets at end of year	$ 3,603,607	$ 3,077,888	$ 8,315,427	**$ 14,996,922**	$ 13,354,740

See notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

(with comparative totals for the year ended June 30, 2010)

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

	2011	2010
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 1,642,182	$ 1,757,467
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
(Gain) loss on investments	(1,389,405)	(795,810)
(Gain) loss on sale of land	4,400	-
Impairment loss	-	275,670
Depreciation	98,260	78,055
Discount on pledges	(10,350)	(18,702)
Amortization of deferred financing costs	3,470	3,470
Contribution of equipment	(20,738)	-
Contributions of investment securities	-	(50,940)
Contributions restricted for long term purposes	(150,716)	(1,063,287)
Increase in cash surrender value of life insurance	(5,035)	(2,942)
(Increase) decrease in accounts receivable	(3,084)	6,821
(Increase) decrease in accrued investment income receivable	50,999	6,402
(Increase) decrease in contributions receivable	121,742	214,178
(Increase) decrease in prepaid expenses and other current assets	(15,220)	24,054
Increase (decrease) in accounts payable, trade	3,027	45,750
Increase (decrease) in accrued interest payable	1,667	5,929
Increase (decrease) in deferred revenue	(19,600)	396
Net cash provided by (used in) operating activities	311,599	486,511
Cash flows from investing activities:		
Payments for property and equipment	(28,956)	(672,107)
Proceeds from sale of investments	11,337,424	1,091,587
Proceeds from sale of land	118,870	-
Purchase of investments	(10,940,567)	(506,843)
Release of cash held in escrow	75,053	-
Deposit to cash held in escrow, including interest earned	-	(75,053)
Life insurance premiums	(1,874)	(1,874)
Net cash provided by (used in) investing activities	559,950	(164,290)

See notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

YEAR ENDED JUNE 30, 2011

(with comparative totals for the year ended June 30, 2010)

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

	2011	2010
Cash flows from financing activities:		
Proceeds of first mortgage notes payable	$ -	$ 300,000
Payments on first mortgage notes payable	(103,046)	(94,004)
Net proceeds of (payments on) bank line of credit	(125,000)	125,000
Proceeds of notes payable - bank	-	77,952
Payments on notes payable - bank	(35,240)	(19,755)
Collections of contributions restricted for long term purposes	49,313	80,853
Net cash provided by (used in) financing activities	(213,973)	470,046
Net increase (decrease) in cash and equivalents	657,576	792,267
Cash and equivalents, beginning of year	1,612,966	820,699
Cash and equivalents, end of year	$ 2,270,542	$ 1,612,966
Supplemental disclosure of cash flow information:		
Cash paid for interest during the year	$ 226,913	$ 216,679
Supplemental schedule of noncash investing and financing activities:		
Donation of equipment at estimated fair value	$ 20,738	$ -
Donations of publicly traded common stock at their readily determinable fair values	$ -	$ 50,940
Costs incurred for purchase of property and equipment	$ 14,339	$ 686,724
Accounts payable, trade, beginning of year	14,617	-
Accounts payable, trade, end of year	-	(14,617)
Payments for property and equipment	$ 28,956	$ 672,107

See notes to consolidated financial statements.

1. Organization and summary of significant accounting policies:

Organization:

Fitchburg State University Foundation, Inc. (the Foundation) (formerly known as Fitchburg State College Foundation, Inc.) was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University (the University), to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci-Cirio endowment and the University's Booster Clubs.

On November 24, 2010, the Commonwealth of Massachusetts approved a name change from Fitchburg State College Foundation, Inc. to Fitchburg State University Foundation, Inc.

FSU Foundation Supporting Organization, Inc. (the Supporting Organization) (formerly known as FSC Foundation Supporting Organization, Inc.) was organized on October 29, 1999 to be a supporting organization operated, supervised and controlled for the exclusive benefit of the Foundation and all of its educational and charitable activities. On November 26, 2010, the Commonwealth of Massachusetts approved a name change from FSC Foundation Supporting Organization, Inc. to FSU Foundation Supporting Organization, Inc. As of June 30, 2011, the Supporting Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and Fitchburg State University.

The Foundation and the Supporting Organization are collectively referred to hereinafter as the Organization.

Summary of significant accounting policies:

Principles of consolidation:

The consolidated financial statements include the accounts of the Foundation and the Supporting Organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

Professional standards require that a not-for-profit organization consolidate another not-for-profit organization if the reporting not-for-profit (Foundation) has both control and an economic interest in the other not-for-profit organization (Supporting Organization). The Supporting Organization's Articles of Organization limit its activities to those that are for the exclusive benefit of the Foundation.

Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. **Organization and summary of significant accounting policies - continued:**

Method of accounting:

The consolidated financial statements of the Organization have been prepared on the accrual basis, whereby income is recorded when earned and expenses recorded when incurred in the appropriate accounting period.

Basis of presentation:

The consolidated financial statements of the Organization are presented in accordance with guidance issued by the Financial Accounting Standards Board (FASB) for the presentation of financial statements of Not-for-Profit Entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent the portion of expendable funds available for support of the Organization.

Temporarily restricted net assets represent contributions specifically restricted by the donor. Programs supported by the Organization operate under budgetary restrictions except for the Women in Today's Society program. Income earned from support derived by the Women in Today's Society program is restricted; ninety percent (90%) of such income is available for the Women in Today's Society program with ten percent (10%) available for general Organization expenses.

Permanently restricted net assets represent funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income, only, be used primarily for the granting of scholarships and to fund other academic and cultural programs. Earnings on certain permanently restricted net assets are specifically restricted by the donor.

Risks and uncertainties:

The Organization maintains an investment portfolio consisting of a combination of U.S. Treasury securities and other government obligations, corporate bonds, equity securities and mutual funds that are invested in equity securities, bonds and other investment securities. The Organization's investments in equity securities, corporate bonds and mutual funds include both domestic and foreign investments. In addition, the Organization has an investment in a real estate fund that is invested in a diversified portfolio of office, residential, industrial and retail properties. Investment securities and real estate investments are exposed to various risks, such as interest rate, market, and credit risks. Real estate investments are exposed to additional risks based on investment concentrations by specific property type and geographic area. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Organization's investment account balances.

Revenue recognition:

Contributions and bequests -

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected

1. **Organization and summary of significant accounting policies - continued:**

Revenue recognition - continued:

Contributions and bequests - continued -

to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. It is the Organization's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Sales and services -

Sales and services revenue primarily consists of revenue generated from various cultural programs, functions and events organized by the Organization. Revenue is recognized when the programs, functions and events have taken place and as services are performed. Revenues received for future programs, functions and events are deferred to the applicable year in which they are earned.

Rental and license fee income -

Renting and leasing operations currently consist of leasing commercial space under a long-term lease agreement with the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of Fitchburg State University. In addition, the Organization granted Fitchburg State University an exclusive license to occupy, manage, maintain and operate certain other property owned by the Organization pursuant to a License Agreement with an initial term of one year and automatic annual renewals thereafter. Rental and license fee income are recognized under the operating method as the rentals and license fees become due. Rental and license fee payments received in advance are deferred until earned.

Residence hall income -

Residence hall fees are recognized when earned.

Cash and investments:

The Organization maintains cash and an investment pool that is available for use by all funds. Each fund's portion is reflected in the consolidated financial statements under cash and equivalents and investments. Earnings on cash and investments of the unrestricted net assets and temporarily restricted net assets are reflected in the fund in which the assets are recorded.

1. Organization and summary of significant accounting policies - continued:

Accounts receivable:

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments:

Investments consist of debt, marketable equity securities, mutual funds, a pooled investment real estate fund and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net assets, unless a donor or law temporarily or permanently restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold.

The Organization's investment policy consists of a target asset allocation range of 50% to 60% equity securities, 30% to 50% fixed income securities and up to 10% in cash and equivalents.

Endowments:

The Organization's endowments consist of approximately 85 individual funds that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. No funds have been designated by the Board of Directors to function as endowments as of June 30, 2011. In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors 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 Organization has interpreted the Massachusetts 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. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of the Organization and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Organization, and (vii) the investment policies of the Organization.

1. **Organization and summary of significant accounting policies - continued:**

Endowments - continued:

Investment and Spending Policies -

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds, if any. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

The Organization's performance goals are to provide an average annual total rate of return, net of fees, that equals or exceeds its spending rate plus inflation (CPI) over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by the Organization's asset allocation target percentages over a rolling five-year period. The Organization's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. The Organization's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, the Organization considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Organization expects the current spending policy to be consistent with the Organization's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2011 and 2010, there were no deficiencies of this nature.

Property and equipment:

Property and equipment are recorded at cost, if purchased or constructed and, if donated, at fair value at the time of the donation. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 40 years for buildings, 20 years for building and land improvements, 7 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment.

1. **Organization and summary of significant accounting policies - continued:**

Property and equipment - continued:

Generally, all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000 are capitalized to property and equipment.

Impairment of long-lived assets:

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by obtaining a market appraisal or by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

Deferred financing costs:

Deferred financing costs consist of costs incurred to obtain the first mortgage notes payable. These costs are being amortized on a straight-line basis over the terms of the related debt.

Statement of cash flows:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income taxes:

The Foundation and the Supporting Organization are classified by the Internal Revenue Service as "publicly supported organizations" exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation or Supporting Organization's tax-exempt purposes are subject to taxation as unrelated business income. The Foundation has unrelated business income for the year ended June 30, 2011. The income and related income taxes thereon, which are not material, are included in the accompanying financial statements. The Supporting Organization had no unrelated business income for the year ended June 30, 2011.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the consolidated financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2011. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Foundation and Supporting Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2008, 2009 and 2010.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. **Organization and summary of significant accounting policies - continued:**

Summarized comparative financial information:

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Reclassifications:

Certain reclassifications have been made to the 2010 consolidated financial statements to conform to the 2011 presentation.

Subsequent events:

The Organization has evaluated subsequent events through October __, 2011, which is the date these consolidated financial statements were issued.

Recent accounting pronouncements:

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on significant transfers of assets and liabilities in and out of Level 1 (quoted prices in active markets for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and timing of the transfers. Additionally, the guidance requires separate disclosure in the reconciliation of Level 3 fair value measurements (significant unobservable inputs) of information on purchases, sales, issuances, and settlements of the assets and liabilities measured using Level 3 inputs. The guidance also clarifies certain existing disclosures. The new disclosures and clarifications of existing disclosures are effective for fiscal years and interim periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the reconciliation of Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Adoption by the Organization of the applicable required disclosures in fiscal 2011 had no impact on the Organization's consolidated financial statements. The Organization does not believe that its adoption of the required disclosures for fiscal year 2012 will have a material impact on the Organization's consolidated financial statements.

In May, 2011, the FASB issued guidance which further amends the measurement and disclosure requirements related to recurring and nonrecurring fair value measurements. The standard clarifies the fair value measurement guidance applicable to highest-and-best-use and valuation premise, measuring fair value of an instrument classified in equity and financial instruments managed within a portfolio, and the application of premiums and discounts in a fair value measurement. Additionally, the guidance requires expanded disclosure of fair value measurements categorized in Level 3, use of an asset in a way that differs from the asset's highest-and-best-use, and items not measured at fair value but for which fair value is required to be disclosed. These disclosures are effective for fiscal years and interim periods beginning after December 15, 2011. The Organization does not believe that its adoption of this guidance in fiscal year 2013 will have a material impact on the Organization's consolidated financial statements.

2. **Cash and equivalents:**

Cash and equivalents consist of the following at June 30:

	2011	2010
Cash and other demand deposits	$ 1,886,488	$ 1,137,302
Money Market Funds	384,054	475,664
	$ 2,270,542	$ 1,612,966

Money market funds include the SSgA US Government Money Market Fund in the aggregate amount of $154,884 at June 30, 2011. The SSgA US Government Money Market Fund invests in obligations of the U.S. Government, or its instrumentalities with remaining maturities of one year or less. The fund seeks to maximize current income to the extent consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2011, the fund's investment securities had a weighted average maturity of 26 days. The fund had an average credit quality rating of Aaa-mf at June 30, 2011.

Money market funds include the Schwab Advisor Cash Reserves Fund in the aggregate amount of $31,140 at June 30, 2011. The Schwab Advisor Cash Reserves Fund invests in high-quality short-term money market investments issued by U.S. and foreign issuers. The fund's goal is to seek the highest current income consistent with stability of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2011, the fund's investment securities had a weighted average maturity of 40 days. The fund was not rated for average credit quality at June 30, 2011.

Money market funds include the Dreyfus Cash Management Institutional - Shares Fund in the aggregate amount of $198,030 at June 30, 2011. The Dreyfus Cash Management Institutional - Shares Fund invests in a diversified portfolio of high-quality, short-term debt securities, including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The fund's goal is to seek as high a level of income as is consistent with the preservation of capital and the maintenance of liquidity. The fund seeks to preserve the value of the fund at $1.00 per share net asset value. At June 30, 2011, the fund's investment securities had a weighted average maturity of 38 days. The fund had an average credit quality rating of AAAm at June 30, 2011.

Money market funds include the JPMorgan Prime Money Market Fund in the aggregate amount of $237,829 at June 30, 2010. The JPMorgan Prime Money Market Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, repurchase agreements and reverse repurchase agreements, taxable municipal obligations and funding agreements issued by banks and highly rated U.S. insurance companies. The fund aims to provide the highest possible level of current income while still maintaining liquidity and preserving capital. At June 30, 2010, the fund's investment securities had a weighted average maturity of 36 days. The fund had an average credit quality rating of AAAm at June 30, 2010.

Money market funds include the State Street Institutional Liquid Reserves Fund in the aggregate amount of $237,835 at June 30, 2010. The State Street Institutional Liquid Reserves Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, variable and floating rate notes and repurchase agreements. The fund seeks to maximize current income to the extent consistent with preservation of capital and liquidity and the maintenance of a stable

2. Cash and equivalents - continued:

$1.00 per share net asset value, by investing in U.S. dollar-denominated money market securities. At June 30, 2010, the fund's investment securities had a weighted average maturity of 29 days. The fund had an average credit quality rating of AAAm at June 30, 2010.

The Organization maintains its operating cash balances in financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Included in cash and equivalents at June 30, 2011 are overnight repurchase agreements in the amounts of $1,624,569 and $124,540 each at an interest rate of .15% per annum. Included in cash and equivalents at June 30, 2010 are overnight repurchase agreements in the amounts of $674,304 and $21,167 each at an interest rate of .15% per annum. At June 30, 2011 and 2010, the Organization's overnight repurchase agreements were fully collateralized under an agreement between Sovereign Bank and Fitchburg State University. At June 30, 2011 and 2010, the Organization's uninsured cash and equivalent balances, including the SSgA US Government Money Market Fund, Schwab Advisor Cash Reserves Fund, Dreyfus Cash Management Institutional - Shares Fund, JPMorgan Prime Money Market Fund, and State Street Institutional Liquid Reserves Fund, amounted to $384,054 and $578,701, respectively.

The Organization's cash balances fluctuate throughout the year and may exceed insured limits from time to time. The Organization has not experienced any losses on its accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

3. Investments:

During the first half of fiscal 2011, the Organization liquidated all of its investments held by Commonfund, with the exception of Commonfund Realty Investors, LLC, and transferred the proceeds to three new professional investment management firms.

Investments, included at their fair values in the accompanying 2011 consolidated financial statements, consist of the following at June 30, 2011:

	Cost	Fair Value
Equities	$ 4,503,714	$ 4,833,905
Preferred stock	201,927	203,862
Mutual funds	2,681,710	2,775,217
Corporate bonds	907,401	900,809
U.S. government securities	1,406,291	1,404,654
Commonfund Realty Investors, LLC	-	-
	$ 9,701,043	$ 10,118,447

At June 30, 2011, net unrealized gains in the Organization's investment portfolio amounted to $417,404.

At June 30, 2011, equities include securities in the consumer goods sector which represent 13% of the fair value of the Organization's investment portfolio.

3. **Investments - continued:**

At June 30, 2011, 9% of the fair value of the Organization's investment portfolio represents foreign investments.

Investments with an equivalent fair value of $1,287,000 collateralize certain debt agreements (see Notes 9 and 11).

Commonfund Realty Investors, LLC (the Fund) is a commingled, open-end real estate investment fund specifically designed to meet the needs of endowments, foundations and other tax-exempt investors. The Fund is composed of income oriented, value-add and development properties that are combined to create a value-added portfolio with a strong focus on distributable income. The Fund's investment objective is to earn an average annual net return of 11-15% over long periods of time by following a disciplined investment strategy and actively managing all investments. The Fund seeks to mitigate risk through diversification by property type and geographic area. The Fund expects to reinvest proceeds from the sale of investments unless such proceeds are needed to satisfy redemptions. The Fund seeks to periodically make distributions of operating cash flow if funds are available.

The Foundation made a capital commitment to the Commonfund Realty Investors, LLC totaling $485,000, of which $246,623 was funded as of June 30, 2007. The remaining commitment of $238,377 was funded in August, 2007. Investment units in the Fund are not deemed to be readily marketable as investors may only elect, once each year during September, to have the Fund redeem up to 20% of the units they have owned for at least five years. Redemptions are processed at the Fund's net asset value at the date the redemption is paid. However, as discussed further below, the Fund may defer payment of these redemptions indefinitely, contingent on the results of the Fund's operations and the outcome of negotiations for the restructuring of the Fund's debt. No redemptions have been scheduled for payment by the Fund.

On June 30, 2010, the Organization wrote down its investment in Commonfund Realty Investors, LLC to zero representing its fair value based upon the latest available information (March 31, 2010) provided by its professional investment manager. The gross write-down amounted to a realized loss of $485,000 in fiscal 2010, and a related decrease in unrealized losses in fiscal 2010 of $314,379 representing the previously recorded unrealized losses as of June 30, 2009. These amounts are included in gain (loss) on investments in the 2010 consolidated statement of activities. The decline in the fair value of this investment resulted from the continuing disruptions in the global capital, credit and real estate markets. These disruptions, which were significant, have led to, among other things, a significant decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. This contraction in capital and declines in liquidity and prices of real estate, and real estate investments have had a significant adverse impact on this portfolio investment. Although the capital markets showed some signs of stabilizing in fiscal 2010, the investment fund's real estate investments continue to be adversely affected as the market value of commercial real estate did not recover, and liquidity and capital sources remained unavailable to the investment fund at sensible pricing. The investment fund had been experiencing negative operating results, an adverse liquidity position, major debt defaults, and uncertainty regarding the outcome of ongoing debt restructuring negotiations with certain of its lenders. The investment fund has no redemptions scheduled for payment to its investors. Due to these factors, in the opinion of management, the decline in fair value of this investment was considered to be other-than-temporary.

3. **Investments - continued:**

At June 30, 2011, the fair value of investments in debt securities by contractual maturities is as follows:

	Maturity				
	Within 1 year	1 - 5 Years	5-10 Years	More Than 10 Years	Total
Corporate bonds	$ 62,712	$ 536,411	$ 301,686	$ -	$ 900,809
U.S. government securities	103,652	1,120,611	180,391	-	1,404,654
	$ 166,364	$ 1,657,022	$ 482,077	$ -	$ 2,305,463

Investments, included at their fair values in the accompanying 2010 consolidated financial statements, consist of the following at June 30, 2010:

	Cost	Fair Value
Commonfund (pooled investment funds):		
Intermediate Term Fund	$ 41,050	$ 36,734
Multi-Strategy Equity Fund	5,128,882	5,712,167
Multi-Strategy Bond Fund	3,091,150	3,376,998
Commonfund Realty Investors, LLC	-	-
	$ 8,261,082	$ 9,125,899

At June 30, 2010, net unrealized gains in the Organization's investment portfolio amounted to $864,817.

The Intermediate Term Fund invested in high-quality fixed income securities with maturities generally ranging from 1-3 years. The fund's objective is to exceed the performance of the Merrill Lynch 1-3 Year Treasury Index.

The Multi-Strategy Equity Fund invested in equity securities across strategies in proportions that were considered to be optimal for a fully diversified equity portfolio. The fund's objective is to add value over long time periods, above the return of the U.S. equity market as measured by the Standard & Poor's 500 Index.

The Multi-Strategy Bond Fund invested in debt securities across strategies in proportions that were considered to be optimal for a fully diversified fixed income portfolio. The fund's objective is to exceed the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index.

Realized and unrealized gains (losses) on investments are shown net in the consolidated statement of activities. The components (representing the year to year activity) for the years ended June 30, 2011 and 2010 are as follows:

3. **Investments - continued:**

	2011	2010
Net realized gains (losses)	$ 1,836,818	($ 465,347)
Unrealized gains	-	1,261,157
Unrealized losses	(447,413)	-
	(447,413)	1,261,157
Net gain(loss) on investments	$ 1,389,405	$ 795,810

The Organization incurred investment management fees of $42,923 in 2011 and $33,009 in 2010 which are included in management and general expenses in the consolidated statement of activities.

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2011.

	Less than 12 months		12 months or greater		Total	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities	$ 1,011,122	$ 60,586	$ -	$ -	$ 1,011,122	$ 60,586
Preferred stocks	59,968	254	-	-	59,968	254
Mutual funds	532,545	11,618	-	-	532,545	11,618
Corporate bonds	672,487	9,625	-	-	672,487	9,625
U.S. government securities	592,793	7,208	-	-	592,793	7,208
Total	$ 2,868,915	$ 89,291	$ -	$ -	$ 2,868,915	$ 89,291

Equities and preferred stocks

The Organization has one hundred and one investments in equities of which twenty-four were in an unrealized loss position at June 30, 2011. The Organization also has twenty investments in preferred stocks of which six were in an unrealized loss position at June 30, 2011. The fluctuation in the equity securities and preferred stocks reflects general economic conditions and current changes in the industries of the companies in which the securities are held. The Organization has evaluated the severity and duration of the impairments. Based on that evaluation and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

3. **Investments - continued:**

Mutual funds

The Organization has twenty mutual fund investments of which four are in an unrealized loss position at June 30, 2011. The mutual funds are invested in equities and debt securities of companies in diverse industries and reflect current general economic conditions. The Organization has evaluated the severity and duration of the impairment. Based on that evaluation and the Organization's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

Corporate bonds

At June 30, 2011, the Organization's investments in corporate debt securities were in the form of interest bearing securities of top-rated corporate issuers. The Organization has forty corporate debt security investments of which twenty-three are in an unrealized loss position at June 30, 2011. The securities in an unrealized loss position are comprised of fixed-rate debt securities of varying maturities. The value of fixed income securities is sensitive to interest rate fluctuations and the credit rating of the issuer.

There have been no indications of default on interest or principal payments by the issuers. The Organization does not intend to sell nor does it believe it would be required to sell the corporate bonds before their anticipated market value recovery. Accordingly, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2011.

U.S. government obligations

The Organization has nineteen U.S. government investment securities at June 30, 2011, of which eleven were in an unrealized loss position as a result of interest rate fluctuations. The contractual terms of the investments do not allow the issuer to settle the securities at a price less than the amortized cost of the investment. The Organization does not intend to sell nor does it believe it would be required to sell these investment securities before their anticipated market value recovery. Accordingly, the Organization does not consider the investments to be other-than-temporarily impaired at June 30, 2011.

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2010.

	Less than 12 months		12 months or greater		Total	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Intermediate Term Fund	$ 19,703	$ 1,290	$ 17,031	$ 3,026	$ 36,734	$ 4,316
Total	$ 19,703	$ 1,290	$ 17,031	$ 3,026	$ 36,734	$ 4,316

At June 30, 2010, the fair values and unrealized losses of the above investment in an unrealized loss position were not material to the Organization's consolidated financial statements.

3. Investments - continued:

The endowment net asset composition by type of fund at June 30, 2011 is as follows:

Fund Type	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ 530,960	$ 2,186,886	$ 8,315,427	$ 11,033,273

Changes in the endowment net assets for the year ended June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 338,182	$ 1,259,117	$ 8,157,802	$ 9,755,101
Investment return:				
Investment income	10,938	128,877	-	139,815
Appreciation (depreciation), realized and unrealized	192,777	975,801	-	1,168,578
Total investment return	203,715	1,104,678	-	1,308,393
Contributions	-	5,380	150,716	156,096
Other income	-	6,630	6,909	13,539
Appropriation of endowment assets for expenditure	(8,683)	(125,744)	-	(134,427)
Investment management fees	(2,254)	(29,904)	-	(32,158)
Transfer upon removal of donor restrictions	-	(33,271)	-	(33,271)
Endowment net assets, end of year	$ 530,960	$ 2,186,886	$ 8,315,427	$ 11,033,273

The endowment net asset composition by type of fund at June 30, 2010 is as follows:

Fund Type	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ 338,182	$ 1,259,117	$ 8,157,802	$ 9,755,101

3. Investments - continued:

Changes in the endowment net assets for the year ended June 30, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	($ 86,990)	$ 950,555	$ 7,114,356	$ 7,977,921
Investment return:				
Investment income	45,623	164,179	-	209,802
Appreciation (depreciation), realized and unrealized	425,172	291,416	-	716,588
Total investment return	470,795	455,595	-	926,390
Contributions	-	3,445	1,063,289	1,066,734
Other income	-	6,884	4,816	11,700
Appropriation of endowment assets for expenditure	(39,075)	(134,008)	-	(173,083)
Investment management fees	(6,548)	(23,354)	-	(29,902)
Transfer upon removal of donor restrictions	-	-	(24,659)	(24,659)
Endowment net assets, end of year	$ 338,182	$ 1,259,117	$ 8,157,802	$ 9,755,101

4. Contributions receivable:

Contributions receivable consist of the unpaid balances (net of discount and any allowance for uncollectible contributions) made on behalf of the Organization. The majority of the contributions receivable are generally pledged from North Central Massachusetts area contributors. The year-end balances are exclusive of potential contributions to be received as part of corporate matching gift programs. Unpaid Alumni Association telethon contributions from the previous fall and spring telethon campaigns are written off at the end of each fiscal year.

Due to the passing, in June, 2010, of an alumnus of Fitchburg State University, the Foundation received the remainder interest in a trust established by the individual. Based upon information received from the trustee, management estimated and recorded contribution revenue and a receivable in the amount of $970,000 at June 30, 2010. Based upon updated information received from the trustee as of June 30, 2011, management recorded additional contribution revenue and an additional receivable in 2011 in the amount of $114,966. At June 30, 2011, the total receivable due from the trust amounted to $1,084,966. On July 12, 2011, the Foundation received $1,092,583 from the trust and deposited it with one of its professional investment managers to be invested.

Contributions receivable consist of the following at June 30:

	2011	2010
Receivable in less than one year	**$ 1,406,930**	$ 1,272,718
Receivable in one to five years	**102,350**	259,900
Receivable in more than five years	**3,000**	-
	1,512,280	1,532,618
Discount on pledges	**(11,415)**	(21,765)
	$ 1,500,865	$ 1,510,853

4. Contributions receivable:

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of the contribution ranging from 2% to 4%.

Contributions receivable measured at fair value and net realizable value consist of the following at June 30:

	2011	2010
Measured at fair value	$ 382,835	$ 530,970
Measured at net realizable value	1,118,030	979,883
	$ 1,500,865	$ 1,510,853

5. Fair value measurements:

FASB's guidance on fair value measurements established a new framework for measuring fair value of assets and liabilities and expanded related disclosures. FASB's guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. FASB's guidance established a three-level valuation hierarchy based upon observable and non-observable inputs.

Fair value is the price the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. Preference is given to observable inputs.

The asset 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. FASB's guidance requires the use of observable data if such data is available without undue costs and effort.

The fair value hierarchy under the guidance is as follows:

Level 1 - Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

5. Fair value measurements - continued:

When available, the Organization uses unadjusted quoted market prices to measure the fair value and classifies such items within Level 1. Level 1 securities primarily include publicly-traded equity securities and mutual funds.

When quoted market prices are unobservable, the Organization uses quotes from independent pricing vendors based on recent trading activity and other relevant information including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable. At June 30, 2011, Level 2 securities consist primarily of corporate fixed income securities, U.S. government securities and preferred stocks. At June 30, 2010, Level 2 investments consisted of pooled investment funds held at the Commonfund with the exception of Commonfund Realty Investors, LLC which is considered a Level 3 asset. The fair values of these Level 2 assets are based upon estimated net asset values provided by the management of Commonfund, in consultation with its respective investment managers, with consideration given to quoted market prices, if available, the financial condition and operating results of the issuer, meaningful third-party transactions in the private market, and other relevant information generated by market transactions.

At June 30, 2011 and 2010, the Organization's assets included in Level 3 of the fair value measurement hierarchy consist of its investment in Commonfund Realty Investors, LLC and promises to give that are due in more than one year. As discussed in Note 3, the Organization wrote down its investment in Commonfund Realty Investors, LLC to zero at June 30, 2010 representing its estimate of the fair value of the investment at that date. As of June 30, 2011, management's estimate of the fair value of this investment remains unchanged. The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using a rate of return determined by management of the Organization.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes the valuation methods are 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 fair value measurement at the reporting date.

The fair value of assets measured on a recurring basis at June 30, 2011 is as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 4,833,905	$ 4,833,905	$ -	$ -
Preferred stocks	203,862	-	203,862	-
Mutual funds	2,775,217	2,775,217	-	-
Corporate bonds	900,809	-	900,809	-
U.S government securities	1,404,654	-	1,404,654	-
Commonfund Realty Investors, LLC	-	-	-	-
Contributions receivable	382,835	-	-	382,835
Total	$10,501,282	$ 7,609,122	$ 2,509,325	$ 382,835

5. **Fair value measurements - continued:**

The fair value of assets measured on a recurring basis at June 30, 2010 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Intermediate Term Fund	$ 36,734	$ -	$ 36,734	$ -
Multi-Strategy Equity Fund	5,712,167	-	5,712,167	-
Multi-Strategy Bond Fund	3,376,998	-	3,376,998	-
Commonfund Realty Investors, LLC	-	-	-	-
Contributions receivable	530,970	-	-	530,970
Total	$ 9,656,869	$ -	$ 9,125,899	$ 530,970

The changes in assets measured at fair value for which the Organization has used Level 3 inputs are as follows for the year ended June 30, 2011:

	Commonfund Realty Investors, LLC	Contributions receivable, net
Balances, July 1, 2010	$ -	$ 530,970
Realized gains (losses)	-	
Unrealized gains (losses)	-	
New promises received	-	38,000
Collections	-	(192,683)
Contribution revenue	-	6,548
	-	(148,135)
Balances, June 30, 2011	$ -	$ 382,835

5. Fair value measurements - continued:

The changes in assets measured at fair value for which the Organization has used Level 3 inputs are as follows for the year ended June 30, 2010:

	Commonfund Realty Investors, LLC	Contributions receivable, net
Balances, July 1, 2009	$ 170,621	$ 690,201
Realized gains (losses)	(485,000)	-
Unrealized gains (losses)	314,379	-
New promises received	-	64,376
Collections	-	(242,309)
Contribution revenue	-	18,702
	(170,621)	(159,231)
Balances, June 30, 2010	$ -	$ 530,970

6. Property and equipment:

Property and equipment at June 30, 2011 and 2010 consist of the following:

	2011	2010
Real estate under lease:		
Land	$ 402,663	$ 402,663
Building	1,557,724	1,557,724
Building improvements	100,452	100,452
	2,060,839	2,060,839
Real estate used for student housing:		
Land	253,555	253,555
Building	434,225	434,225
Building improvements	28,600	28,600
	716,380	716,380
Land	1,610,042	1,733,311
Land improvements	61,899	61,899
Buildings	556,478	556,478
Building improvements	39,569	39,569
Equipment	82,684	59,448
Computer software	355,845	344,005
Furniture and fixtures	22,287	22,287
Library materials	6,570	6,570
	5,512,593	5,600,786
Less accumulated depreciation	696,841	598,581
	$ 4,815,752	$ 5,002,205

6. **Property and equipment - continued:**

Accumulated depreciation on real estate under lease amounted to $209,152 and $165,187 at June 30, 2011 and 2010, respectively. Accumulated depreciation on real estate used for student housing amounted to $46,949 and $34,662 at June 30, 2011 and 2010, respectively.

During fiscal 2010, the Supporting Organization acquired two properties in Fitchburg, Massachusetts at an aggregate cost of $528,940. One property, acquired at a cost of $123,270, was sold during fiscal 2011 for $120,000 less closing costs of $1,130 to DCAM on behalf of the University. A loss of $4,400 was recorded from the sale of the property. The other property is currently serving as green space (see Note 7).

At both June 30, 2011 and 2010, property and equipment with a cost of approximately $331,000 were fully depreciated and still in service.

7. **Impairment loss:**

In February, 2010, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Supporting Organization's mission and the University's strategic plan which includes campus expansion and additional green space. The property, which included land and a building, was purchased for an aggregate cost of $405,670. The University subsequently razed the building and created green space. The land is being held for future use and development to further enhance the resources available for the University and City communities.

In April, 2010, the Supporting Organization obtained an appraisal of the property. As a result of the appraisal, management determined, in accordance with the requirements of FASB accounting guidance, that the property was impaired and wrote down the asset to its fair value of $130,000. The impairment charge (a noncash accounting charge) to operations in the amount of $275,670 had no impact on the Supporting Organization's fiscal 2010 cash flow or its ability to generate cash flow in the future. The impairment charge was reflected in program services in 2010.

The fair value of the property was measured using significant other observable inputs (Level 2) pursuant to the FASB's guidance on fair value measurements. The fair value of the property was determined using appraisal values based on sales of similar assets (market approach).

8. **Other assets:**

Other assets at June 30, 2011 and 2010 consist of the following:

	2011	2010
Cash surrender value of life insurance	$ 70,094	$ 63,186
Art collection	39,025	39,025
	$ 109,119	$ 102,211

9. Line of credit:

In March, 2011, the Foundation renewed, under substantially the same terms, its existing revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. At June 30, 2011, there were no borrowings outstanding under the line of credit. At June 30, 2010, the Foundation had an outstanding balance of $125,000 under the line of credit agreement. The line of credit provides for interest at the Wall Street Journal Prime Rate, but in no event less than 6% per annum. At both June 30, 2011 and 2010, the effective interest rates were 6% per annum. For the years ended June 30, 2011 and 2010, interest expense incurred on borrowings under this line of credit amounted to $3,639 and $1,438, respectively. Borrowings are secured by investments with equivalent fair value of $315,000. The line of credit agreement expires on March 17, 2013. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty.

10. First mortgage notes payable:

<u>**Foundation**</u> -

In April, 2008, the Foundation acquired land and buildings at a total cost of $561,664, including related acquisition costs. The properties are located on the Fitchburg State University campus and were previously owned by an unrelated third party.

The acquisitions were funded with the proceeds of a note payable in the amount of $550,000, dated April 16, 2008, with Fidelity Co-operative Bank. The note is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.75% per annum for the first ten years of the loan term. Thereafter, the interest rate will be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final ten years of the term of the loan plus 118 basis points. The loan requires monthly installments of principal and interest of $3,862. The monthly installments of principal and interest during the final ten years of the loan term shall be determined based on the interest rate then in effect to provide for the amortization of the then outstanding loan principal over the remaining term of the loan. The note matures on April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2011 and 2010, the outstanding principal balance of this mortgage note payable amounted to $500,402 and $517,127, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this mortgage note payable amounted to $29,342 and $30,615, respectively.

Aggregate principal maturities on the loan for each of the next five years, using the interest rate in effect at June 30, 2011, are estimated to be as follows:

Year	Amount
2012	$ 17,551
2013	18,681
2014	19,800
2015	20,986
2016	21,176

10. **First mortgage notes payable - continued:**

Supporting Organization -

In August, 2006, the Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAM on behalf of the University (see Note 12). The University is currently using the property for its print services, maintenance, and shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the bonds), dated August 1, 2006, in the amount of $1,900,000, issued by the Massachusetts Development Finance Agency (MDFA), pursuant to a Loan and Trust Agreement. People's United Bank, as successor in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011. Commencing thereafter, the monthly installments of principal and interest are $12,306 until the next five-year interval adjustment date of August 16, 2016. The loan matures on August 16, 2026. The loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

The loan documents contain cross default provisions with the DCAM lease.

At June 30, 2011 and 2010, the outstanding principal balance of this mortgage note payable amounted to $1,612,542 and $1,678,437, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this mortgage note payable amounted to $93,329 and $95,167, respectively.

Aggregate principal maturities on the loan for each of the next five years, using the interest rates in effect at June 30, 2011 and August 16, 2011, are estimated to be as follows:

10. **First mortgage notes payable - continued:**

Supporting Organization - continued -

Year	Amount
2012	$ 73,700
2013	79,093
2014	82,778
2015	86,635
2016	90,516

Workers' Credit Union (WCU) provided financing to the Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The proceeds of the loan were used primarily to repay advances made to the Supporting Organization by the Foundation for the acquisition of four real estate properties. The note is secured by a first mortgage interest in certain real estate owned by the Supporting Organization and an assignment of certain leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2011, the Supporting Organization has total cash balances of $81,194 held at WCU which serve as additional collateral for both WCU loans to the Supporting Organization.

The mortgage note has a term of ten years, expiring on February 27, 2019, and provides for a fixed rate of interest of 5.74% per annum. The note requires monthly installments of principal and interest of $4,714 based on a twenty-five year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2011 and 2010, the outstanding principal balance of this mortgage note payable amounted to $716,105 and $731,099, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this mortgage note payable amounted to $43,353 and $44,207, respectively.

Aggregate principal maturities on the loan for each of the next five years are as follows:

Year	Amount
2012	$ 15,875
2013	16,810
2014	17,801
2015	18,850
2016	19,961

During fiscal 2010, Workers' Credit Union provided financing to the Supporting Organization in the form of a note, dated February 19, 2010, in the amount of $300,000. The proceeds of the loan were used to finance the acquisition of a real estate property. The note is secured by a first mortgage interest in the property located at 161-181 Main Street in Fitchburg, Massachusetts and an assignment of leases and rents on this property. The note is also collateralized by all funds held by the lender. At June 30, 2011, the Supporting Organization has total cash balances of $81,194 held at WCU which serve as additional collateral for both WCU loans to the Supporting Organization.

10. First mortgage notes payable - continued:

Supporting Organization - continued -

In June, 2010, the Supporting Organization determined that the value of the property securing this first mortgage note payable to WCU was less than its carrying value. Accordingly, the Supporting Organization recorded an impairment loss (see Note 7). As a result, WCU required additional collateral to further secure this loan. On October 25, 2010, the Organization provided WCU with a second mortgage interest in the real estate and related personal property located at 167 Klondike Avenue in Fitchburg, Massachusetts. The first mortgage on that property secures the Supporting Organization's obligations under the MDFA Revenue Bonds Issue. The Supporting Organization also provided WCU with a second assignment of leases and rents related to that property.

The mortgage note has a term of ten years, expiring on February 19, 2020, and provides for a fixed rate of interest of 6.03% per annum. The note requires monthly installments of principal and interest of $1,939 based on a twenty-five year principal amortization. Monthly principal and interest payments commenced on March 19, 2010. The note may be prepaid at any time, in whole or in part, without premium or penalty. The loan documents contain cross default - cross collateralization provisions with all other obligations of the Supporting Organization to WCU.

As of June 30, 2011 and 2010, the outstanding principal balance of the mortgage loan amounted to $292,746 and $298,178, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this mortgage note payable amounted to $18,528 and $6,493, respectively.

Aggregate principal maturities on the loan for each of the next five years are as follows:

Year	Amount
2012	$ 5,720
2013	6,124
2014	6,503
2015	6,906
2016	7,290

In connection with the fiscal 2010 loan, the Supporting Organization was required to establish an escrow account held at WCU in the amount of $75,000 until the Supporting Organization resolved certain environmental matters related to the property. The environmental matters have since been resolved and WCU released the escrow in fiscal 2011.

11. Notes payable - bank:

Foundation -

During fiscal 2010, Rollstone Bank & Trust provided financing to the Foundation in the form of a note dated January 5, 2010, in the amount of $77,952. The proceeds of the loan were used to finance the purchase of computer software to be used in the Foundation's operations. The note is unsecured.

11. Notes payable - bank - continued:

Foundation - continued -

The note has a term of three years, expiring on January 5, 2013, and provides for a fixed rate of interest of 5% per annum. The note requires monthly installments of principal and interest of $2,339 based on a three year principal amortization. Monthly principal and interest payments commenced on February 5, 2010.

At June 30, 2011 and 2010, the outstanding principal balance of this note payable amounted to $42,590 and $67,820, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this note payable amounted to $2,984 and $1,800, respectively.

Aggregate principal maturities on the loan for each of the years to maturity are as follows:

Year	Amount
2012	$ 26,515
2013	16,076

Supporting Organization -

In May, 2007, the Supporting Organization acquired land and a building consisting of six apartment units at a total cost of $504,479, including related acquisition costs. The Supporting Organization also acquired an adjacent parcel of land at a cost of $183,301. The properties are located in the area surrounding the Fitchburg State University campus. The apartments are being used by the University as additional student housing for which the Supporting Organization receives residence hall fees.

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments with an equivalent fair value of $972,000. In addition, payment and performance of the Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of thirty years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The loan requires monthly installments of principal and interest of $4,122 based on a thirty year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2011 and 2010, the outstanding principal balance of this note payable amounted to $639,226 and $649,236, respectively.

For the years ended June 30, 2011 and 2010, interest expense on this note payable amounted to $37,405 and $42,888, respectively.

Aggregate principal maturities on the loan for each of the next five years, using the interest rate in effect at June 30, 2011, are estimated to be as follows:

11. **Notes payable - bank - continued:**

Supporting Organization - continued -

Year	Amount
2012	$ 10,792
2013	11,574
2014	12,298
2015	13,067
2016	13,786

12. **Lease and license agreements:**

As disclosed in Note 10, the Supporting Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006. The lease is for a term of ten years and provides for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University is also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. At the expiration of the lease term, the Supporting Organization expects the lease will be renewed with DCAM on behalf of the University. For the years ended June 30, 2011 and 2010, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental payments to be received on this lease:

Year ending June 30,	Amount
2012	$ 165,000
2013	165,000
2014	165,000
2015	165,000
2016	165,000
Later years	20,625
	$ 845,625

On August 6, 2008, the Supporting Organization entered into a ten year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provides for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three year period of the lease term, including the continuous period of any extensions thereof. The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Supporting Organization may cancel the lease at any time after November 1, 2009 with the payment of two months' base rent as a termination charge. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2011 and 2010, rent expense amounted to $17,625 each year.

12. Lease and license agreements - continued:

The following is a schedule of future minimum rental payments under this operating lease agreement:

Year ending June 30,	Amount
2012	$ 18,506
2013	18,947
2014	18,947
2015	19,895
2016	20,368
Later years	49,053
	$ 145,716

The Supporting Organization and the University entered into a License Agreement whereby the Supporting Organization granted the University an irrevocable and exclusive license to occupy, manage, maintain and operate certain property owned by the Supporting Organization. The License Agreement, which commenced on September 3, 2008, had an initial term of one year. Upon expiration of the initial term, the License Agreement provides for automatic annual renewals thereafter. The License Agreement provided for an annual license fee of $108,875 payable, in arrears, in twelve equal monthly installments. The annual license fee was increased to $177,455 commencing July 1, 2010 by agreement between the parties. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreement may be terminated by either party upon the expiration of the initial term of the agreement and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreement at any time with the giving of proper notice. For the years ended June 30, 2011 and 2010, license fee income amounted to $177,455 and $108,875, respectively.

13. Restricted net assets:

Temporarily restricted net assets in the amount of $3,077,888, as of June 30, 2011, are available as follows: equipment which use is restricted, in the amount of $30,111; and scholarships to qualified students and to promote cultural programs within Fitchburg State University in the amount of $3,047,777, Temporarily restricted net assets in the amount of $2,093,525, as of June 30, 2010, were available as follows: for equipment which use is restricted, in the amount of $9,594; and scholarships to qualified students to promote cultural programs within Fitchburg State University in the amount of $2,083,931.

Temporarily restricted net assets released from restrictions during 2011 represent the satisfaction of program restrictions in the amount of $3,201,360; the satisfaction of scholarship-related restrictions in the amount of $212,905, and the satisfaction of equipment donation restrictions in the amount of $3,529.

Permanently restricted net assets in the amounts of $8,315,427 and $8,157,802 as of June 30, 2011 and 2010, respectively, are invested in perpetuity. Income from the investments is expendable for the program services of the Organization, including the granting of scholarships and to fund other academic and cultural programs.

14. Transactions with a related party:

Fitchburg State University renders certain administrative services to the Organization at no cost. The monetary value of such services is not clearly measurable and, therefore, is not reflected in the accompanying consolidated financial statements.

For the years ended June 30, 2011 and 2010, the Supporting Organization incurred expenses totaling $29,904 and $30,645, respectively, to Fitchburg State University for maintenance services provided to the Supporting Organization for the real estate used for student housing.

At June 30, 2011 and 2010, the Organization has miscellaneous payables to Fitchburg State University in the amounts of $60,478 and $27,085, respectively.

15. Major Donors:

During fiscal 2011, the Foundation received a temporarily restricted donation of a one year license to use certain computer software with an annual commercial value of $2,822,400. This donation represents approximately 81% of total gifts and donations revenue during 2011. The computer software is being used in academic courses by the Industrial Technology Department of Fitchburg State University. The license expired on June 30, 2011. The license to use the software is currently expected to be donated annually to the Foundation. Accordingly, the Foundation shall record donation revenue in an amount of the then commercial value each year of the license to use the software. The license has been renewed for another term of one year expiring on June 30, 2012.

During fiscal 2010, the Foundation received the remainder interest in a trust established by an alumnus of Fitchburg State University who passed away in June, 2010 (see Note 3). This gift represented approximately 64% of total gifts and donation revenue in 2010.

16. Donated equipment, materials and services:

The value of donated equipment, materials and services included in temporarily restricted donations for the year ended June 30, 2011 totaled $2,862,391. Of this amount $20,738 represents equipment that has been capitalized to property and equipment and the remainder of $2,841,653 has been reflected in program expenses as follows:

Functional Expense Category	Nature of expense	Amount
Speakers and cultural programs	Advertising	$ 17,500
Equipment and maintenance	Computer software license and miscellaneous equipment	2,824,153
		$ 2,841,653

17. State Matching Funds:

In September, 2004, the Massachusetts Legislature re-established the State Matching Funds Program (the Program). The Massachusetts Legislature established maximum state matching contribution amounts over the life of the Program. Total matching funds available in a particular fiscal year are subject to appropriation. The Program shall terminate when the maximum state matching contribution amounts have been made or on July 1, 2010, whichever is sooner. The Program terminated on July 1, 2010.

Funds received under this Program are recorded in permanently restricted net assets in the consolidated statement of activities. The State did not appropriate any funds for this Program for the year ended June 30, 2010.

18. Subsequent event:

On September 12, 2011, the Supporting Organization was the successful bidder, at a public foreclosure auction, for a certain parcel of land and a building located in close proximity to the Fitchburg State University campus. The bid price was $56,000. The Supporting Organization closed on this acquisition on September 29, 2011. Payment of the purchase price was made from current operating funds of the Supporting Organization. Management plans to raze the building and create green space. The property will be recorded at its fair value.

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

We have audited the consolidated financial statements of Fitchburg State University Foundation, Inc. as of and for the year ended June 30, 2011, and our report thereon dated October __, 2011, which appears on page 1, expressed an unqualified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information for the year ended June 30, 2011 contained on page 36 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The prior year summarized comparative information has been derived from the additional information accompanying the Foundation's 2010 consolidated financial statements and, in our report on additional information dated October 15, 2010, we expressed our opinion that such information was fairly stated in all material respects in relation to the 2010 consolidated financial statements as a whole. Such information should be read in conjunction with the Foundation's consolidated financial statements and accompanying additional information for the year ended June 30, 2010, from which the summarized information was derived.

Ercolini & Company LLP

Boston, Massachusetts
October __, 2011

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

(with comparative totals for the year ended June 30, 2010)

	Program Services	Management and General	Fund Raising	2011 Consolidated Total	2010 Consolidated Total
Scholarships	$ 212,905	$ -	$ -	$ **212,905**	$ 186,852
Speakers and cultural programs	195,408	-	-	**195,408**	149,810
Outside services	99,396	-	-	**99,396**	88,878
Accounting and audit	-	13,131	-	**13,131**	18,214
Insurance	18,568	9,276	596	**28,440**	14,221
Supplies	67,453	559	157	**68,169**	65,897
Postage	13,723	1,402	18,441	**33,566**	8,309
Equipment and maintenance	2,839,630	13,645	-	**2,853,275**	34,470
Printing and publications	91,105	1,851	65,236	**158,192**	82,879
Travel	59,989	1,225	10,231	**71,445**	92,777
Meetings and conferences	53,181	2,656	28,490	**84,327**	76,862
Professional and consulting services	-	5,150	2,075	**7,225**	2,001
Awards and grants	15,790	-	-	**15,790**	17,735
Real estate and other taxes	154	-	-	**154**	2,957
Repairs and maintenance	29,904	-	-	**29,904**	30,645
Rent	17,625	-	-	**17,625**	17,625
Utilities	16,495	-	-	**16,495**	15,839
Interest	196,254	32,326	-	**228,580**	222,608
Miscellaneous	8,080	10,132	-	**18,212**	30,293
Investment management fees	-	42,923	-	**42,923**	33,009
Other financial fees	-	5,735	-	**5,735**	1,910
	3,935,660	140,011	125,226	**4,200,897**	1,193,791
Loss on sale of land	4,400	-	-	**4,400**	-
Impairment loss	-	-	-	-	275,670
Depreciation and amortization	74,111	27,619	-	**101,730**	81,525
	$ 4,014,171	$ 167,630	$ 125,226	$ **4,307,027**	$ 1,550,986

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL 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 Directors of
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

We have audited the financial statements of Fitchburg State University Foundation, Inc. (a not-for-profit Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October __, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fitchburg State University Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fitchburg State University Foundation, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the Board of Directors, management and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Ercolini & Company LLP

Boston, Massachusetts
October __, 2011

Foundation
Audit Vote

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4555 ▪ Fax 978.665.3376

Request for Board of Directors Action

TO: **Foundation Board of Directors Audit Committee**	DATE: October 18, 2011
FROM: The President	
SUBJECT: It is requested that the Board of Directors of the Fitchburg State University Foundation, Inc. Audit Committee accept the Audit Report for the fiscal year ending June 30, 2011.	REQUEST #: AUD-01-10182011

FSU Supporting
Org. Agenda

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4555 ▪ Fax 978.665.3376

Fitchburg State University Supporting Organization, Inc.
Tuesday, October 18, 2011
11:00 a.m.
President's Conference Room, Sanders Administration Building
300 Highland Avenue, Fitchburg, MA 01420

AGENDA

I. Call to Order

II. Public Comments

III. Consideration of minutes from previous meetings
  a. September 7, 2011

IV. Presentation of Independent Auditor's Report, Ercolini & Company, LLP

  a. Jay Kaufman, CPA, Partner; Phil Weitzel, CPA, Partner; Jeffrey Caputi, Audit Supervisor

V. Votes Required

  a. FY 2011 Audit – **SOAUD-01-101811**

VI. Other Business

VII. Adjournment

FITCHBURG STATE UNIVERSITY SUPPORTING ORGANIZATION, INC.

Fitchburg State University
President's Conference Room
Sanders Building

Minutes of Conference Call/Meeting held on Wednesday, September 7, 2011, 3:00 p.m.

Members Participating Via Phone: David Rodgers, Scott Foster, Rick Healey

Member Present: President Robert V. Antonucci

Ex Officio: Jay Bry

Also in Attendance: Sheila Sykes

Absent: Barbara Fiske

The meeting was called to order by David Rodgers at 3:00 p.m.

President Antonucci reviewed the property description and supporting organization budget as a starting point for the discussion.

Rick Healey offered a brief overview of the property.

Upon a motion made by David Rodgers, President and seconded by Scott Foster, the members voted unanimously to authorize the purchase of 40-42 Clinton Street, Fitchburg MA at auction for up to $60,000.

President Antonucci thanked all participants, and the meeting adjourned at 3:12 p.m.

Kelly Sylvia

Respectfully submitted by Kelly Sylvia

FSU Support Org.
Exec Sum. & Audit

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.
160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4355 ■ Fax 978.665.3376

FITCHBURG STATE UNIVERSITY FOUNDATION SUPPORTING ORGANIZATION, INC.
Executive Summary
Report on Audit of Financial Statements
Years Ended June 30, 2011 and 2010

The Supporting Organization received an *unqualified report* from its auditors and there were no issues or findings that arose during the audit. The information contained in these financial statements is consolidated into the financial statements of the Fitchburg State University Foundation, Inc.

Statements of Financial Position (page 2):

- Total assets are $4.4 million at June 30, 2011, a decrease of approximately $89,000 over the previous fiscal year.
- Property & equipment decreased due to the sale of 145 North Street to the Commonwealth of Massachusetts. Total property and equipment, net of depreciation is $4.1 million.

Statements of Activities (page 3):

- There was an overall increase in net assets of $185,000 due in part to an increase residence hall income and an increase in the annual license fees paid by the University.
- Rental income, license fees and residence hall fees totaled $543,000 and are made up of rents and fees paid by the University for the use of various properties and fees paid by students for 185 North Street.
- Interest expense relative to financing property acquisitions totaled $196,000.
- Program expenses totaled $346,000, management and general expenses totaled $7,300.

Statements of Cash Flows (page 4):

- There was positive cash flows from operating activities of $257,000. There was an overall net increase in cash of approximately $175,000.
- Proceeds from the sale of property and equipment totaled $119,000 and $75,000 was released from escrow relative to 161 Main Street.

Notes to the Financials Statements (pages 5-15):

- Most of the notes are standard disclosures.
- Details on property and equipment is disclosed in Note 4 beginning on page 9.
- Mortgage and notes payable agreements are disclosed in Notes 5 and 6 beginning on page 10.
- Lease and license agreements between the Supporting Organization and the University are disclosed in Note 7 beginning on page 13.
- Related party transactions are disclosed in Note 8 on page 14.

October XX, 2011

To the Board of Directors
FSU Foundation Supporting Organization, Inc.
Fitchburg, Massachusetts

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

We have audited the financial statements of FSU Foundation Supporting Organization, Inc. (formerly known as FSC Foundation Supporting Organization, Inc.) (the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October XX, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated April 28, 2011, our responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement, and to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of FSU Foundation Supporting Organization, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of FSU Foundation Supporting Organization, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters in April, 2011.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. This letter communicates any significant findings as a result of our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the 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 FSU Foundation Supporting Organization, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2011. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We found no such accounting estimates affecting the financial statements to be particularly sensitive during our audit.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure of the impairment loss recognized in fiscal 2010 related to a real estate property owned by the Organization found in Note 3 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October XX, 2011.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Significant Audit Findings - continued

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Directors and management of FSU Foundation Supporting Organization, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Very truly yours,

Ercolini & Company LLP

AUDIT DIFFERENCE EVALUATION FORM

Index **1000-03**

Project Owner: **Fitchburg State University Foundation, Inc.**

Balance Sheet Date: 06/30/11

Completed by: Jeff Caputi

A List of Known Audit Differences Over: $2,500

Reviewed by: Jay Kaufman

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

Instructions

This form should be used to accumulate known audit differences detected by nonsampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. The current year effect of prior years' uncorrected audit differences should also be summarized on the form. This form should not include normal closing entries that the client expects the auditor to prepare and book. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude whether they materially misstate the financial statements taken as a whole. (See the NOTES following the table for a listing of qualitative considerations in evaluating materiality.) If the project owner has more than one major program, the materiality of the uncorrected audit differences should also be made at the major program level.

			Financial Statement Effect—Amount of Over (Under) Statement of:				
Description (Nature) of Audit Difference	**Cause**	**Audit Doc. Reference**	**Total Assets**	**Total Liabilities**	**Net Assets (Deficit)**	**Revenues**	**Change in Net Assets Over(Under) Stated**
Building improvements	Expensed	SO-X-02	(6,000)		(6,000)		
Depreciation on above	20 yr life		750		300		300
Total			($5,250)	$0	($5,700)	$0	$300
Less Audit Adjustments Subsequently Booked							
Net Unadjusted Audit Differences—This Year							
Effect of Unadjusted Audit Differences—Prior Years							0
Net Audit Differences			($5,250)	$0	($5,700)	$0	$300
Combined Financial Statement Caption Totals			4,392,108	(3,490,760)	(901,348)	(543,114)	(184,925)
Net Audit Differences as % of F/S Captions			(0)	0	0	0	(0)

Conclusion: Based on the results of the evaluation performed above, uncorrected audit differences, individually and in the aggregate, do ☒ do not cause the financial statements taken as a whole to be materially misstated. Pass adjustments, immaterial. JK

AUDIT DIFFERENCE EVALUATION FORM

Index **1000-03**

Project Owner: **Fitchburg State University Foundation, Inc.**

Balance Sheet Date: 06/30/11

Completed by: Jeff Caputi

A List of Known Audit Differences Over: $2,500

Reviewed by: Jay Kaufman

Qualitative Considerations in Evaluating Materiality

The judgment about whether a misstatement is material is influenced by qualitative considerations as well as quantitative considerations. The following are examples of qualitative factors that might be considered:

1. Effect on other financial statement components (that is, the pervasiveness of the misstatement).
2. Effect of the misstatement on overall trends in profitability, such as a misstatement that reverses a downward trend of earnings or changes a loss into income.
3. Significance of the financial statement element or portion of the company's business affected by the misstatement.
4. Effect of the misstatement on the project owner's compliance with loan covenants, HUD requirements, other contractual agreements, or regulatory provisions.
5. The existence of statutory or regulatory requirements affecting materiality thresholds.
6. A misstatement that affects management's compensation (for example, meeting an earnings target might trigger a bonus).
7. The sensitivity of the circumstances (such as implications of misstatements involving fraud, possible illegal acts, violations of contractual provisions, or conflicts of interest).
8. The effects of misclassifications that could be significant to the financial statement users.
9. Significance of the misstatement or disclosures in relation to known user needs (for example, a misstatement that could have a significant effect on the calculation of purchase price if the project is being acquired).
10. The character of the misstatement (for example, the precision of the audit differences).
11. Motivation of management.
12. Offsetting effects of individually significant misstatements.
13. Potential effect on future periods.
14. Cost of making the correction.
15. Risk of possible additional undetected misstatements.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

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PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FSU Foundation Supporting Organization, Inc.
Fitchburg, Massachusetts

We have audited the accompanying statements of financial position of FSU Foundation Supporting Organization, Inc. (formerly known as FSC Foundation Supporting Organization, Inc.) (a not-for-profit organization) as of June 30, 2011 and 2010, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FSU Foundation Supporting Organization, Inc. as of June 30, 2011 and 2010, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October XX, 2011 on our consideration of FSU Foundation Supporting Organization, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the year ended June 30, 2011. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our 2011 audit.

Ercolini & Company LLP

Boston, Massachusetts
October XX, 2011

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

	2011	2010
ASSETS		
Cash and cash equivalents	$ 204,359	$ 28,555
Cash held in escrow	-	75,053
Prepaid expenses and other current assets	658	721
Property and equipment, net of accumulated depreciation	4,142,473	4,328,317
Deferred financing costs, net of accumulated amortization of $14,116 and $10,646, respectively	44,618	48,088
Total assets	$ 4,392,108	$ 4,480,734
LIABILITIES AND NET ASSETS		
Accounts payable, trade	$ -	$ 518
Due to affiliate	219,088	397,585
Accrued interest payable	11,053	9,258
Note payable - bank	639,226	649,236
First mortgage notes payable	2,621,393	2,707,714
Total liabilities	3,490,760	3,764,311
Net assets:		
Unrestricted	901,348	716,423
Total net assets	901,348	716,423
Total liabilities and net assets	$ 4,392,108	$ 4,480,734

See notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2011 AND 2010

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

	2011	2010
Revenue and support:		
Program revenues:		
Rental income	$ 165,000	$ 165,000
Residence hall income	200,120	185,873
License fee income	177,455	108,875
Other revenue:		
Interest income	539	547
Total revenue and support	543,114	460,295
Expenses and losses:		
Program services:		
Utilities	16,495	15,839
Repairs and maintenance	29,904	30,645
Rent	17,625	17,625
Real estate and other taxes	155	2,957
Professional services	-	2,001
Insurance	18,568	5,355
Miscellaneous other	1,400	1,078
Interest	196,254	190,193
Depreciation and amortization	66,044	65,806
Impairment loss (Note 3)	-	275,670
	346,445	607,169
Management and general:		
Professional services	5,150	5,150
Miscellaneous other	2,194	1,553
	7,344	6,703
Total expenses	353,789	613,872
Loss on sale of land	4,400	-
Total expenses and losses	358,189	613,872
Increase (decrease) in net assets	184,925	(153,577)
Net assets at beginning of year	716,423	870,000
Net assets at end of year	$ 901,348	$ 716,423

See notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 184,925	($ 153,577)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Impairment loss	-	275,670
Depreciation	62,574	62,336
Amortization of deferred financing costs	3,470	3,470
(Gain) loss on sale of land	4,400	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other current assets	63	(368)
Increase (decrease) in liabilities:		
Accounts payable, trade	(518)	(2,270)
Due to affiliate	-	(5,478)
Accrued interest payable	1,795	5,725
Net cash provided by (used in) operating activities	256,709	185,508
Cash flows from investing activities:		
Payments for property and equipment	-	(557,540)
Proceeds from sale of land	118,870	-
Release of cash held in escrow	75,053	-
Deposit to cash held in escrow, including interest earned	-	(75,053)
Net cash provided by (used in) investing activities	193,923	(632,593)
Cash flows from financing activities:		
Proceeds of first mortgage note payable	-	300,000
Proceeds of advances from affiliate	-	118,146
Payments on first mortgage notes payable	(86,321)	(78,312)
Payments on note payable - bank	(10,010)	(9,623)
Payments on advances from affiliate	(178,497)	(40,000)
Net cash provided by (used in) financing activities	(274,828)	290,211
Net increase (decrease) in cash and cash equivalents	175,804	(156,874)
Cash and cash equivalents, beginning of year	28,555	185,429
Cash and cash equivalents, end of year	$ 204,359	$ 28,555

See notes to financial statements.

1. **Organization and summary of significant accounting policies:**

Organization:

FSU Foundation Supporting Organization, Inc. (the Organization) (formerly known as FSC Foundation Supporting Organization, Inc.) was organized on October 29, 1999 to be a supporting organization operated, supervised and controlled for the exclusive benefit of Fitchburg State University Foundation, Inc. (the Foundation) and all of its educational and charitable activities. On November 26, 2010, the Commonwealth of Massachusetts approved a name change from FSC Foundation Supporting Organization, Inc. to FSU Foundation Supporting Organization, Inc. As of June 30, 2011, the Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and Fitchburg State University (the University).

Summary of significant accounting policies:

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method of accounting:

The financial statements of the Organization have been prepared on the accrual basis, whereby income is recorded when earned and expenses recorded when incurred in the appropriate accounting period.

Basis of presentation:

The financial statements of the Organization are presented in accordance with guidance issued by the Financial Accounting Standards Board (FASB) for the presentation of financial statements of Not-for-Profit-Entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Permanently restricted net assets are required to be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. Temporarily restricted net assets have donor-imposed restrictions that require the Organization to use the assets pursuant to those restrictions or that expire by the passage of time. Unrestricted and Board-designated net assets are those that are neither permanently nor temporarily restricted by donor-imposed restrictions. As of June 30, 2011 and 2010, the Organization's net assets are not subject to donor-imposed restrictions; accordingly, the net assets are accounted for as unrestricted net assets.

Revenue recognition:

Contributions -

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in

1. **Organization and summary of significant accounting policies - continued:**

Revenue recognition - continued:

Contributions - continued -

more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Rental and license fee income -

Renting and leasing operations consist of leasing commercial space under a long-term lease agreement with the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of Fitchburg State University. In addition, the Organization granted Fitchburg State University an exclusive license to occupy, manage, maintain and operate certain other property owned by the Organization pursuant to a License Agreement with an initial term of one year and automatic annual renewals thereafter. Rental and license fee income are recognized under the operating method as the rentals and license fees become due. Rental and license fee payments received in advance are deferred until earned.

Residence hall income -

Residence hall fees are recognized when earned.

Accounts receivable:

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and equipment:

Property and equipment are recorded at cost, if purchased or constructed and, if donated, at fair value at the time of the donation. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 40 years for buildings and 20 years for building and land improvements.

1. Organization and summary of significant accounting policies - continued:

Property and equipment - continued:

Generally, all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000 are capitalized to property and equipment.

Impairment of long-lived assets:

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by obtaining a market appraisal or by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

Deferred financing costs:

Deferred financing costs consist of costs incurred to obtain the first mortgage notes payable. These costs are being amortized on a straight-line basis over the terms of the related debt.

Statement of cash flows:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income taxes:

The Organization is classified by the Internal Revenue Service as a "publicly supported organization" exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income for the years ended June 30, 2011 and 2010. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2011. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2008, 2009 and 2010.

Functional allocation of expenses:

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

1. **Organization and summary of significant accounting policies - continued:**

Reclassifications:

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

Subsequent events:

The Organization has evaluated subsequent events through October XX, 2011, which is the date these financial statements were issued.

Recent accounting pronouncements:

In January, 2010, the Financial Accounting Standards Board (FASB) issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on significant transfers of assets and liabilities in and out of Level 1 (quoted prices in active markets for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires separate disclosure in the reconciliation of Level 3 fair value measurements (significant unobservable inputs) of information on purchases, sales, issuances, and settlements of the assets and liabilities measured using Level 3 inputs. The guidance also clarifies certain existing disclosures. The new disclosures and clarifications of existing disclosures are effective for fiscal years and interim periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the reconciliation of Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Adoption by the Organization of the applicable required disclosures in fiscal 2011 had no impact on the Organization's financial statements. The Organization does not believe that its adoption of the required disclosures in fiscal year 2012 will have a material impact on the Organization's financial statements.

In May, 2011, the FASB issued guidance which further amends the measurement and disclosure requirements related to recurring and nonrecurring fair value measurements. The standard clarifies the fair value measurement guidance applicable to highest-and-best-use and valuation premise, measuring fair value of an instrument classified in equity and financial instruments managed within a portfolio, and the application of premiums and discounts in a fair value measurement. Additionally, the guidance requires expanded disclosure of fair value measurements categorized in Level 3, use of an asset in a way that differs from the asset's highest-and-best-use, and items not measured at fair value but for which fair value is required to be disclosed. These disclosures are effective for fiscal years and interim periods beginning after December 15, 2011. The Organization does not believe that its adoption of this guidance in fiscal year 2013 will have a material impact on the Organization's financial statements.

2. **Cash and cash equivalents:**

The Organization maintains its operating cash and cash equivalent balances in financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Included in cash and cash equivalents at June 30, 2011 and 2010 are overnight repurchase agreements in the amounts of $124,540 and $21,167, respectively, at an interest rate of .15% per annum. At June 30, 2011 and 2010, the Organization's cash balances were fully insured and the overnight repurchase agreements at June 30, 2011 and 2010 were fully collateralized under an agreement between Sovereign Bank and Fitchburg State University.

2. Cash and cash equivalents - continued:

The Organization's cash balances fluctuate throughout the year and may exceed insured limits from time to time. The Organization has not experienced any losses on its accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

3. Impairment loss:

In February, 2010, the Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Organization's mission and the University's strategic plan which includes campus expansion and additional green space. The property, which included land and a building, was purchased for an aggregate cost of $405,670. The University subsequently razed the building and created green space. The land is being held for future use and development to further enhance the resources available for the University and City communities.

In April, 2010, the Organization obtained an appraisal of the property. As a result of the appraisal, management determined, in accordance with the requirements of FASB accounting guidance, that the property was impaired and wrote down the asset to its fair value of $130,000. The impairment charge (a noncash accounting charge) to operations in the amount of $275,670 had no impact on the Organization's fiscal 2010 cash flow or its ability to generate cash flow in the future.

The fair value of the property was measured using significant other observable inputs (Level 2) pursuant to the FASB's guidance on fair value measurements. The fair value of the property was determined using appraisal values based on sales of similar assets (market approach).

4. Property and equipment:

Property and equipment at June 30, 2011 and 2010 consist of the following:

	2011	2010
Real estate under lease:		
Land	$ 402,663	$ 402,663
Building	1,557,724	1,557,724
Building improvements	100,452	100,452
	2,060,839	2,060,839
Real estate used for student housing:		
Land	253,555	253,555
Building	434,225	434,225
Building improvements	28,600	28,600
	716,380	716,380
Land	1,475,752	1,599,022
Building	129,104	129,104
Land improvements	61,899	61,899
	4,443,974	4,567,244
Less accumulated depreciation	301,501	238,927
	$ 4,142,473	$ 4,328,317

4. **Property and equipment - continued:**

Accumulated depreciation on real estate under lease amounted to $209,152 and $165,187 at June 30, 2011 and 2010, respectively. Accumulated depreciation on real estate used for student housing amounted to $46,949 and $34,662 at June 30, 2011 and 2010, respectively.

During fiscal 2010, the Organization acquired two properties in Fitchburg at an aggregate cost of $528,940 (see Notes 5 and 8). One property, acquired at a cost of $123,270, was sold during fiscal 2011 for $120,000 less closing costs of $1,130 to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. A loss of $4,400 was recorded from the sale of the property. The other property is currently serving as green space (see Note 3).

5. **First mortgage notes payable:**

Massachusetts Development Finance Agency (MDFA) -

In August, 2006, the Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAM on behalf of the University (see Note 7). The University is currently using the property for its print services, maintenance, shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the bonds), dated August 1, 2006, in the amount of $1,900,000, issued by the MDFA, pursuant to a Loan and Trust Agreement. People's United Bank, as successor in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011. Commencing thereafter, the monthly installments of principal and interest are $12,306 until the next five-year interval adjustment date of August 16, 2016. The loan matures on August 16, 2026. The loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

5. **First mortgage notes payable - continued:**

Massachusetts Development Finance Agency (MDFA) - continued:

The loan documents contain cross default provisions with the DCAM lease.

As of June 30, 2011 and 2010, the outstanding principal balance of the mortgage loan amounted to $1,612,542 and $1,678,437, respectively.

Aggregate principal maturities on the loan for each of the next five years, using the interest rates in effect at June 30, 2011 and August 16, 2011, are estimated to be as follows:

Year	Amount
2012	$ 73,700
2013	79,093
2014	82,778
2015	86,635
2016	90,516

Workers' Credit Union (WCU) -

Workers' Credit Union (WCU) provided financing to the Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The proceeds of the loan were used primarily to repay advances made to the Organization by the Foundation for the acquisition of four real estate properties. The note is secured by a first mortgage interest in certain real estate owned by the Organization and an assignment of certain related leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2011, the Organization has total cash balances of $81,194 held at WCU which serve as additional collateral for both WCU loans.

The mortgage note has a term of ten years, expiring on February 27, 2019, and provides for a fixed rate of interest of 5.74% per annum. The note requires monthly installments of principal and interest of $4,714 based on a twenty-five year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2011 and 2010, the outstanding principal balance of the mortgage loan amounted to $716,105 and $731,099, respectively.

Aggregate principal maturities on the loan for each of the next five years are as follows:

Year	Amount
2012	$ 15,875
2013	16,810
2014	17,801
2015	18,850
2016	19,961

5. **First mortgage notes payable - continued:**

Workers' Credit Union (WCU) - continued -

During fiscal 2010, Workers' Credit Union provided financing to the Organization in the form of a note, dated February 19, 2010, in the amount of $300,000. The proceeds of the loan were used to finance the acquisition of a real estate property. The note is secured by a first mortgage interest in the property located at 161-181 Main Street in Fitchburg, Massachusetts and an assignment of leases and rents on this property. The note is also collateralized by all funds held by the lender. At June 30, 2011, the Organization has total cash balances of $81,194 held at WCU which serve as additional collateral for both WCU loans.

In June, 2010, the Organization determined that the value of the property securing this first mortgage note payable to WCU was less than its carrying value. Accordingly, the Organization recorded an impairment loss (see Note 3). As a result, WCU required additional collateral to further secure this loan. On October 25, 2010, the Organization provided WCU with a second mortgage interest in the real estate and related personal property located at 167 Klondike Avenue in Fitchburg, Massachusetts. The first mortgage on that property secures the Organization's obligations under the MDFA Revenue Bonds Issue. The Organization also provided WCU with a second assignment of leases and rents related to that property.

The mortgage note has a term of ten years, expiring on February 19, 2020, and provides for a fixed rate of interest of 6.03% per annum. The note requires monthly installments of principal and interest of $1,939 based on a twenty-five year principal amortization. Monthly principal and interest payments commenced on March 19, 2010. The note may be prepaid at any time, in whole or in part, without premium or penalty. The loan documents contain cross default - cross collateralization provisions with all other obligations of the Organization to WCU.

As of June 30, 2011 and 2010, the outstanding principal balance of the mortgage loan amounted to $292,746 and $298,178, respectively.

Aggregate principal maturities on the loan for each of the next five years are as follows:

Year	Amount
2012	$ 5,720
2013	6,124
2014	6,503
2015	6,906
2016	7,290

In connection with the fiscal 2010 loan, the Organization was required to establish an escrow account held at WCU in the amount of $75,000 until the Organization resolved certain environmental matters related to the property. The environmental matters have since been resolved and WCU released the escrow in fiscal 2011.

6. **Note payable - bank:**

In May, 2007, the Organization acquired land and a building consisting of six apartment units at a total cost of $504,479, including related acquisition costs. The Organization also acquired an adjacent parcel of land at a cost of $183,301. The properties are located in the area surrounding the Fitchburg State University campus. The apartments are being used by the University as additional student housing for which the Organization receives residence hall fees.

6. **Note payable - bank - continued:**

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with an equivalent fair value of $972,000. In addition, payment and performance of the Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of thirty years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The loan requires monthly installments of principal and interest of $4,122 based on a thirty year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

Aggregate principal maturities on the loan for each of the next five years, using the interest rate in effect at June 30, 2011, are estimated to be as follows:

Year	Amount
2012	$ 10,792
2013	11,574
2014	12,298
2015	13,067
2016	13,786

7. **Lease and license agreements:**

As disclosed in Note 5, the Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006. The lease is for a term of ten years and provides for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University is also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. At the expiration of the lease term, the Organization expects the lease will be renewed with DCAM on behalf of the University. For the years ended June 30, 2011 and 2010, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental income to be received on this lease:

Year ending June 30,	Amount
2012	$ 165,000
2013	165,000
2014	165,000
2015	165,000
2016	165,000
Later years	20,625
	$ 845,625

7. **Lease and license agreements - continued:**

On August 6, 2008, the Organization entered into a ten year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provides for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three year period of the lease term, including the continuous period of any extensions thereof. The Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Organization may cancel the lease at any time after November 1, 2009 with the payment of two months' base rent as a termination charge. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2011 and 2010, rent expense amounted to $17,625 each year.

The following is a schedule of future minimum rental payments under this operating lease agreement:

Year ending June 30,	Amount
2012	$ 18,506
2013	18,947
2014	18,947
2015	19,895
2016	20,368
Later years	49,053
	$ 145,716

The Organization and the University entered into a License Agreement whereby the Organization granted the University an irrevocable and exclusive license to occupy, manage, maintain and operate certain property owned by the Organization. The License Agreement, which commenced on September 3, 2008, had an initial term of one year. Upon expiration of the initial term, the License Agreement provides for automatic annual renewals thereafter. The License Agreement provided for an annual license fee of $108,875 payable, in arrears, in twelve equal monthly installments. The annual license fee was increased to $177,455 commencing July 1, 2010 by agreement between the parties. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreement may be terminated by either party upon the expiration of the initial term of the agreement and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreement at any time with the giving of proper notice. For the years ended June 30, 2011 and 2010, license fee income amounted to $177,455 and $108,875, respectively.

8. **Transactions with related parties:**

Fitchburg State University and the Foundation render certain administrative services to the Organization at no cost. The monetary value of such services is not clearly measurable and, therefore, is not reflected in the accompanying financial statements.

8. Transactions with related parties - continued:

Repairs and maintenance expense in the accompanying 2011 and 2010 statements of activities includes $29,904 and $30,645, respectively, paid to Fitchburg State University for maintenance services provided to the Organization for the real estate used for student housing.

From time to time, the Foundation makes advances to the Organization to assist with the financing of its acquisitions of real estate properties located in Fitchburg, Massachusetts. During fiscal 2010, the Foundation made an advance of $118,146 to the Organization. The advances are noninterest bearing except to the extent that they are funded from the proceeds of draws on the Foundation's working capital line of credit. In those instances, the Foundation charges interest to the Organization at a rate equivalent to the Foundation's borrowing rate on its working capital line of credit agreement. Interest expense incurred by the Organization on advances amounted to $3,639 and $1,438 in fiscal 2011 and 2010, respectively. At June 30, 2010, accrued interest payable to the Foundation amounted to $678 and it is included in accrued interest payable in the accompanying 2010 statement of financial position. There was no accrued interest payable to the Foundation at June 30, 2011. During fiscal 2011 and 2010, the Organization repaid advances in the amount of $178,497 and $40,000, respectively. As of June 30, 2011 and 2010, outstanding advances payable to the Foundation amounted to $219,088 and $397,585, respectively. The outstanding advances do not have any specified repayment provisions and due dates.

9. Supplemental cash flows information:

	2011	2010
Cash paid for interest during the year	$ 194,459	$ 184,468

10. Subsequent event:

On September 12, 2011, the Organization was the successful bidder, at a public foreclosure auction, for a certain parcel of land and a building located in close proximity to the Fitchburg State University campus. The bid price was $56,000. The Organization closed on this acquisition on September 29, 2011. Payment of the purchase price was made from current operating funds of the Organization. Management plans to raze the building and create green space. The property will be recorded at its fair value.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL 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 Directors
FSU Foundation Supporting Organization, Inc.
Fitchburg, Massachusetts

We have audited the financial statements of FSU Foundation Supporting Organization, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon, dated October XX, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered FSU Foundation Supporting Organization, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FSU Foundation Supporting Organization, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the Board of Directors, management and others within FSU Foundation Supporting Organization, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

Ercolini & Company LLP

Boston, Massachusetts
October XX, 2011

FSU Support
Org. Vote

FITCHBURG STATE UNIVERSITY
FOUNDATION, INC.

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.665.4555 ▪ Fax 978.665.3376

Request for Action of the Members
Of the Fitchburg State University Supporting Organization, Inc.

TO: **Members of the Fitchburg State University Supporting Organization, Inc.**	DATE: October 18, 2011
FROM: The President	
SUBJECT: It is requested that the members of the Fitchburg State University Supporting Organization, Inc. accept the Audit Report for the fiscal year ending June 30, 2011.	REQUEST #: SOAUD-01-101811

President's
Goals & Vote

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: Board of Trustees	DATE: October 18, 2011
FROM: The President	REQUEST NUMBER: 02-11/12
SUBJECT: Accept the President's Goals for FY2012	

It is requested that the Board of Trustees accept the President's attached goals for 2011-2012.

FITCHBURG STATE UNIVERSITY

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Robert V. Antonucci
PRESIDENT

President's Report to Trustees on Goals for 2011-2012 Academic Year

Overview

Each year at this time I present goals to the Board of Trustees for the current academic year. While there are literally hundreds of projects and activities on this busy campus, what follows is a prioritized selection based on critical importance to our larger mission of advancing the university to ever-higher levels.

Goals

Complete the work for the New England Association of Schools and Colleges (NEASC) accreditation process.

We are now deep into the process of completing the self-study required by the New England Association of Schools and Colleges for re-accreditation. The study, which will be submitted in December, is the result of the hard work of more than 100 individuals representing a broad cross section of campus. Next year, from March 7 to 10, a team from the association will visit the university to validate and review the work that has been done.

Our goal is to receive another full 10-year approval based on the self-study. That process was labor intensive, but offered us a valuable opportunity to examine our mission as well as our relative strengths and weaknesses based on a focused, standard set of criteria.

Receiving re-accreditation is critically important for the university. Of the many assessment mechanisms we utilize to measure institutional effectiveness and quality, this is the "gold standard."

Re-organize and energize the senior leadership team, and utilize the talents and interests of the new members in order to continue strengthening the university.

Three new members will be joining our senior team as a result of resignations and retirements: Dr. Robin Bowen was hired as vice president for academic affairs on June 27, 2011; we have just completed the search for the upgraded position of vice president for institutional advancement, and Christopher Hendry will be assuming that role on October 30; and Jay Bry will be serving as interim vice president for finance and administration, replacing Sheila Sykes, who retires on November 5. We will build on the accomplishments of those who are departing while leveraging the expertise of the new leaders to support our basic principles of teaching, learning and service. I look forward to the changing dynamics, and am confident that those in new positions are eminently qualified to successfully address the challenges we will face in the future.

Continue the ongoing efforts to modernize the university infrastructure.

The science center, the Hammond project, the Miller faculty offices, and the Highland Avenue plaza are just a few of the modernization projects underway or recently completed. These projects will contribute to the overall educational environment of the university. We will continue to explore options to finance other projects as part of our capital plan. We have an aging campus infrastructure and need to aggressively address the many needs that remain. Edgerly and Percival are examples of two renovation projects that must be undertaken.

Lead the university in an effective and efficient manner, and administer the daily operations of the university with an unwavering focus on excellence and quality.

This is a goal that I include each year as it represents a macro view of leading a complex organization with a $70 million budget and more than 600 employees. Among the many focal points are fund raising, capital needs, foundation and trustee boards, collective bargaining, professional development, sustainability, public relationships, alumni affairs, and community outreach, including, for example, the Commissioner's Vision Project, the NCAA, and the Council of Presidents. Efficiency can only be achieved through shared vision and commitment.

Conclusion

As I have said since my first day as president, the student learning experience is what the university is all about. We are here because of students. We are here to ensure that their educational needs are met at the highest levels of excellence. We are here because we believe that our institution is number one and the best in its class. We need to demonstrate this through action and results, not words. I believe in this university, in what it does, and its limitless future.

October 18, 2011

Hammond
Bldg. Vote

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: Board of Trustees	DATE: October 18, 2011
FROM: The President	REQUEST NUMBER: 03-11/12
SUBJECT: Hammond Building	

It is requested that the Board of Trustees of Fitchburg State University vote to approve the attached resolution.

FITCHBURG STATE UNIVERSITY

REQUEST FOR TRUSTEE ACTION

To:	Board of Trustees	Date: October 18, 2011
From:	Dr. Robert V. Antonucci, President	
Subject:	Approval for Hammond Center Project and Pledge of Trust Funds and Appropriation Intercept	

RESOLUTION

1. The Board of Trustees (the "Trustees") of Fitchburg State University (the "State University") hereby approves the project (the "Project") described in EXHIBIT A hereto and the cost thereof approximately as presented to this meeting and otherwise substantially as presented to this meeting.

2. The Trustees hereby approve the pledge by the Board of Higher Education pursuant to the first paragraph of Section 18A of Chapter 703 of the Acts of 1963, as amended, to secure bonds (the "Bonds") issued by the Massachusetts State College Building Authority (the "MSCBA") to finance the Project (which Bonds may be issued together with or separately from bonds issued by the MSCBA for other purposes), of the following: (a) an amount, not to exceed one-fourth (1/4) of the average annual debt service on the Bonds, of funds held as trust funds for Fitchburg State University under the provisions of the Clause (e) of Section 22 of Chapter 15A of the Massachusetts General Laws, the particular trust funds, gifts, grants and trusts and the amount from any particular trust fund, gift, grant or trust to be so pledged to be determined by the President of the State University in consultation with the Executive Committee of the Trustees, and (b) funds made available for expenditure on behalf of Fitchburg State University pursuant to an appropriation made by the General Court or otherwise available for expenditure by the Board of Higher Education.

3. Pursuant to Section 22 of Chapter 15A of the Massachusetts General Laws, as amended, the Trustees hereby delegate to the President of Fitchburg State University the power, and hereby authorize the President of Fitchburg State University, in consultation with the Executive Committee of the Trustees to do all things necessary or desirable in connection with the carrying out of the Project, the Bonds, the payment of and security for the Bonds and all other matters authorized by this Resolution, including without limitation the approval acknowledgement, execution and delivery on behalf of Fitchburg State University of contracts, certificates and other documents.

4. The President of Fitchburg State University and all other officers of Fitchburg State University and all other officers of the Trustees, each of the foregoing persons acting alone, are hereby authorized to do all things and take all action as the person so acting shall, as conclusively evidenced by the doing of any such thing or the taking of any such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

EXHIBIT A
HAMMOND CAMPUS CENTER AT
FITCHBURG STATE UNIVERSITY
MSCBA PROJECT NO. FIT-0588-10

Description of Project

(a) The carrying out of preliminary work, including obtaining cost estimates, revenue estimates, preliminary design specifications, feasibility studies, surveys, and site analyses to determine the feasibility, approximate size, scope, purposes, location and other characteristics of any building, structure or facility the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide;

(b) The renovation of the Hammond Campus Center as described herein including building systems and components, furniture, and equipment primarily for the use by students and staff of the University, and their dependents, and which the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide; and

(c) The carrying out of improvements, renovations, and other work on and the provision and installation of furnishings, fixtures and other equipment for other buildings, structures, or facilities the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide.

Project Overview

- Project is the continuation of the renovation of the Hammond Campus Center. Additional interior renovations will enhance the student life experience by creating new meeting spaces, student lounges and study spaces. New offices will be created for student affairs, career counseling, tutoring and other support services. Building upgrades include fire protection, HVAC, plumbing, electrical, and interior finishes.
- The University has provided an equity contribution of $3.2 million in addition to $300,000 as initial funding for the pre-design phase. DCAM transferred $900,000 to fund the accessible ramp between Hammond and the Holmes Dining Hall. The project revenue source will be an increase in general student fees not to exceed $175.

INDICATOR:	PRIMARY RESERVE	VIABILITY	RETURN ON NET ASSETS	NET OPERATING REVENUES
Target:	25.0%	>1.0	3.0 – 4.0%	2.0 – 4.0%
Fitchburg (FY10):	37.6%	2.3	19.0%	11.7%

Project Budget and Schedule

Budget

Total Project Cost	$25,701,995
Less 2010A/B Bond	(14,307,000)
Less Equity Contribution	(3,494,995)
Less DCAM Contribution	(900,000)
Total Project Fund	7,000,000
Cost of Issuance/Reserves	630,000
Total	**$7,630,000**

Schedule

Design Started	January 2011
Construction Started	May 2011
Occupy Completed Facility	September 2012

Conflict of
Interest

FITCHBURG STATE UNIVERSITY

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Robert V. Antonucci
PRESIDENT

Conflict of Interest Disclosure Statement
For Trustees, Foundation Board Members, and Foundation Supporting Organization, Inc. Members

Introduction

Trustees, Foundation Board members, and Supporting Organization members have a fiduciary duty to the University, the Foundation, and/or the Supporting Organization and, as such, should act in a manner consistent with this obligation and exercise particular care that no detriment to the interest of the University, the Foundation, and/or the Supporting Organization (or the appearance of such detriment) may result from a conflict between the interests of the University, the Foundation, and/or the Supporting Organization and personal financial interests an individual may have. Therefore, each individual of these boards will annually disclose any personal interest, which he or she may have, in any matter pending before the University, the Foundation, and/or the Supporting Organization and will refrain from participation in any decision on such matter.

Trustees, Foundation Board members, and Supporting Organization members who are also an officer, board member, committee member, or staff member of a contractor, vendor, or supplier of, or to, shall identify his or her affiliation with that organization. Further, in connection with any committee or board action specifically directed to that organization, he/she will refrain from participating in the decision affecting that organization.

Additionally, Trustees, Foundation Board members, and Supporting Organization members will refrain from obtaining any list of clients for personal or private solicitation purposes at any time during the term of their affiliation.

Conflict of Interest Disclosure Statement
Acknowledgement of Receipt

At this time, I am a board member, a committee member, consultant to, or employee of the following organizations:

____
____
____
____

This disclosure statement shall certify that I, am not now, nor at any time during the past year, been:

1) a participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party, doing business with the University, the Foundation and/or the Supporting Organization, which has resulted or could result, in personal benefit to me; and/or

2) a recipient, directly or indirectly, of any salary payments, loans or gifts of any kind, free service, discounts or other fees from, or on behalf of, any person or organization engaged in any transaction with the University, the Foundation, and/or the Supporting Organization and its affiliates.

Exceptions to items 1 or 2 above are stated below, or attached, with a description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) with the persons or organizations having transactions with the University, the Foundation, and/or the Supporting Organization and its affiliates.

Date ______________________________ Signature______________________________________

Printed ______________________________________

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Robert V. Antonucci
PRESIDENT

Conflict of Interest Policy

Purpose:

This conflict of interest policy ("the policy") is intended to:

- protect the interests of Fitchburg State University ("the University") and serve as a guide when the University is contemplating entering into a transaction or arrangement that might benefit, directly or indirectly, the private interest of university officers, trustees, or directors;
- enable such individuals to recognize situations that may be subject to question and resolve them to avoid conflicts of interest; and/or
- supplement, not replace, any applicable federal and state laws governing conflict of interests.

Who is subject to the policy?

This policy covers:

- members of the Board of Trustees, including honorary trustees, that participate in board and committee meetings, and members of the Foundation Board and its associated committees.

Policy:

Trustees and Foundation Board members have a fiduciary duty to the University and, as such, should act in a manner consistent with this obligation and exercise particular care that no detriment to the interests of the University (or the appearance of such detriment) may result from a conflict between the interests of the University and personal financial interests an individual may have.

An individual has a financial interest if that person has, directly or indirectly, through business, investment, or family:

- an ownership or investment interest in an organization supplying goods or services to the University;
- performed services for other individuals or organizations that do business with the University; and/or
- a potential ownership, investment interest, or compensation arrangement with any individual or organization seeking to do business with the University.

In general, when those covered by this policy are deemed to be in a conflict of interest situation with respect to any matter before the Boards or administration, that individual will refrain from participating in the consideration of any proposed transaction, unless specifically requested to provide information regarding the transaction in question. The individual will refrain from voting on, or taking any position for or against, the proposed transaction. When deemed appropriate, a notification will be made in the minutes of the meeting that the person involved neither participated in the consideration of the proposed transaction nor voted on the matter.

In all other instances where it is determined that a conflict of interest exists, such conflicts, and their remedy, shall be disclosed to the Board of Trustees and/or the Foundation Board of Directors at their next meeting.

gmd 03/18/11

Disclosure:

The University is aware that it may not be possible to completely avoid all relationships between those individuals covered by this policy and certain third parties with whom the University transacts business. One of the keys to evaluating the potential conflict is full disclosure. All individuals covered by this policy shall complete, at least annually, a *Conflict of Interest Disclosure Statement*. These disclosure statements shall be reviewed and accumulated by the President's Office and furnished to the Board of Trustees, the Foundation Board of Directors, and/or the President upon request.

If an individual covered by this policy believes that he or she may have a conflict of interest with respect to this policy, or any particular transaction that has not been previously disclosed, he or she will promptly and fully disclose the potential conflict to the President and will refrain from participating in any related transactions or decisions of the University until the conflict is reviewed and a determination has been made.

Individual disclosure statements will be held in confidence by the President. The statements will be open for public inspection only:

- by official action of the Board of Trustees for university matters or by official action of the Foundation Board of Directors for Foundation matters upon showing of good cause;
- with the consent of the person who submitted the data to be disclosed; and/or
- by court order or as otherwise required by Massachusetts or federal law or regulation.

Questions:

Questions regarding this policy should be directed to the President.

Approved by the Board of Trustees ________________________________

Approved by the Foundation Board of Directors ________________________________

Notifications

FITCHBURG STATE UNIVERSITY

Board of Trustees

NOTIFICATION

TO: Board of Trustees	**DATE:** October 18, 2011
FROM: The President	**REQUEST NUMBER:** N01-11/12
SUBJECT: Personnel Actions	

New Hire

Christopher Adams, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$59,000.00
Arlana Arsenault, MS Effective: 9/1/2011	Instructor Nursing	$56,000.00
Peter Azar, Ed.D. Effective: 9/11/2011	Director, Readiness Center (.50 FTE) Education	$36,000.00
Paul Beaudoin, Ph.D. Effective: 9/1/2011 Expires: 12/31/2011	Assistant Professor (1 semester temp) Humanities	$29,000.00
Robin Bowen, Ph.D. Effective: 6/27/2011	Vice President for Academic Affairs Academic Affairs	$170,000.00
Annamary Consalvo, MED Effective: 9/1/2011	Assistant Professor English	$59,000.00
Allison Craig, Ph.D. Effective: 9/1/2011	Assistant Professor English	$51,000.00
Yasser Derwiche Djazaerly, Ph.D. Effective: 9/1/2011	Assistant Professor Humanities	$57,000.00
Nancy Duphily, DNP Effective: 9/1/2011	Assistant Professor Nursing	$76,000.00
Steven Edwards, Ph.D. Effective: 9/1/2011	Assistant Professor English	$51,500.00

Leah Fernandes, MA Effective: 6/20/2011	Staff Assistant, Environmental Health & Safety Officer CPM/Administrative Services	$60,000.00
Teresa Finn, MS Effective: 9/1/2011	Instructor Nursing	$56,000.00
Shana Goldwyn, MS Effective: 9/1/2011	Assistant Professor Education	$56,500.00
Daniel Hanneken, MS Effective: 7/18/2011	Associate Dean/Principal McKay School	$95,000.00
Beth Herman-Davis, Ed.D. Effective: 9/1/2011	Assistant Professor Education	$54,500.00
Brian Kelly, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$53,500.00
Megan Krell, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$54,000.00
Mathangi Krishnamurthy, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$55,000.00
John LaFleche, Ph.D. Effective: 9/1/2011	Assistant Professor Industrial Technology	$65,000.00
Rebecca Lindley, MED Effective: 10/24/2011	Staff Associate/Commuter Affairs & Leadership (10 month) Student Development & Campus Center	$36,000.00
John Ludlam, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$57,500.00
Kristen Murphy, MED Effective: 9/21/2011	Director of Housing & Residential Svs Housing & Residential Services	$67,000.00
Erin Rehrig, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$57,500.00
David Rice, MS Effective: 9/1/2011	Assistant Professor Exercise & Sports Science	$54,000.00

Luis Rosero, MA Effective: 9/1/2011	Assistant Professor Economics. History & Political Science	$55,000.00
Sheila Schreiner, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$54,000.00
Jason Simon, MLS Effective: 3/13/2011	Assistant Librarian Amelia V. Gallucci-Cirio Library	$53,000.00
David Svolba, Ph.D. Effective: 9/1/2011	Assistant Professor Humanities	$54,000.00
Samuel Tobin, MA Effective: 9/1/2011	Assistant Professor Communications Media	$54,000.00
Michael Ward, MS Effective: 9/1/2011	Instructor Exercise & Sports Science	$48,500.00
Kathryn Wells, MLS Effective: 12/12/2010	Assistant Librarian Amelia V. Gallucci-Cirio Library	$51,000.00

Rehire

Deborah Benes, MS Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Nursing	$57,969.65
Richard DesRoches, MBA Effective: 9/1/2011 End Date: 5/31/2012	Instructor Business Administration	$58,000.00
Katherine Jewell, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Economics, History & Political Science	$52,500.00
Monica Maldari, MS Effective: 9/1/2011 End Date: 5/31/2012	Instructor Exercise & Sports Science	$50,000.00
Anne Meyer, MS Effective: 9/1/2011 End Date: 5/31/2012	Instructor Nursing	$58,017.68

Audrey Pereira, MS Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Business Administration	$65,500.00
Bruce Romano, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Mathematics	$55,373.92
Renee Scapparone, D.B.A. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Business Administration	$56,500.00
Allison Shields, MS Effective: 9/1/2011 End Date: 12/31/2011	Instructor Nursing	$63,641.71
Deborah Stone, MS Effective: 9/1/2011 End Date: 12/31/2011	Instructor Nursing	$50,864.67
Kisha Tracy, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor English	$52,500.00

Promotion

Kelli Lundgren, HS Effective: 6/7/2011	From: Admin Asst. II to Staff Assistant From: HR to President's Office	From: $40,271.92 To: $45,000.00
Kelly Sylvia, MBA Effective: 8/8/2011	From: Accountant II to Staff Assistant From: Payroll to Alumni & Development	From: $42,850.08 To: $45,000.00
Joseph LoBuono, BS Effective: 8/14/2011	From: Associate Director to Director Capital Planning & Maintenance	From: $71,249.81 To: $76,500.00
Henry Parkinson, Ed.D. Effective: 8/14/2011	From: Director of Student Development To Assistant Dean for Student Development & Housing	From: $71,570.04 To: $76,500.00
Brad Cohrs, MA Effective: 8/14/2011	From: Associate Director, Recreational Svs To Director, Recreational Svs & Civic Ctr Recreational Services	From: $60,623.69 To: $64,000.00

Jay Bry, MS Effective: 11/1/2011	From: Chief Operating Officer To Interim Vice President for Finance and Administration	From: $114,185.80 To: $130,000.00
Jossy Brack, HS Effective: 9/11/2011	From: Admin Asst. II to Staff Assistant Human Resources/Payroll Services	From: $48,060.48 To: $49,560.48
Gretchen Hodsdon, BS Effective: 9/11/2011	From: Staff Asst to Assistant Director Admissions	From: $36,720.22 To: $41,425.00

Resignation

Sheila Sbrogna, MS Effective: 4/18/2011	Assistant Professor Nursing	$59,086.00
Ruth Joseph, Ed.D. Effective: 7/26/2011	Associate Dean/Interim Principal McKay Campus School	$89,760.00
Jack Ou, Ph.D. Effective: 8/27/2011	Assistant Professor Industrial Technology	$65,191.18
Crystal Joseph, Ph.D. Effective: 8/30/2011	Director of Expanding Horizons Expanding Horizons	$58,074.62
Paul McGonagle, MS Effective: 9/24/2011	Staff Associate/Football Coach Athletics & Recreation	$56,499.56
Shanni Smith, MS Effective: 10/1/2011	Assistant Director Admissions	$43,849.00
AnnMarie Dunton, MS Effective: 10/1/2011	Director of Housing & Residential Svs. Housing & Residential Services	$69,550.96

Retirement

Michael Fiorentino, Ph.D. Effective: 7/2/2011	Executive VP, Academic Affairs/Provost Academic Affairs	$174,922.10
Robert Wellman, Ph.D. Effective: 8/27/2011	Professor Behavioral Science	$77,607.89
Frank Archambeault, MS Effective: 7/30/2012	Associate Professor Computer Science	$76,466.49

President’s
Report

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: **Board of Trustees**	DATE: October 18, 2011
FROM: The President	REQUEST NUMBER: 04-11/12
SUBJECT: Vice President for Academic Affairs Moving Expenses	

It is requested that the Board of Trustees of Fitchburg State University vote to approve moving expenses in the amount of $5,000 for the new Vice President for Academic Affairs.

Enclosures

Fitchburg State University		Target	%	09/30/11*	%	08/31/2011	%	06/30/2011	%	03/31/2011	%	12/31/2010	%	09/30/2010	%
Portfolio Name	**Fund Name**														
Long Term Investments 01	Multi-Strategy Equity Fund	**25%**	23.0%	2,635,973.58	24.2%	2,834,380.19	24.2%	3,074,306.64	26.0%	3,094,989.96	26.4%	2,964,455.26	25.5%	2,709,054.62	23.6%
	High Quality Bond Fund	**60%**	61.3%	7,014,856.86	60.4%	7,072,402.86	60.4%	6,928,537.87	58.7%	6,847,973.48	58.3%	6,847,973.48	59.0%	7,542,857.14	65.8%
	Intermediate Tranche 1		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	Intermediate Tranche 2	**15%**	15.7%	1,796,593.79	15.4%	1,808,323.46	15.4%	1,800,503.68	15.3%	1,794,638.85	15.3%	1,790,728.96	15.4%	1,218,228.96	10.6%
			100.0%	**11,447,424.23**	**100.0%**	**11,715,106.51**	**100.0%**	**11,803,348.19**	**100.0%**	**11,737,602.29**	**100.0%**	**11,603,157.70**	**100.0%**	**11,470,140.72**	**100.0%**
Operating Account 02	STF Tranche 1		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	STF Tranche 2		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	Demand Deposit Account		0.0%	-	0.0%	-	0.0%		0.0%	-	0.0%	82,398.54	4.5%	-	0.0%
	The Bancorp Bank MDA		11.9%	250,041.10	12.4%	250,047.26	12.4%	250,051.37	12.5%	250,053.09	13.0%	250,057.88	13.5%	250,097.28	14.2%
	JP Morgan Prime Money Market		44.0%	921,665.89	43.8%	882,586.65	43.8%	879,113.93	43.8%	837,993.33	43.5%	756,522.61	41.0%	754,372.83	42.9%
	State Street Inst. Liquid Reserves		44.0%	921,661.36	43.8%	882,591.13	43.8%	879,158.81	43.8%	838,035.65	43.5%	756,522.57	41.0%	754,413.24	42.9%
	Government Securities Fund		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
			100.0%	**2,093,368.35**	**100.0%**	**2,015,225.04**	**100.0%**	**2,008,324.11**	**100.0%**	**1,926,082.07**	**100.0%**	**1,845,501.60**	**100.0%**	**1,758,883.35**	**100.0%**
Total Assets				**$ 13,540,792.58**		**$ 13,730,331.55**		**$ 13,811,672.30**		**$ 13,663,684.36**		**$ 13,448,659.30**		**$ 13,229,024.07**	

Since Inception 01/31/2008	***As of August 31, 2011***	***Pro Forma 09/30/2011***					
Beginning Market Value	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00
Purchases	-	-	-	-	-	-	-
Withdrawals	(406,343.06)	(406,343.06)	(406,343.06)	(406,343.06)	(406,343.06)	(406,343.06)	(406,343.06)
Reinvestment of Income	12,765.92	12,765.92	12,765.92	12,765.92	12,765.92	12,765.92	12,765.92
Market Appreciation/Depreciation	108,683.65	(158,998.63)	108,683.65	196,925.33	131,179.43	(3,265.16)	(136,282.14)
Ending Market Value	**$ 11,715,106.51**	**$ 11,447,424.23**	**$ 11,715,106.51**	**$ 11,803,348.19**	**$ 11,737,602.29**	**$ 11,603,157.70**	**$ 11,470,140.72**
Dividend Paid in Cash	1,647,241.42		1,647,241.42	1,647,241.42	1,552,379.09	1,467,294.47	1,375,391.61
Fees	108,019.09		108,019.09	102,801.34	94,957.72	87,308.11	79,368.01

***Estimated**

TO:	Dr. Robert Antonucci, President C/o Ann Marie Dunton, Director of Residence Life Fitchburg State University
FROM:	Edward Adelman Executive Director
DATE:	September 9, 2011
SUBJECT:	RESIDENCE HALL OCCUPANCY - FALL SEMESTER 2011/FY2012

For purposes of reporting to the Board of Higher Education and the Massachusetts State College Building Authority, please certify the date and number of students housed in Fitchburg State University residence halls for the Fall 2011 semester and respond by email to David Spolidoro at dspolidoro@mscba.org and cc Kate Murray at kmurray@mscba.org by Friday, September 16, 2011 and return this signed form as soon as possible thereafter.

Assessment notices will be sent out Monday, September 26, 2011 for payment to US Bank Corporate Trust by Monday, October 3, 2011.

We very much appreciate working with you and your staff for the benefit of your students and Fitchburg State University.

Residence Hall	Design Occupancy		Actual Occupancy			% Full	
	Fall 2010	Fall 2011	Fall 2010	Fall 2011	% Change	Fall 2010	Fall 2011
Apartments	189	189	188	188	0.0%	99.5%	99.5%
Aubuchon	316	316	381	359	(5.8%)	120.6%	113.6%
Herlihy	152	152	160	159	(0.6%)	105.3%	104.6%
Mara Village	328	328	344	321	(6.7%)	104.9%	97.9%
Russell Towers	444	444	490	463	(5.5%)	110.4%	104.3%
Subtotal - System	**1,429**	**1,429**	**1,563**	**1,490**	**(4.7%)**	**109.4%**	**104.3%**
Cedar House	26	28	38	29	(23.7%)	146.2%	103.6%
Mara New	102	102	101	104	3.0%	99.0%	102.0%
Subtotal - Campus	**128**	**130**	**139**	**133**	**(4.3%)**	**108.6%**	**102.3%**
Total	**1,557**	**1,559**	**1,702**	**1,623**	**(4.6%)**	**109.3%**	**104.1%**
Certification Date:							

[Double-click the table to add fall occupancy numbers and certification date in the yellow cells]

Signed Robert V. Antonucci 9/15/2011
Dr. Robert Antonucci, President

cc: Jay Bry, Chief Operating Officer – FIT
Cathleen Daggett, Director of Financial Reporting - FIT

Sterilite

Sterilite Corporation
P.O. Box 8001
Townsend, MA 01469-8001

May 11, 2011

Mr. Robert Antonucci, President
Fitchburg State University
160 Pearl Street
Fitchburg, MA 01420

Dear Bob:

We have been kept apprised of your initiative and efforts on behalf of the Sterilite Scholars program at the University and of the tremendous support the program is receiving, especially from outstanding alumni and friends.

More recently I received your letter and the essays of ten Sterilite Scholars and am amazed at the thoughtful ideas expressed by all of them. You have made us at Sterilite very gratified and honored that our help is being applied so effectively.

Recently I had a call from Michael Kushmerck inviting Sterilite to be represented at a reception on campus honoring these students. It is our strong belief that the attention should all be focused on the students on that occasion and we prefer to remain off site.

The attention from their classmates and faculty should be on these remarkable students who will doubtless lead the next generation of alumni in the community at large.

Thank you, Bob for making our support of the University so meaningful. I hope you will pass on my message to Mr. Kushmerck.

Sincerely,

Al Stone

AS/mw

FITCHBURG STATE
UNIVERSITY

160 Pearl Street
Fitchburg, MA 01420-2697
Tel 978.345.2151
www.fitchburgstate.edu

September 12, 2011

Dr. Richard Freeland, Commissioner
Massachusetts Department of Higher Education
One Ashburton Place #1401
Boston, MA 02108-1696

Dear Commissioner Freeland,

The Board of Trustees at Fitchburg State University met on June 30, 2011, and conducted its annual review of President Robert V. Antonucci's goals and performance for the 2010-2011 academic year. The review indicated that the president met and exceeded expectations. In addition, the Board reviewed his goals for the current academic year. A motion was approved to grant to the president a 3% salary increase on his base pay for meritorious performance.

I am enclosing a copy of the president's report to the Trustees on his accomplishments for 2010-2011. The university continues to experience significant gains in all aspects of its operations.

In closing, I would like to thank you for all that you have done for the Commonwealth's institutions of higher education.

If you have any questions please give me a call. My best to you.

Sincerely,

Gregg P. Lisciotti
Chairman, Board of Trustees
Fitchburg State University

cc: Board of Trustees
President Robert V. Antonucci

FITCHBURG STATE
UNIVERSITY

160 Pearl Street, Fitchburg, MA 01420-2697
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rantonucci@fitchburgstate.edu
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Robert V. Antonucci
PRESIDENT

President's Report to Trustees on the Achievement of Goals for 2010-2011 Academic Year

June, 2011

- **Begin the self-study for the New England Association of Schools and Colleges (NEASC) accreditation process.** With the NEASC team scheduled to visit in March of 2012, our timeline called for a first draft of the self-study to be completed by June 2011 to allow adequate time for summer editing and additional evaluation in the fall before submission. The effort is a top priority and will require commitment from all segments of the campus community. Our goal is to receive another full 10-year approval. The self-study will be labor intensive, but must be of the highest quality. It offers an opportunity to examine our mission based on a focused set of criteria, allowing us to ascertain our relative strengths and weaknesses.

  RESULTS: The first phase of the self-study has been completed. The involvement of faculty, librarians and staff in this endeavor was widespread and indicative of serious commitment by the campus community. The summer will be spent writing and editing the first draft, and the first semester of the new academic year completing the process, including a review by our campus governing body. The study must be sent to (NEASC) in December. A visiting team selected by NEASC will visit the campus from March 4 through March 7, 2012. They will use the self-study as the basis of their comprehensive evaluation of the university, and determinate if we are an institution of quality that constantly strives to improve. In addition, they will decide if we meet the 11 standards upon which they base their analysis. This process is repeated on a 10-year basis; it is our hope and belief that we will be re-accredited for another 10-year period. Accountability is important to us as an institution, and this process is the most significant means of achieving such validation.

- **Oversee the construction of a new science center, as well as the modernization of the Condike Building (our former science facility).** The project began in the fall with the demolition of Parkinson Gymnasium, and is now well into the earthmoving phase. It will significantly impact operation of the university, including parking, space use and traffic. The facility will transform the sciences, catapult us into the 21st century, and dovetail with our new university designation.

  RESULTS: After many years of planning, and awaiting a host of legislative, executive and other required actions, ground was broken for the new science center on October 26, 2010.

Bond Brothers of Danvers is the contractor, with oversight and assistance from the Division of Capital Assets and Management (DCAM). Special thanks for the realization of the long overdue project go to Governor Patrick, Lt. Governor Murray, DCAM, Commissioner Freeland, Secretary of Education Reville and the Legislature for their support of this state-funded project. Our faculty has been involved in the planning of the educational components of the building for the past two years. Our facilities staff under Jay Bry has been serving as the university's liaison for the project and spent many hours in the planning and execution stages. When completed this building will provide students and faculty with a facility that is "second to none."

- **Re-energize the university's focus on customer service for internal and external audiences.** This is an ideal time to renew our commitment to excellence in the service we provide to all constituencies. The endeavor excludes no segment or department. It must infuse the classroom, the athletic field, and every office on campus.

  RESULTS: Using both formal and informal reminders, as well as programming, we have reestablished the importance of customer service on-and-off campus. However, this is by nature an ongoing effort, and our ambitious goals will therefore continue. We must be positive, truthful, diligent, and attentive. The academic and personal needs of the students remain our top priority.

- **Develop and implement a process and plan to address the university name change legislation, which has transitioned Fitchburg State College to Fitchburg State University.** As the institution takes on its fifth name since 1894, we must instill within our various constituencies the importance and value of this change. It entails more than marketing and branding—we are now part of a state university system that will continue to focus on teaching and learning, but offer additional benefits both immediate and prospective.

  RESULTS: We officially became a university on October 26, 2010, and on that day Lt. Governor Murray headed a celebration that involved hundreds of students, alumni, staff, faculty, city and state officials, and the community at large. With "Fitchburg State University," we finally have a name that accurately describes the comprehensive nature of this institution. Great strides have been made this year in communicating to the public our new status, and the change has created a renewed energy on campus: our students and faculty are enthusiastic and motivated to be part of a university. This year we spent a good deal of time on the mechanics of the change (e.g. construction of a new web site, marketing materials, and signage). In the coming year we will focus more directly on the academic aspect of the change.

- **Lead the university in an effective and efficient manner, and administer the daily operations of the university with an unwavering focus on excellence and quality.** The university is a complex organization with a $70 million budget and more than 500 employees. Among the many focal points are fundraising, capital needs, foundation and trustee boards, collective bargaining, professional development, sustainability, public relationships, alumni affairs, and community outreach, including, for example, Central Links, the commissioner's Vision Project, the NCAA, and the Council of Presidents. Efficiency can only be achieved through shared vision and commitment.

- **RESULTS: What follows are some highlights that contributed to our growth and success.**
  1. The hiring of Dr. Robin Bowen as the new vice president for academic affairs. She replaces Dr. Michael Fiorentino, Jr. who accepted the presidency of Lockhaven University in Pennsylvania.
  2. Active participation in the Vision Project. Dr. Christopher Cratsley, interim director of assessment, is our liaison in this effort. We are an active participant along with the other 28 state institutions of higher education.
  3. We secured approval from the State University Building Authority for the first phase of major renovations to the Hammond Building. This is a long overdue need, and we hope to fund two additional phases in the future.
  4. I was re-elected to a four-year term on the NCAA Division III President's Council. The council represents more than 1,200 schools in the country.
  5. I was appointed to a 15-member national commission by the American Association of State Colleges and Universities (AASCU) to address the impact of the new national Common Core Standards and the correlation between secondary and higher education.
  6. I continue my active involvement in the work of the Council of Presidents, an effort that is essential to the university system as well as our individual institution.
  7. Along with students, staff, and board members, I also continue to participate in a variety of volunteer efforts linking the community with the university.

Conclusion

As I have said since my first day as president, the student learning experience is what the university is all about. We are here because of students. We are here to ensure their educational needs are met at the highest levels. We are here because we believe our institution is the best in its class. We need to demonstrate this through action and results, not words. I believe in this university, in what it does, and its limitless future.

It has been another good year. Fitchburg State University is an institution of quality, one that continues to make teaching, learning and service our basic tenets. We strive for excellence and quality in all we do, and acknowledge our obligation to provide students with the skills and competencies necessary to succeed in whatever career or field of study they wish to pursue when they graduate.

As president, I continue to work for the good of the university. I enjoy it immensely and will persist in devoting myself to an agenda of ongoing improvement. We know our strengths, and must constantly seek to address any weaknesses.

I extend a heartfelt thank-you to you, the members of the Board of Trustees, for your continued support and spirit of partnership. The time you devote to supporting the school is deeply appreciated. Special thanks also go to the students, staff, faculty and librarians, Alumni Board, Foundation Board, Center for Italian Culture Board, and all other individuals and organizations that contribute to our success.

I look forward to another successful year.

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: **Board of Trustees**	DATE: June 30. 2011
FROM: The President	REQUEST NUMBER: 09-10/11
SUBJECT: Presidential Salary	

The Board of Trustees voted on June 30, 2011 to grant a 3% salary increase on the president's base salary for meritorious performance.

The following was voted on October 19, 2010

The Board of Trustees acknowledges having assessed the 2009-2010 goals of the president, and accepting the goals for 2010-2011. The review indicates that the president's accomplishments for the 2009 goals were met and exceeded and we recommend approval of the president's goals.

Further we note, the President has not had a salary increase for the prior two years and have been advised by the Commissioner of Higher Education not to recommend a raise for the current fiscal year. When salary increases are allowed again we would be requesting an appropriate increase.

Approved

JUN 30 2011

Fitchburg State University
Board of Trustees

Massachusetts Department of Higher Education

One Ashburton Place, Room 1401
Boston, MA 02108-1696

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Richard M. Freeland, *Commissioner*
Charles F. Desmond, *Chairman*
Massachusetts Board of Higher Education

September 28, 2011

Gregg P. Lisciotti
Chair
Board of Trustees
Fitchburg State University
160 Pearl Street
Fitchburg, MA 01420

Dear Chair Lisciotti:

Thank you for submitting to my office, in such a prompt manner, your annual evaluation of President Antonucci. The report is very comprehensive and positive. I appreciate all the work of the Board of Trustees of Fitchburg State University and President Antonucci.

Sincerely,

Richard M. Freeland
Commissioner

CC: President Antonucci

Massachusetts Department of Higher Education

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Richard M. Freeland, *Commissioner*
Charles F. Desmond, *Chairman*
Massachusetts Board of Higher Education

April 21, 2011

Mr. Gregg P. Liscotti
Chair, Board of Trustees
Fitchburg State University
160 Pearl Street
Fitchburg, Massachusetts 01420-2697

Dear Chair Liscotti:

I have now had a chance to review the evaluation of President Robert V. Antonucci which was submitted by you on behalf of the Fitchburg State University Board of Trustees on November 1, 2010.

I am pleased to know the Board's very positive assessment of President Antonucci's work. I congratulate the President on his achievements and thank him for his contributions. I also note the Board's desire to see President Antonucci's achievements properly recognized in his compensation. As you know, I am very mindful of the need to properly compensate our presidents and fully intend to do so as soon as this becomes possible.

Sincerely,

Richard M. Freeland
Commissioner

C: President Robert Antonucci, Fitchburg State University
Chair Charles Desmond, Massachusetts Board of Higher Education
Secretary Paul Reville, Massachusetts Executive Office of Education

Massachusetts Department of Higher Education

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Richard M. Freeland, *Commissioner*
Charles F. Desmond, *Chairman*
Massachusetts Board of Higher Education

September 2, 2011

Dr. Robert Antonucci, President
Fitchburg State University
160 Pearl Street
Fitchburg, MA 01420

Bob

Dear President Antonucci:

I am sorry to inform you that Fitchburg State University will not receive funding in this round of the Performance Incentive Grant Program. We received many good proposals, but had limited funds to award and therefore we were unable to fund every proposal.

An independent panel, my staff, and I reviewed all of the proposals, and I ultimately made the difficult decision regarding which proposals to fund.

I very much appreciate Fitchburg State University's ongoing commitment to the goals of the Vision Project, which is important for all of public higher education and for the state. I know that much good work that is relevant to the Vision Project is occurring on your campus. We are hopeful that this program will continue in future years, and we urge you to re-submit a proposal next year as we refine and enhance this program.

Sincerely,

Richard M. Freeland
Commissioner

ps: Thank you for your graciousness when I called, Bob

The Barn

Stratton Players . . .

60 WALLACE AVENUE
FITCHBURG, MA 01420
PHONE: 978-345-6066
WWW.STRATTONPLAYERS.COM

July 22. 2011

Dear Bob:

The Board and members of the STRATTON PLAYERS thank you for your generous offer of the McKay Campus Theater for our production of POSTCARDS, a festival of short plays.

Thanks also, to Mary Chapin Durling for facilitating the use of the theater.

Your generosity has helped enormously in keeping the spirit of the "show must go on" during this most difficult time.

Sincerely,

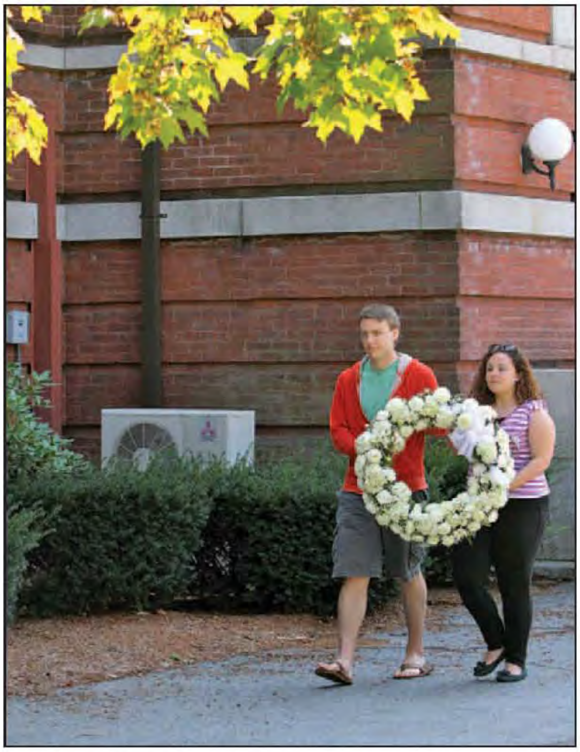
Board of Directors and members of STRATTON PLAYERS,

Janet Cragin
Chairman

Loss of a lifetime

SENTINEL & ENTERPRISE PHOTOS / CONNOR GLEASON

ABOVE: Fitchburg Firefighter Kyle Forrest rings a bell with firefighter Ted Lillie and Lt. Dante Suarez in memory of those who were lost on Sept. 11, 2001, during a 9/11 Remembrance presentation sponsored by Student Development at Fitchburg State University Monday afternoon. **RIGHT:** FSU Student Government Association President David Robinson and public information director Carissa Fucillo carry a wreath through campus. **BELOW:** White doves are released.



SEE A PHOTO SLIDESHOW OF LOCAL 9/11 REMEMBRANCES AND VIDEO OF LEOMINSTER HIGH SCHOOL STUDENTS AND STAFF TALKING ABOUT WHAT 9/11 MEANS TO THEM AT **WWW.SENTINELANDENTERPRISE.COM**

Falcons hand out awards

By Nick Mallard
nmallard@sentinelandenterprise.com

FITCHBURG — Fitchburg State University's 2010-11 athletic season drew near a close Tuesday night with the school's annual Senior Athletic Awards Banquet, honoring its departing seniors and recognizing excellence on the playing field.

SENTINEL & ENTERPRISE / BRETT CRAWFORD

Fitchburg State University senior Constance Perry speaks after receiving the Female Senior Scholar-Athlete Award during the school's Senior Athletic Awards Banquet in Fitchburg Tuesday.

The 51 departing seniors all received FSU's Senior Award — the first class to do so since the institution became a university — in front of a full house at the Holmes Dining Common.

"We do this each year to honor the achievements of our athletes," master of ceremonies and FSU assistant dean of student support services Robert Hynes said.

Hynes listed various statistics, lauding the FSU athletic programs for accumulating 99 wins through the three seasons, the school's 42 player-of-the-week honors, 39 all-conference selections and one championship: the MASCAC crown won by the ice hockey team.

But the focus of the evening was celebrating individual achievements, with five awards handed out. The main award of the night, as it is every year, was the Paul K. Waring Class of '38 Athlete of the Year award. This year saw two athletes take home the male award, as track and field standout Matt Muolo and John Phelan, a holder of several records for the baseball program, jointly took the award, while sophomore Emily Lane, a track and cross country star, was honored for the women.

Kicking off the evening's accolades were the Rookie of the Year honors, with the ice hockey team's Cory Callen and women's soccer team's Rachel Jamieson taking home hardware. The Kruczek Award, given to an athlete who shows courage and spirit in overcoming adversity, was won by North Middlesex grad and Townsend native Kathryn Hayward, a senior on the women's soccer team.

Also claiming awards were seniors Bill Pescosilido of the ice hockey team, basketball player Molly Maloney and field hockey star Victoria Van Ahnen, who took home leadership honors.

Rounding out the awards were the male and female Scholar-Athlete honors, recognizing outstanding athletes with a grade-point average of 3.2 or higher. Ice hockey captain and senior Chris Riggs took the honor for male athletes, while senior and lacrosse captain Connie Perry received the female award.

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cycle

VOL. 1, NO. 2 Sept. 17 - Sept. 24

Mr. Haley . . .

"NOT PLAYING GAMES"

Fitchburg State College

An article from Fitchburg State College's student newspaper, Cycle, covering the paper's challenging of then-President James Hammond in federal court on censorship.

Censorship at State Colleges Ruled Out

Judge Backs Student Editors

By Parker Donham, Globe Staff

U.S. District Court Judge W. Arthur Garrity Jr. has ruled that the state may not impose a censorship over student newspapers at state-supported colleges.

The ruling, handed down last week but not made public until yesterday, concerned a dispute over an article by Black Panther party leader Eldridge Cleaver published in the Fitchburg State College student newspaper, The Cycle.

The decision appears to assure editorial independence

"Having fostered a campus newspaper," Garrity wrote in an 18-page decision, "the state may not impose arbitrary restrictions on the matter to be communicated. Students may not be confined to the expression of those sentiments that are officially approved.

"Because of the potentially great value of a free student voice in an age of student awareness and unrest, it would be inconsistent with basic assumptions of First Amendment freedoms to permit a campus newspaper to be simply a vehicle for ideas the state or college administration deemed appropriate."

SENTINEL & ENTERPRISE / CONNOR GLEASON

A copy of an article from the Boston Globe recounts the court case over newspaper censorship at Fitchburg State College.

Battle over censorship

College newspaper case to be discussed

By Marisa Donelan
mdonelan@sentinelandenterprise.com

SENTINEL & ENTERPRISE / CONNOR GLEASON

Fitchburg State University alumni and former college paper reporter Dave Celuzza and former editor John Antonelli, discuss challenging then-President James Hammond in federal court on censorship issues recently.

FITCHBURG — Back to school after a journalism conference with anti-establishment groups — and a stop at Woodstock — the staff of Fitchburg State College's student newspaper was ready to wake up the campus.

The weekly paper, named the *Cycle*, began broadening its horizons in 1969, publishing pieces about the unrest across the United States with the Vietnam War and ongoing civil rights issues. Student activism was teeming across the U.S. as young adults recoiled from a draft that pulled them into an unpopular war.

Led by editor John Antonelli of Tewksbury, the students moved to print an excerpt from a sexually charged essay by Eldridge Cleaver, a prominent Black Panther activist.

"It was an essay from his perspective (of growing up) as a black kid," Antonelli said Thursday. "He went to a really radical extent in terms of making his point. But Eldridge Cleaver was a huge voice for the black community at the time, and it felt to me like something that needed to be seen."

The content of the Cleaver excerpt shocked the off-campus Fitchburg printer so much he called FSC President James J. Hammond, who put the brakes on the paper.

Hammond told the students he would withdraw their funding — which came from student fees — and also demanded administrative oversight and approval of newspaper content if it were to publish again.

So the students took him to federal court. And they won.

Clear-cut case

On Monday — as the now-Fitchburg State University celebrates Constitution Day — Antonelli and other members of the *Cycle*'s staff will be part of a panel discussing censorship, the First Amendment and freedom of the press.

The case, Antonelli v. Hammond, which wrapped up in February 1970, was pretty clear-cut, said Paul Weizer, head of the FSU economics, history and political science department. It is often cited in other cases of prior restraint and student-censorship issues.

But in recent years, the case had been unstudied on the Fitchburg State campus, said Weizer. Kate Wells, FSU's new reference librarian, was assisting a student with research on the history of campus diversity last

Please see **PRESS/5**

Constitution Day at FSU

Fitchburg State University will celebrate Constitution Day with former members of the staff of the Cycle, its student newspaper that took then-college president James J. Hammond to federal court and won. The event will be held Monday at 3:30 p.m. in the Ellis White Lecture Hall at the Hammond Campus Center. The event is free and open to the public.

FSU marks Constitution Day

PRESS/From Page 1

spring when she came across a few paragraphs in a history of the college. The chapter on Hammond included a note about the case, and it sparked her interest.

Wells dug deeper — eventually she and library director Robert Foley uncovered most of the *Cycle's* issues — and shared her findings with Weizer, who teaches constitutional law.

Meanwhile, Professor David Weiss was conducting a meeting of the FSU Student Government Association when former SGA president Mark Rice — a *Cycle* supporter during the lawsuit — stopped in and shared the history with students. Weiss was impressed with how engaged the students were with Rice's story and thought it could give them a great view into free-speech and free-press issues.

Weizer said the Constitution Day event will be an opportunity for young people to get a sense of a college campus during the Vietnam era.

"This provides a really great opportunity for us to celebrate the Constitution in a way they can relate to," he said. "It also gives them a good context of the time, why people were challenging authority, why this type of stuff was important."

As a legal matter, Antonelli v. Hammond "was not a very difficult case," because of the Constitution's protections of a free press and free speech, Weizer said. What's fascinating to Weizer is the courage it took the *Cycle* staff to challenge their own school's administration.

Federal Judge W. Arthur Garrity — best-known for his role in the Boston school-desegregation efforts — decided Antonelli v. Hammond in U.S. District Court, saying although the school funds the student newspaper, to demand review of content prior to publication would be an "improper prior restraint," of the students' free speech rights, according to a summary of the ruling.

'Era of radical change'

Hammond accepted Garrity's ruling but did say he believed he'd made an honest effort to protect decent discourse on campus, by attempting to keep material he believed to be obscene from being published.

Hammond told the *Worcester Telegram*: "This is an era of radical change, often frenetic. Change is inevitable and the process is good, but not all changes are either inevitable, or good... I am still confident that the majority of the people still opt for decency, modesty, moderation and propriety."

The state representative at the time, Gerald P. Lombard, filed legislation to curb "obscenity and pornography in state college student publications," according to a 1969 *Fitchburg Sentinel* article. Lombard, fearing student revolution, questioned the election of "ten or twelve student radicals" to Fitchburg State's Student Government Association and the effect they would have on the school.

The on-campus censorship and the students' response to it made national headlines, with stories in *The New York Times*, *Newsweek* and *Time* magazine. Hammond received a letter of support from a military base in Germany, from someone who heard of his problem "with a certain federal judge."

Several student newspapers across Massachusetts stood in solidarity with the *Cycle*, printing the Cleaver piece in their own pages and pooling money to print a special edition of the *Cycle* on the Salem State College press. An attorney named Harold DuLong contacted Antonelli and offered to take on the case for free.

Antonelli went through a period of self-doubt, he said. As a Tewksbury native, he didn't have the local ties some of his friends had in Fitchburg, and he worried about how the case and its fallout would impact them. Still, "there was a feeling that this was the right thing to do," because of everything going on in the country.

The first hint to Antonelli and the rest of the *Cycle* staff that someone was keeping a critical eye on their work before it was published was a reprint of Karl Hess' "Open Letter to Barry Goldwater," which came off the press flawless, with only one word, an expletive, scratched out.

Dave Celuzza, a newspaper staffer, said the college was a pretty homogenous place in the late '60s, where the big administrative concern was over whether students could wear jeans to the dining hall (they couldn't) and whether members of the opposite sex could enter each other's dorms (they definitely couldn't).

"It was pretty cloistered at the time," he said.

The decision to publish the Cleaver piece came from the censorship of the Hess letter, Antonelli said. He said in an editorial he believed the student body was capable of handling the explicit language maturely. Hammond's actions robbed them of their individual ability to make moral decisions, he argued.

Times have changed

These days, Fitchburg State University President Robert Antonucci said, students have endless opportunities to publish their thoughts and opinions on the Internet, and they are more or less free to say what they want, as long as they don't threaten the health and safety of others.

Antonucci said it would be easy to sit back, 42 years later, and criticize Hammond's actions, but he also recalled that period in history, where protests turned violent and sometimes deadly.

"I'm not one for censorship, at all. I think you let people make their own judgments," he said. "But this was a completely different time. I think he did what he believed was right."

The end result of the Vietnam-era protests on college campuses is a lasting atmosphere of debate, said Antonucci. A campus should be a place where ideas are discussed, argued and protested. There's "nothing wrong with good dissent.

"I don't mind if somebody challenges me about anything, as long as it's based on factual information," he said. "People have strong opinions. The great thing is (because of the constitutional protection of the First Amendment) we can freely exchange opinions."

The past week has been a reunion of old friends and a refreshing of fond memories. The *Cycle* ran its course in that school year, Celuzza and Antonelli said. They would not publish while allowing any kind of administrative oversight, so they resigned. In response, the college created a clear policy outlining its involvement with student publications, which fell in line with Garrity's ruling, Weizer said.

Celuzza got drafted and went on to serve in the military, though he didn't have to go to Vietnam. When he returned to Fitchburg, he worked as a teacher, then entered the hospitality industry. It landed him at Slattery's Restaurant, which he has owned now for two decades.

Other *Cycle* alumni went on to work in government, emergency management and manufacturing.

Antonelli never finished his degree at Fitchburg State. By the end of his turbulent junior year, and after winning the case against Hammond, he left the college, freelancing for Boston publications before heading west, where he studied film and wrote for alternative newspapers, including the *Berkeley Barb*, a weekly counterculture newspaper in Northern California.

He continues to tell stories. Antonelli is a documentary filmmaker now, and with his Mill Valley Film Group, based in Sausalito, Calif., has produced and directed several award-winning films. His latest, "The New Environmentalists," will screen at the college Monday before the event.

He was skeptical when Rice called to let him know about plans to bring the *Cycle* staff to campus to discuss the case, but when he learned the college was serious, he was relieved.

"It feels very gratifying that there would be that kind of return. It's come full-circle," Antonelli said. "It feels like justice."

SENTINEL & ENTERPRISE / BRETT CRAWFORD

From left, Dr. Paul Weizer, chairman of the Economics, History, and Political Science Department, and David Weiss, assistant professor and program coordinator of the Criminal Justice Program and behavioral sciences, discuss and show newspaper clipping copies from the 1970 incident at Fitchburg State.

SENTINEL & ENTERPRISE / CONNOR GLEASON

Fitchburg State University alumni and former college paper reporter Dave Celuzza and former editor John Antonelli, outside the Hammond building at Fitchburg State University Thursday afternoon. The former staffers were among those who challenged then-President James Hammond in federal court on censorship issues.

ProQuest Historical Newspapers The New York Times (1851 - 2007) pg. 37

Campus Editors Now Expressing Bold View

By ROBERT REINHOLD
Special to The New York Times

SALEM, Mass., Dec. 2—In an atmosphere of crisis, the student editors of the campus newspapers at six of Massachusetts' state colleges gathered here recently in the small cluttered office of the Salem State College Log.

They had come to organize support for the Cycle at Fitchburg State College. The school's president, John J. Hamilton, had canceled an issue of the paper after the printer informed him that the issue was to contain an article by Eldridge Cleaver, the Black Panther leader. The text was considered obscene by the printer and the president.

The Massachusetts situation paralleled others throughout the country as college newspapers seek to assert their editorial independence and venture boldly into areas of social and political opinion they have long avoided.

Interviews with administrations, faculty and students at more than 30 colleges around the nation show that officially sanctioned college papers are provoking wide unhappiness among college administrators and conservative students and, to a lesser extent, radical students.

In many cases, the papers have assumed activist roles,

stem from a cartoon print last year in the college new paper. The students face to a year in prison if co victed on the charge, a m demeanor. The trial is e pected to continue tomorr in the 14th Circuit Court b fore Judge William S. Ewi Jr.

The campus disputes va widely, but they usually ce ter on the use of obsce words and pictures or charg of undue emphasis on the porting of activites of ra icals.

In the Fitchburg State C lege case, the article in qu tion was an excerpt fr "Black Moochie," a nove by Mr. Cleaver. At the me ing at Salem State the editors all agreed to print t article in their own pap as a gesture of defiance what they felt was hig handed press censorship Fitchburg.

There followed six wee of turmoil on the campus marked by threats of la suits, countersuits, a sit here at Salem and the cl ing down of three of t papers, at Salem, Fitchbu and Worcester.

For some time, across t nation, underground nev papers run by radical s

SENTINEL & ENTERPRISE / CONNOR GLEASON

A copy of a New York Times article from 1969 covering Fitchburg State University's student newspaper, The Cycle, challenging then-President James Hammond in federal court on censorship issues.

Area colleges plan commencement honors

FSU's Fiorentino departs as recipient of prestigious President's Medal

FITCHBURG — Fitchburg State University will pay tribute to noted alumni, faculty, staff and friends of the institution at its 115th Commencement exercises.

The Graduate Commencement ceremony will be held at 6:30 p.m. today in Weston Auditorium. The ceremony will include the bestowing of the President's Medal to outgoing Executive Vice President/Academic Affairs Michael Fiorentino. Michele Zide will also be honored at the graduate ceremony for her contributions to the graduate program.

The Undergraduate Commencement will be held at 10 a.m. Saturday on the main quadrangle. Best-selling author and alumnus R.A. Salvatore will deliver the commencement address and will also receive an honorary degree. An honorary degree will also be presented to outgoing board of trustees Chairman Gregg P. Lisciotti. Honey Rand, Ph.D., will be recognized with the Distinguished Alumna Award.

Fiorentino, of Lunenburg, assumes the presidency of Lock Haven University in Pennsylvania this summer. Prior to serving as executive vice president/academic affairs at Fitchburg State, he served five years as vice president for academic affairs and provost. His other positions include chairman and professor of the Department of Special


Fiorentino

Education, chairman of the master's program in educational leadership, and associate dean and principal of the McKay Campus School-Teacher Education Center. He later spent a number of years at Framingham State, where he was associate vice president and executive assistant to the president, and associate vice president for academic affairs.

Fiorentino has been a consultant for the U.S. Department of State, the Office of Overseas Schools, the University of Georgia, the Association for the Advancement of International Education, the Association of American Schools (in Central America, Colombia, the Caribbean and Mexico) and Sopris West Educational Services.


Zide

Zide, of Fitchburg, is an accomplished scholar who served the university for more than three decades, leading the development of successful new programs and demonstrating a boundless commitment to the institution.

Her career began in 1972 when she was hired as a professor of special education, a role she filled for almost 20 years. Later, as graduate program chairwoman from 1984 to 1987, her accomplishments included authoring board of regents' collaborative grants with local school systems in Leominster, Shirley and Lunenburg, and wrote a number of educational articles.

In 1989, Zide was named associate dean and principal of the McKay Campus School. Two years later, she was selected for the position of associate vice president of academic affairs and dean of graduate and continuing education. She also established what is now known as the Center for Professional Studies.

Lisciotti, of Leominster, is president and founder of Lisciotti Development Corp., a Leominster-based real-estate development company. He recently completed a 10-year term on Fitchburg State's board of trustees.


Lisciotti

Lisciotti's tenure includes serving on the committee that selected President Robert Antonucci and oversight of sweeping improvements to the campus, including such major construction projects as the Mara 8 residence hall and a new science center, now under construction. University status was also achieved during Lisciotti's chairmanship.

Since its establishment, Lisciotti Development has successfully developed office buildings, retail centers, industrial parks and residential subdivisions in Massachusetts and beyond.

A graduate of Bentley University with a bachelor's degree in finance, Lisciotti began his company before graduating from college. He was appointed by former Gov. Mitt Romney to serve on the board of directors of the Massachusetts Convention Center Authority.

Best-selling author and Fitchburg State alumnus R.A. Salvatore, of Leominster is one of the most important figures in modern epic fantasy literature. He has sold more than 17 million books worldwide and seen 24 of his 52 novels listed as New York Times bestsellers.

Salvatore traces his liter-


Salvatore

ary roots to a reading of J.R.R. Tolkien's "The Hobbit" when Fitchburg State's classes were canceled for a week during the Blizzard of '78. He began working on his fiction shortly after earning a degree in communications media in 1981 and securing a full-time job, writing into the early morning hours to complete his first manuscript.

Salvatore, who returned to Fitchburg State to earn a degree in professional writing in 1991, has maintained ties with his alma mater. In 1997, he donated letters, manuscripts and other professional papers to the R.A. Salvatore collection at the Amelia V. Gallucci-Cirio Library at the university.

Rand has more than 30 years of experience in award-winning communication strategy, planning and implementation with water and related environmental issues. Her company, the Environmental PR Group Inc., which was founded in 1997, deals with the public side of environmental communications, conflict and advocacy.


Rand

The Florida native has been a competitive public speaker since her early school days. She attended Fitchburg State University after serving in Army Public Affairs at Fort Devens. At Fitchburg State's Communications Media department she learned to appreciate the discipline and science behind communication skills, finishing her degree in two years and graduating in 1983.

For more than a decade, Rand has been a spokesperson and advocate for green real-estate developers, conservators and hydro technology and biofuel companies. She has taken on strip-mining and water pollution in her effort to preserve Florida's unique aspects, urging its residents to live in a practical and economical way. She was an outspoken opponent of expanded oil drilling in the Gulf of Mexico long before the oil spill that wreaked havoc on the Gulf Coast last year.

Dance company brings unorthodox approach to Fitchburg

FITCHBURG — CenterStage at Fitchburg State University presents a unique and immersive theatrical experience in May when Compagnia TPO performs at the Wallace Civic Center, 1000 John Fitch Highway, May 4 to May 7.

Imagine a stage in the shape of a large U with a central area flat on the floor. Overhead are three LCD projectors. Images move from the top of one side, across the floor and back up. The actors/dancers step onto the central area and their movement causes more images to appear and sound as well. It is magic. And you are sitting less than 10 feet away from all the action.

In this production, called "Farfalle" (butterflies), the set piece is a white mat covered with sensors that produce sounds and images when touched. As performers move across it, they act as artists and musicians, igniting vibrant pictures and tones that help illustrate the butterfly's life cycle and botanical habitat.

Founded in 1981 as a visual theater company, TPO has evolved to incorporate digital technologies to fuse theater and contemporary art — an immersive world of animation, illusions, sound, dance and visual spectacle that is multisensory, multidisciplinary and multilingual. It's an intimate and otherworldly new experience in participatory dance.

Watch and listen to what the Bank of Scotland Children's Festival called "a new experience in participatory theatre" at www.tpo.it.

Seating is limited to 120 per performance.

Performances for school groups will be held Wednesday, May 4, Thursday, May 5, and Friday, May 6, at 10 a.m. and 12:30 p.m. There will also be performances open to the public on Friday, May 6, at 7 p.m. and on Saturday, May 7, at 10 a.m., 12:30 p.m. and 2:30 p.m.

Tickets are $15 for adults, $12 for seniors and $5 for Fitchburg State students and children 17 and younger.

Compagnia TPO is sponsored, in part, by the Amelia Gallucci-Cirio Endowment and the Center for Italian Culture at Fitchburg State University. The educational cosponsor is Unitil, with additional support from Hannaford Supermarkets and Fitchburg Federal Credit Union.

COURTESY PHOTO

Compagnia TPO performs at the Wallace Civic Center, 1000 John Fitch Highway, May 4 to May 7.

Caring volunteers take to nonprofits' projects

By Hunter Amabile
hamabile@sentinelandenterprise.com

FITCHBURG — Rolling a swath of paint across the wall of the racquetball court at the Montachusett Regional YMCA, Kathy Gilbert brightened the walls, pockmarked from years of play.

"Oh my goodness, it was terrible when we got here," she said.

Gilbert, an admissions worker at Fitchburg State University, worked alongside a few university police and Michael Nash, who works for Bemis Associates in Shirley.

The team was among more than 500 volunteer crews working on 56 projects Thursday as a part of the United Way of North Central Massachusetts' 16th annual Day of Caring, sponsored by Four Points Sheraton and SimplexGrinnell, which marks the official start to the United Way's yearly fundraising campaign.

Please see **CARING/4**

SENTINEL & ENTERPRISE / CONNOR GLEASON

Kathy Gilbert, who works in admissions at Fitchburg State University, paints a racquetball court wall at the Montachusett Regional YMCA in Fitchburg during the United Way of North Central Massachusetts' 16th annual Day of Caring Thursday morning. Volunteers throughout the area assisted nonprofits with maintenance, landscaping and other projects.

Volunteers fan out for group's Day of Caring

CARING/From Page 1

The volunteer work was certainly appreciated by the host sites, who look forward to being able to check off projects from the long list of to-dos.

"It's those everyday projects that everyone puts off; just do it next week," said Jennifer Gordon, membership coordinator at the YMCA.

Gordon could have her own workers painting, but instead, the YMCA, which believes in social responsibility, sent out volunteers to other United Way projects to lend a hand in the community.

"The YMCA is a cause-driven organization that promotes social responsibility," she said. "We strive to demonstrate this not only to our employees, but our members, also."

A group of workers from Fidelity Bank were stationed at Ginny's Helping Hand, Inc., in Leominster.

The five ladies were sorting out donated clothes for the store, making sure they were clean and had functional zippers.

Not a bad assignment for a rainy day, said Ellen Aubuchon, who has done a bit of everything volunteering through Fidelity for the past 15 years.

"It runs the gamut from very physical to sorting crayons for school programs," she said.

Thursday was somewhat of a homecoming for volunteer Jim Moran, of Shirley.

Moran and Doug Johnson, employees of SimplexGrinnell in Westminster, were painting the work room at the Nashua Valley Council of Boys Scouts of America.

Moran, who was a Scout in the council growing up, hadn't been in the building for 15 years.

"Probably around the same time the room was painted," joked Johnson.

The two answered the call to volunteer put out by their company and were taping off some cabinets in preparation for the paint.

"Sometimes it seems like the right thing to do," Moran said.

It certainly makes a difference to the council, said registrar Scott Rosengren.

"It's a great deal of help having the manpower," he said.

Rosengren is usually the handyman around the building, but he can only get to so many chores between his other duties.

The crews worked hard through the day to fulfill their tasks.

As Gilbert applied more paint to the wall of the racquetball court, she admitted the project was strenuous.

"I'm sure I'll be sore tomorrow, but that's nothing.

SENTINEL & ENTERPRISE / CONNOR GLEASON

ABOVE: From left, Michelle Ramos, Necole Goodman, Paulette Tata and Ellen Aubuchon, of Fidelity Bank, help sort donated clothes at Ginny's Thrift Shop in Leominster during the United Way of North Central Massachusetts 16th annual Day of Caring Thursday morning. **BELOW:** From left, Michael Nash, of Bemis Associates, Inc. in Shirley, and William Fisher, of Fitchburg State University, help paint at the Montachusett Regional YMCA in Fitchburg.

SENTINEL & ENTERPRISE / CONNOR GLEASON

Fitchburg State University sophomores and softball teammates Meghan Breault and Shannon Fitzgerald entertain themselves by sliding in the mud at FSU's Elliot Field Saturday afternoon during the school's Family Weekend.

It's a regular Fitchburg family affair at FSU

By Hunter Amabile
hamabile@sentinelandenterprise.com

FITCHBURG — Holding his 2-year-old daughter, Kayli, in front of him, Craig Arsenault skated laps around the ice at the Wallace Civic Center as his child tapped her feet against the ice, trying to skate.

Arsenault was one of more than 1,000 people that took part in the Fitchburg State University-sponsored family weekend events on Saturday.

The day boasted a picnic lunch, a family fair, a football game and an open skate in the afternoon. And for Arsenault, of Gardner, it was a nice way to spend a dreary day.

"It's better than standing in the rain, that's for sure," he said.

The event is run by the university as a way to give families a chance to come see their loved ones enrolled at the school, but is free and open to the public as well.

Bill Labaire, a 2000 alum and current student in the master's program, had his son, Wyatt, 4, on skates for the first time.

"I always wanted my son to be a hockey player," he said pointing to the child, who eked his way around the ice holding onto the boards.

Labaire is impressed with the amount the college has given back to the people of Fitchburg, especially under the lead of President Bob Antonucci.

"I think the college does a lot for the community and this is just an extension of that," he said.

Associate Director of Student Development Shane Franzen said the family weekend is about giving back.

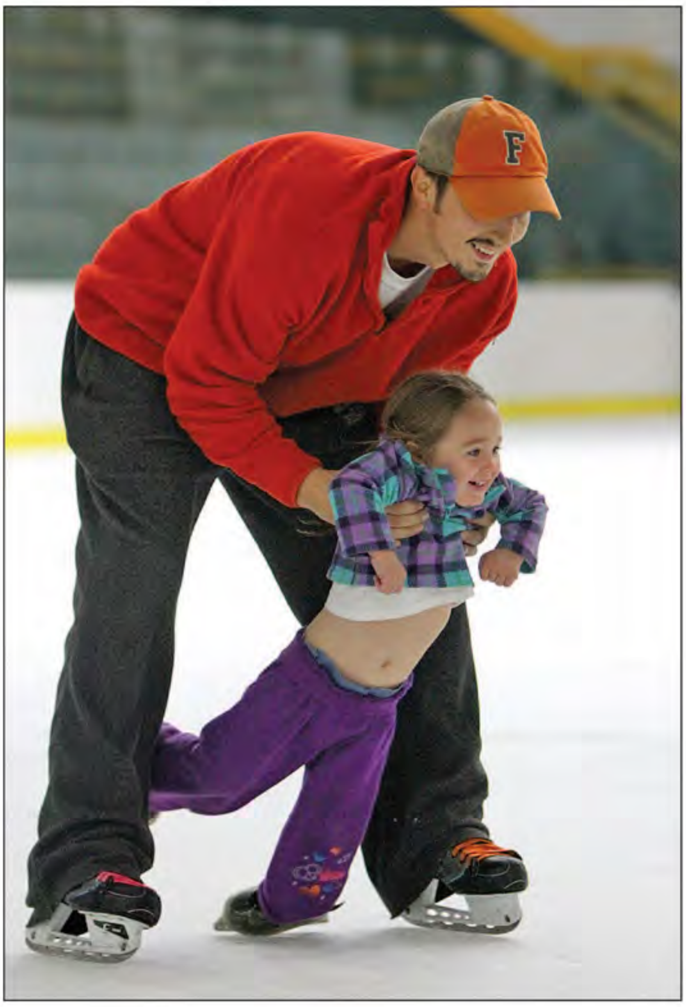
"Without the city, the university wouldn't exist. And without the university, the city wouldn't," he said.

The weekend events are also a way to get parents out to see their kids in their student-life environment.

Steve O'Sullivan drove from Northampton with his wife and his daughters, 3 and 10 months, to see his son Ryan, 18, for the first time since the freshman went off to school.

Seeing his son in his new environment is an important thing for O'Sullivan, because now he can have a bit of a frame of reference, rather than just trying to imagine the school and the city.

And for his younger daughters, being able to make sand art and get a free fish were added bonuses.



SENTINEL & ENTERPRISE / CONNOR GLEASON

ABOVE: Craig Arsenault, of Gardner, skates with his daughter, Kayli, 2, at Fitchburg State University's Wallace Civic Center Saturday afternoon during its Family Weekend. **LEFT:** Xavier Rojas de los Santos, 2, of Wilmington, inspects his new pet fish after building his own aquarium

Charming bugs people miss

Many wonder why fireflies are now a rare sight

By ALLAN TURNER
HOUSTON CHRONICLE
June 26, 2011, 8:45PM

Mayra Beltran Chronicle
Houstonian Donald Burger pokes holes through the top of the Mason jar he uses to catch fireflies. He says the insects are a rare sight in Houston, but "backyard naturalists' can take steps to make the area more appropriate for the creatures.

For Donald Burger, the summer nights at his grandma's house in Sapulpa, Okla., were enchanted. The whole cosmos — at least the backyard - seemed to explode in tiny flashes of green and yellow. Lightning bugs! And Burger, joined by sister and brother, all clutching Mason jars, dashed into the loopy chase.

"Our goal was to catch enough to be able to read by," Burger said. "I don't know that we ever did."

Decades passed, but Burger never forgot those nights. Instinctively, but often futilely, he watched for a telltale flash as June settled into July. About five years ago, he spotted a single firefly in his Houston Heights yard - and caught it.

Burger, lawyer and ardent amateur entomologist, likely is the nocturnal beetle's greatest local champion. Worried that urban evils were driving the insects from Houston, he launched a pro-bug website, **www.burger.com/firefly.htm**, from which he has theorized, advocated and traced firefly sightings throughout the nation.

"They're still here, but in smaller numbers," Burger said, calling on "backyard naturalists" to take the lead in making the city a more congenial habitat for the charming flashers.

'Concrete jungles'

Burger is not alone in his concern.

Bug experts from Switzerland to Thailand have watched as firefly populations dropped. Explanations range from habitat loss to pesticides and light pollution. Scientific examination of the problem, experts say, has been hampered by lack of research funds.

"Ever since I came to this college 23 years ago, the issue of disappearing fireflies has come up again and again," said Texas A&M University entomologist Ed Riley. "I don't have any particular knowledge. I can't say they are disappearing. But it seems possible that increasing urbanization ... is reducing fireflies. Fireflies aren't going to live in concrete jungles."

While acknowledging "there is little doubt" human activity has reduced firefly range and individual populations, Christopher Cratsley, a biologist at Fitchburg State University in Massachusetts, is guardedly optimistic. "Some of them," he said of the hundreds of firefly species found in the United States, "are quite resistant to human development."

In southeast Texas, fireflies typically are members of the genera photinus and photurus. Cratsley, who is working with the Museum of Science, Boston, on a national firefly watch, has seen photinus fireflies flashing in abundance above manicured lawns. "Others," he added, "most of the species I have studied, you would never find on mowed lawns."

Condition of soil

Understanding the insects' life cycles may be key to learning why some are disappearing.

The beetles spend the first two years of their lives below ground, feeding on worms, slugs and grubs. After emerging as adults, they spend about two weeks desperately flashing for love. After laying eggs, they die.

Construction of homes or parking lots - any human activity that compacts or disturbs the soil - can be detrimental, Cratsley said. Keenly sensitive to loss of soil moisture, fireflies are less likely to thrive when lawns are closely cropped.

Pesticides also can pose problems, the biologist said. The detrimental impact of light pollution is less clear, given that some fireflies begin flashing before dark. What climate change means to the insects' future also is unclear, but Cratsley noted some regions west of the Rocky Mountains are devoid of fireflies, apparently because of climatic conditions.

'Magical to watch'

Both Burger and Cratsley offered practical suggestions homeowners can take to create congenial firefly habitats.

"They need moist soil," Burger said, "so don't use chemical fertilizers. Try to garden organically. Plant grasses. Think of the forest floor where you have leaves and branches. If you can leave an area of your yard in that condition, I think that would increase your chances for fireflies."

Cratsley encouraged the development of public green spaces.

"You don't necessarily need a lot of space," he said. "These are not large mammals requiring preserves of hundreds of miles. All you need is a couple of acres and you can have fireflies."

Fireflies do not travel far from where they hatch, he said. Thus, if they are driven from a given site, it is unlikely they will return.

"It is certainly magical to watch fireflies flashing," Cratsley said. "There's a romantic concern of the public that they're at risk of losing these wonderful nighttime light shows. I think the light show will go on, but it will be much less diverse."

Burger said this year's Houston-area firefly show began early, with the first - and, so far, only - sighting occurring March 23 in West University Place.

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Two locals added to FSU board

FITCHBURG — Fitchburg State University President Robert Antonucci has announced the appointment of Anthony Mercadante, of Fitchburg, and Anna Marie Clementi, of Lunenburg, as the newest members of the university's board of trustees.

The trustees will meet Tuesday, Oct. 18 at noon in the President's Conference Room in the Sanders Administration Building at 300 Highland Ave., Fitchburg. The meeting will also mark the first gathering under the chairmanship of Carol Vittorioso.

Anthony Mercadante

Mercadante, a certified public accountant and lifelong Fitchburg resident, became managing partner of Mercadante & Mercadante PC in 1986 at the age of 27.

A community activist, he has served as a director of Massachusetts Share Insurance Corp., HealthAlliance, Rollstone Bank & Trust, United Way of North Central Massachusetts, the Montachusett Regional YMCA and the Fitchburg State University Foundation Inc.

In addition, he has served on the auditing committee of Oak Hill Country Club, the Advisory Board of St. Anthony School and as president and director of the Fay Club. He is a longtime coach for Fitchburg Youth Soccer.

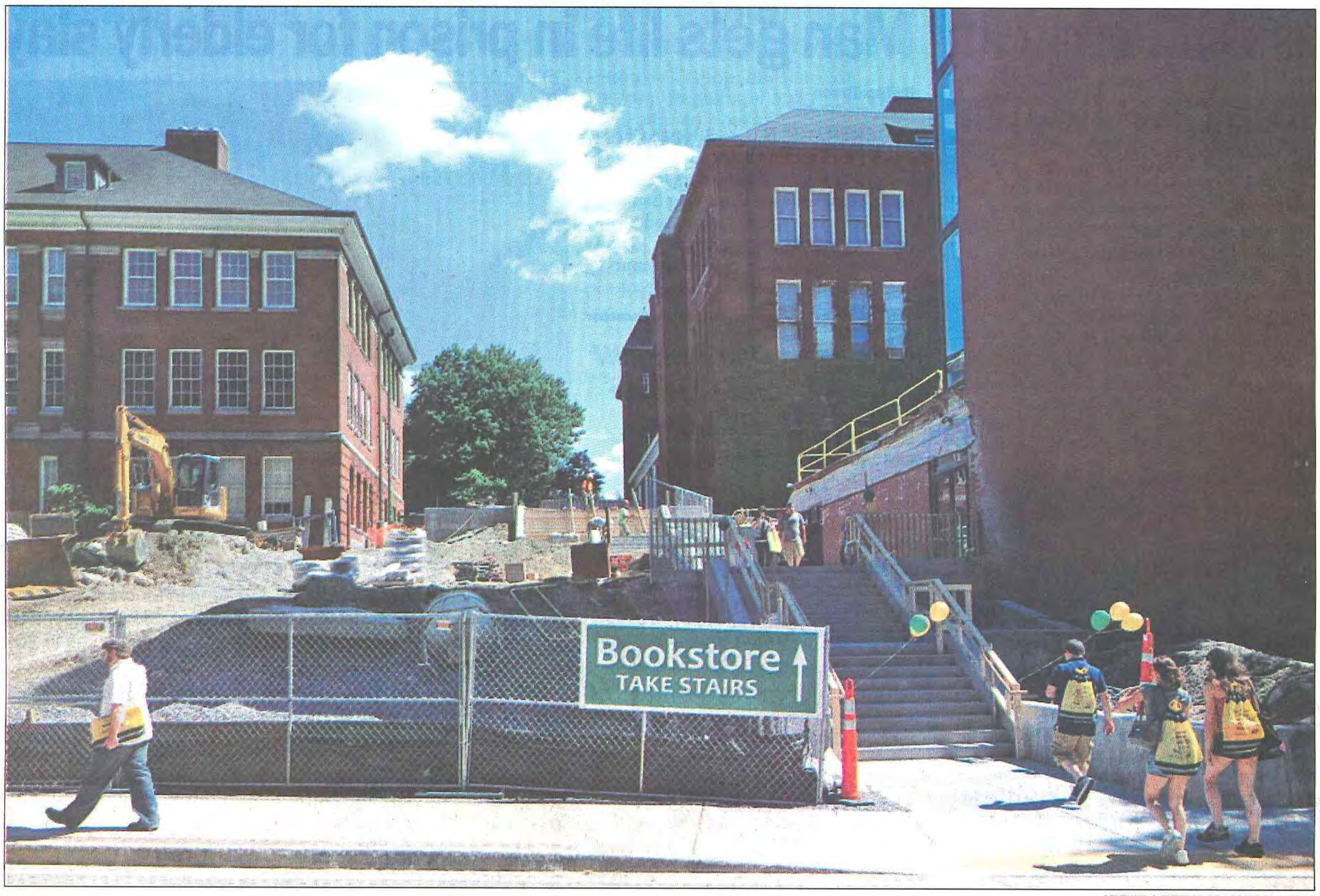
He earned a bachelor's degree in economics from the University of Pennsylvania's Wharton School of Commerce & Finance in 1981 and a master's degree in taxation from Bentley College in 1985.

Anna Marie Clementi

Clementi is a longtime resident of the Fitchburg-Leominster area. She has been involved for many years in her family's plastics business, Plastican Inc., as well as a host of community-service activities.

Clementi is a trustee at the Fitchburg Art Museum and a member of its education committee, and formerly served on the board of Our Father's House. She is a member of the HealthAlliance Guild and is involved in numerous philanthropic activities through the Clementi Family Charitable Trust.

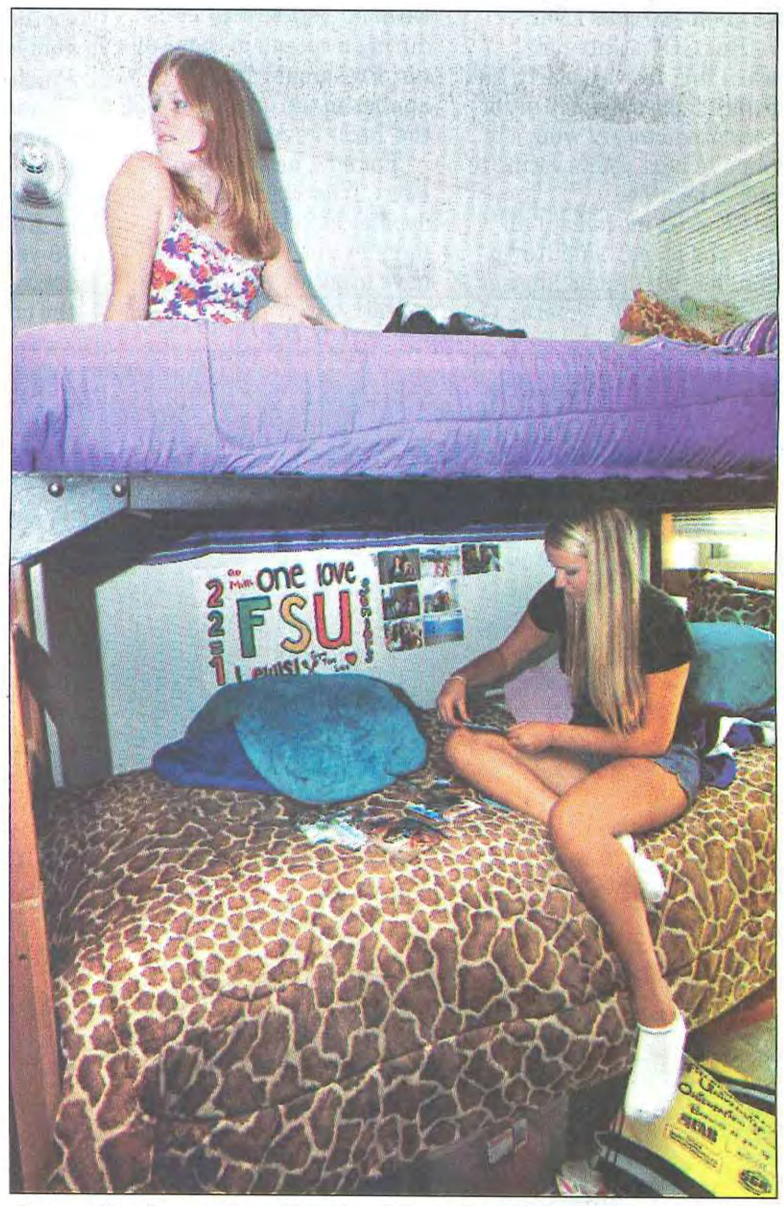
Her service to the university has been long-standing. She is vice chair of the university's Center for Italian Culture and a director of the Fitchburg State University Foundation Inc. She is also a longtime supporter of the CenterStage at Fitchburg State University arts and culture series. Clementi earned bachelor's and master's degrees from Boston College.



SENTINEL & ENTERPRISE / BRETT CRAWFORD

Fitchburg State University students walk on campus as construction continues on move-in day on Tuesday.

NEW YEAR, NEW DIGS AT FSU



Above, freshman Amy Murphy, 18, of Brattleboro,Vermont, sits on the top of her bunk as freshman Sarah Guglielmo, 18, of Burlington, Conn., hangs up photos on the wall in their dorm room in Aubuchon Hall during move-in day at Fitchburg State University on Tuesday.

Top, left, sophomore Emily Pomer, 19, of Groveland, and sophomore Rachaelle Read, 20, of Falmouth, carry a student's couch into Mara Village No. 4, a student housing building.

Left, senior Elise Luskin, 22, of Wrentham, center, puts her belongings into a rolling bin with the help of sophomore Liana Alicea, 19, of Lee, left, and sophomore Meagan Killion, 19, of Tewksbury.

The Boston Globe

Strapped colleges resort to fee hikes

Mass. students feeling brunt

By Vivian Yee
Globe Correspondent / June 6, 2011

With costs rising, enrollments ballooning, and federal funds drying up, many of Massachusetts' community colleges and state universities are turning to what they say is their only option for making ends meet: student fees.

Like the University of Massachusetts, nine of the state's 15 community colleges and seven of its nine state universities have approved higher fees for undergraduates next year, ranging from $150 and $700 extra.

While fees rise every year due to escalating costs, these public institutions are losing millions of dollars in federal stimulus funds next year, forcing them to adopt heftier increases than usual. And Massachusetts educational administrators warn that relatively large rises in student fees may become standard over the next several years.

"To be honest, we're anticipating this is the new normal, though I hate to say that," said Michael Gross, Cape Cod Community College spokesman, who has worked there for 16 years. "There's just no way that we can operate any other way."

Gross said Cape Cod, based in West Barnstable, will raise its fees from $127 per credit hour to $137 per credit hour to help make up a budget shortfall of about $1.3 million, including nearly $500,000 in lost federal funds. Like other colleges and universities, Cape Cod is also dipping into rainy-day funds and continuing to cut costs.

In addition to the loss of federal funding, many state public institutions are facing old buildings in need of renovation, too few classrooms and labs, and rapidly increasing enrollment.

Although colleges and universities have cut back on everything from staff to printing paper over the past few years, many must keep the faculty the same size or even hire more instructors to meet student demand, officials said.

The fees, then, are likely to keep rising.

'It's unfortunately becoming a pattern and unless something dramatic happens, I think we will continue to move closer and closer to being virtually privatized," said Michael Shanley, Fitchburg State University spokesman. "It certainly is a disturbing trend."

The 13.5 percent fee increase that Bristol Community College in Fall Riv er will charge students next year — nearly five times the current New England inflation rate of 2.8 percent, according to the Bureau of Labor Statistics — came about through what spokeswoman Sally Cameron called a "perfect storm" of events.

Last year, Bristol announced that it would not raise fees at all in a bid to keep classes affordable during the recession. The news was greeted with fanfare: Governor Deval Patrick even came down for the announcement.

But this year, the federal stimulus money that once enabled Bristol to forgo a fee increase is gone.

Meanwhile, enrollment has surged 71 percent over the past 10 years, propelling it from the eighth-largest community college in the state to the third and requiring the college to hire 10 new faculty members, Cameron said.

The fee increases, approved by individual institutions' boards of trustees over the past three months, come as the state's flagship UMass system announced that student fees at its four undergraduate campuses may grow by an average of $826. UMass trustees are set to vote on the increase next week amid protests that students cannot afford the added cost.

Although fees are growing by smaller amounts at community colleges and state universities — rising an average of about $385 at the nine community colleges and $492 at the seven state universities — officials said they recognized that the many students who already work or take out loans to pay for their credits would take a hit next year.

"For some students, even an $8 increase is going to be a challenge," said William Messner, president of Holyoke Community College. Holyoke has raised fees by $8 three years in a row to offset diminishing state funding.

"It's no secret the areas we serve are among the poorest in the state, which is one of the primary reasons we've kept the fees as low as they are," Messner said.

That is also why officials at some of the institutions imposing higher fees, such as Fitchburg State and Framingham State University, plan to channel a portion of the revenue into bigger financial aid budgets. But that may not help some students.

"It causes more stress on us by making us pay what we already don't have," said Anthony Pires Jr.,, 21, who will be a junior at Framingham State in the fall. "It's already hard enough."

But school officials say they have no other options short of cutting essential services.

"It's finding that balance point between affordability and not providing a good service," said Andrew Soll, vice president of finance and facilities at Salem State University, whose trustees approved a 6.9 percent fee increase on March 23 after the university learned it would lose $2.9 million in federal funds next year.

"We do know it's a challenge for the students. It's a challenge for us as well."

The rest of the state's public institutions will settle on next year's fees by the end of June, when the final state budget is due. ■

BRIGHT FUTURE

SENTINEL & ENTERPRISE / BRETT CRAWFORD

Noel Pathammavong of Fitchburg, steps up to receive his diploma during Fitchburg State University 's 115th annual commencement, Saturday. **More photos, list of graduates, Page 8.**

WATCH FOR SLIDE SHOW, VIDEO ON SENTINELANDENTERPRISE.COM

Sun shines on FSU graduates

By Katina Caraganis
kcaraganis@sentinelandenterprise.com

FITCHBURG — After a week of rain and gloomy weather, the clouds parted Saturday and the sun's rays shined upon the first graduates of Fitchburg State University.

"This day belongs to you, your friends, your family and anyone else who helped get you here today," said Gregg P. Lisciotti, chairman of the school's board of trustees. "Here at Fitchburg State, our campus has been able to achieve success that was unimaginable 10 years ago. Enrollment is up, our dorms are full, we've rebuilt the nursing labs. We've genuinely built the jewel that is Fitchburg State University. Word is out. Fitchburg State is number one."

The 425 graduates were praised for their dedication to the school and their continued leadership throughout their four years on campus.

"When you look back at your time at Fitchburg State University, you can say you did it during its golden period," Lisciotti told graduates seated in the school's quad and hundreds

Please see **CLASS/8**

"Remember this day. Remember the support you've gotten from so many people. You should be proud of your accomplishments."

FSU President Robert Antonucci

A decorated mortar board displays a message during Fitchburg State University's 115th commencement, Saturday.

Graduates rush to line up on Highland Avenue before the start of commencement exercises.

Fitchburg State University graduates Class of 2011

CLASS/From Page 1

of admiring parents and friends.

Commencement speaker R.A. Salvatore, an alum and best-selling author of modern epic fantasy literature, urged students to find their own successes and to cherish their memories.

Salvatore said he didn't intend to write his speech based on clichés, like urging the graduates to find a career and not a job, to be all they could be, to change the world, or that they are the future of the free world.

"For most of you here, the important people in your lives, the ones you look to for inspiration and example, the ones you will share your joys and help you through your tough times are the folks you should turn to for specific advice. They know you, they care," he said.

Salvatore said he found inspiration in his mother, who celebrated her 90th birthday on Saturday, and his brother, who died from cancer.

"By the time I was old enough to actually remember, mom was in her mid-40s, living a very settled life. Very settled. I knew what would be for dinner on Monday through Friday, not just for the current week, but for next week and the week after that and after that," he recalled. "Stable and uneventful."

He told graduates that while visiting his ailing mother one day at the nursing home, he learned more about her that afternoon than he had in his whole life. She told stories about her adventures as a young wife whose husband was going off to war.

He told about visiting his brother at work, where they had shared numerous hours together previously, and they met a former co-worker who jokingly asked Gary how it felt to have a younger brother that was more successful. Gary brushed it off, Salvatore said, but for years, the comment never felt right.

Thousands attended his brother's funeral, he said; his company closed for the day so all his co-workers could attend.

Salvatore said that showed him how successful his brother had been in life.

He said he treasures those days he spent with his mother and brother.

Success, he told the graduates, is in the little things, not about money or applause.

"So I didn't tell you all the things I was supposed to tell you," he said, "because the answers are yours to find, and they'll be different answers for each and every one of you.

He continued, "Whether you will be a great philanthropist, an important writer, a movie star, a captain of industry, a wonderful parent, a person who has a job simply to support your recreation time, or a beach bum in the Virgin Islands, or any combination of those or a million possibilities, is your choice to make, not mine to make for you."

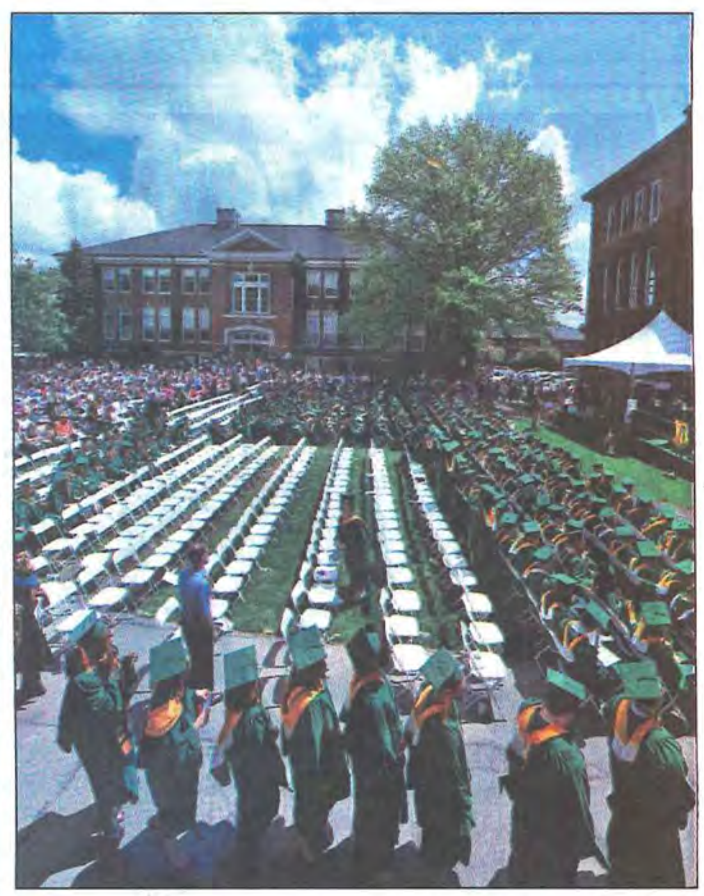
Quoting Robin Williams' character in the 1989 movie "Dead Poets Society," he urged graduates to "seize the day and make it your own. Each day, every day."

He told the Class of 2011 to "hold on to memories, not things, concentrate on the journey, not the destination, stop being afraid and play baseball."

"One thing that I believe is that the necessary ingredient to success, however you want to measure that word, as you write the story of your life, put the notepad away and don't watch the dance from the sidelines nursing a warm beer. As you write the story of your life, for God's sake, for your sake, make sure you're in it," he urged.

University President Robert Antonucci expressed his admiration for the graduates.

"I can't tell you what a wonderful class this is. I've met more of you in this class than I have in any previous classes," he said. "I think that's because of the leadership roles you have all taken over the years. Remember this day. Remember the support you've gotten from so many people. You should be proud of your accomplishments."



FSU graduates walk up to receive their diplomas during the ceremony.

Graduating student Nicholas Carreras, 25, of Leominster, wears a top hat as he walks with other students in the quad for graduation.

SENTINEL & ENTERPRISE PHOTOS / BRETT CRAWFORD

Sunday, May 22, 2011

'Seize the day!'

'Success ... is in your heart'

FITCHBURG STATE UNIVERSITY

Graduate Lleigh Orsillo of Holyoke hugs his sister-in-law, Elena Orsillo, during yesterday's Fitchburg State University commencement. (T&G Staff/RICK CINLAIR)

By Lynne Klaft CORRESPONDENT
Add a comment

FITCHBURG — Carpe diem! "Seize the day" was best-selling author R.A. Salvatore's advice to Fitchburg State University's graduating class yesterday morning.

"I'm supposed to offer practical advice, like work hard and follow the Golden Rule ... to recount some story — mine or someone else's — to exemplify external success ... but I'm not going to do that. First of all, I'm going to tell you about my mom," said Mr. Salvatore, adding that he was attending his mother's 90th birthday party later in the afternoon.

He told the standing-room-only audience and 456 graduates that "fearing that time might be running out" as his mother's health was declining, he felt a need to pay closer attention to his mother's stories of her youth, to know every little thing about her.

Photo galleries

• SLIDESHOW: FSU Commencement

Recounting the time after his brother Gary was diagnosed with terminal cancer, he said, "So suddenly, for the two of us, every moment counted, and in the last year-and-a-half of his life, we got to know each other so well, taking nothing for granted."

A thousand people showed up for Gary's funeral at Leominster's St. Anna's Parish Church.

"In his too-short life, my brother was one of the most successful men I've ever known, and whatever the external success of my career might be, that measurement matters not. In the end, if I'm half as successful as Gary, I'll have lived a worthwhile and very good and full life. True success in life is in your heart, not your wallet," Mr. Salvatore said.

He did, in the end, give the graduates five truisms to help them remember carpe diem, how to seize the day: "Chase the memories, not the toys. It's the journey, not the destination. Stop being afraid. Play baseball. ... As you write the story of your life, for God's sake, for your sake, make sure you're in it! Thank you for letting me share in your memory, congratulations to you all, and carpe, carpe diem."

Mr. Salvatore was awarded an Honorary Doctorate of Humane Letters, his third degree from the University. Born and raised in Leominster, he earned a degree in communications media in 1981 and a degree in professional writing in 1991. In 1997, he donated letters, manuscripts and other professional papers to the R.A. Salvatore collection at the Amelia V. Gallucci-Cirio Library at the university.

Mr. Salvatore's epic fantasy literature has sold more than 17 million books, with 24 of his 52 novels listed as New York Times bestsellers.

The university celebrated Chairman Gregg P. Lisciotti's completion of a 10-year term on the university's board of trustees with the awarding of an Honorary Doctorate of Humane Letters. Mr. Lisciotti is president and founder of Lisciotti Development Corp. of Leominster, and was credited by University President Robert V. Antonucci for development and improvements on campus, and being personally involved with students in the industrial technology department, sharing his perspective as a professional developer.

Area residents who were awarded degrees in yesterday's undergraduate ceremony and Thursday's graduate commencement of Fitchburg State University are:

Ashburnham: MaryAnn Caruso, MED; Tracy A. Cefole, MED; Ellen K. Daoust, MS; Carl A. Faler BS; Thomas J. Flynn MS; John A. Little, MS; Susan M. McBride, BS; Erica N. Olkkola, BS; Audrey L. Phelps, MED.

Ashby: James R. Clayton, BS; Ann Marie MacDonald, MED; Shane M. Malone, BS; Kristina S. Patti, MED; Samantha E. Rivers, BS; Amy M. Tansey, BS.

Athol: Jeremy J. Bednarz, BS; Mandy S. Blackbird, MED; Heather M. Corbett, BS; Brenda Jacobs, BS; Kenneth E. Johnson, BS.

Auburn: Julie M. Almstrom, BSE; Samantha J. Kozik, BS; Joseph W. Lindberg, BS; Kara B. Noonan, BS. Ayer: Heidi L. Cowley, MED; William J. Plunkett, BS; Stephen B. Wright, BS. Baldwinville: Angela M. Everhart, MED.

Barre: Kim S. Staiti, BS, RN.

Berlin: Julia Tataronis, BS; Hillary B. Wheeler, BS. Bolton: Yvonne G. Forte, MED; Michael A. Hopps, MS; Joshua R. Sleight, B. Boylston: Jamie L. Bussolari, MED. Charlton: James A. Burakiewicz, BS; Susan J. Leboeuf, MED; Julia A. Ohristo, BS.

Clinton: Keith J. Bonneau, BS; Michael A. Caira, MED; Janna E. Goodale, BSE; Sarah J. Heighton, MBA; Caitlyn M. Hutchinson, BS; Brian M. West, BS. Douglas: Daniel J. McPherson, BS. East Templeton: Melanie M. Barber, BS. Fiskdale: Jason A. Pacitti, BS. Fitchburg: Stephanie S. Aguilar, BS; Pamela P. Benoit-St Onge, BS; Jeremy M. Boylan, MS; Robert W. Brouillette, BS; Howard A. Burton Jr., MBA; Michelle L. Champagne, MED; Jacqueline J. Contaxes, BS; Mike V. Costa, BS Paula C. Craig, BS; Aric A. Davis, BS; Kelly E. Diconza, MA; Richard A. Donald, BS; John D. Donnelly, MBA Karen J. Fluet Roy, MS; Lindsay K. Gallo, MS; Nicole A. Galvin, BS; Janet M. Gelinas, BS; Caleb M. Goguen, MBA; Andrew C. Goodwin, MA; Julie A. Hanson, BS; Jennifer L. Jensen, MAT; Shannon G. Joyce, BS; Christina A. LaFortune, MBA; Jason M. LeBlanc, BS; Garrett D. Malouin, BS; Justin L. Mason, BS; Shawn McGrady, BS; Judith A. Murray, BS; Luke D. Murtha, BA; Noel M. Pathammavong, BS; Shaunti K. Phillips, MS; Shahid M. Qureshi, BS; Moklesur Rahman, BS; Julianne S. Richard, BS; Heather L.

Victims' families, friends still grieve

By Hunter Amabile
hamabile@sentinelandenterprise.com

LUNENBURG — In late August 2001, Jeremy Kullman and Kevin Szocik planned to play a round of golf while Szocik was visiting his family in Lunenburg.

Szocik was 27 and had been named vice president of equity at a financial firm in New York City and had married his college sweetheart that May.

The two friends who grew up together in the small town looked outside at the rain coming down and decided maybe it wasn't the best day to hit the links.

Szocik

They told each other they would play next time, not thinking anything of it. But next time never came.

Weeks later, United Flight 177 was crashed into the South Tower of the World Trade Center, the very building where Szocik's financial firm was located.

Fifty-six minutes later the tower fell and Kullman's best friend since kindergarten was killed.

Now, 10 years later, the pain of losing a friend is still sharp.

"For me, the 10th year is a bigger deal for the media," Kullman said. "I mean, any year has been tough. It doesn't get any easier."

The mourning starts in late August for Kullman, around the time of Szocik's birthday.

"The emotions start to come then," Kullman said. "It's a tough few weeks in general."

In the years since his friend's death, Kullman has gone on to get married and have kids, something he wishes his friend had the opportunity to do.

Kullman formed a bond with Szocik's younger brother, Brendan Szocik, and their wives and kids get together where they live near Boston, but it's tough for Kullman to try to imagine what it would've been like if Kevin Szocik were still around.

"Kevin was really the only close friend that I've lost," Kullman said. "Being that he was lost on such a world-changing day, you always know it's going to be more of a reminder than if a friend died in an accident on any other day."

SENTINEL & ENTERPRISE / CONNOR GLEASON

Family and friends of Kevin Szocik gather at the dedication of the new memorial gate at Lunenburg High School on Sept. 11, 2010. Szocik was a former Lunenburg High student who died in the Sept. 11 attacks.

Kullman said he is fortunate to have a friend like Barry Smith, who played sports with Kullman and Szocik throughout their Lunenburg school days.

Smith said he feels like Sept. 11, 2001, is a day that will be remembered as the Pearl Harbor of his generation.

"It was a terrible day for America, but it was a terrible day for a lot of people, that personal connection to that day," Smith said.

When Smith found out the tower where his friend worked had been hit by a terrorist attack he hoped and prayed Szocik had been running late that day or was out of the office.

Smith often tries to imagine what those last moments must have been like for his friend.

"I just think about him and what he would've tried to have done and what he was feeling," he said. "I just try to get into his head about what he was thinking and trying to do."

Smith can never get to that point, though.

"I can't get to that part, I just don't know," he said.

Though the event was traumatic to Smith, he never went to counseling, instead relying on his wife and friends to be supportive. Also, the memories of his friend seem to be what does the trick the best.

"Just remembering him is really how I cope with it," he said.

Local 9/11 observances today

Ashburnham
Ceremony of Remembrance, 7 p.m., Town Hall Lawn

Fitchburg
Memorial event, 11 a.m., Senior Center at 14 Wallace Ave.

Gardner
"Remember to Remember," a recorded reading of the 9/11 victims' names, at Mount Wachusett Community College, 1:30 to 4:30 p.m. The public is invited to stop by at any time during the otherwise-silent memorial, and place a flower at the base of the flagpole. MWCC is located at 444 Green St.

COURTESY PHOTO

Progen

Also: Artwork by Carrie Progen, a 1995 alumna of MWCC and one of the terrorist-attack victims, will hang in the college's East Wing Gallery throughout September.

Leominster
A musical presentation, "A Community Gathers to Remember in Love, Sept. 11, 2001," 2 p.m., City Hall's John R. Tata Auditorium.

Shirley
Remembrance ceremony, noon, Shirley Center on the Common.

Townsend
Flag retirement ceremony on the common beginning at 4 p.m. Local officials will retire a flag that was recently brought home by a soldier serving in Afghanistan. The ceremony will be held in honor of those people who died on 9/11, as well as the members of the unit that brought the flag home.

Therapist Rina Folman, who has a practice in Fitchburg, said the attacks on the World Trade Center were large enough to trigger psychological and physical reactions from people, even if they didn't have a personal connection to the event.

"One minute everything felt good about your country and the other minute you have to worry about terrorism in America," Folman said.

"Everybody had some connection to 9/11 on some level, and that adds a different dimension to America."

Folman did not deal with any patients who had family members who died, but she did have a patient who was supposed to be in the Twin Towers and another who flew in the next plane out of Logan Airport.

But even for people who have experienced other traumatic events, something as big as what happened on Sept. 11 could inexplicably trigger a reaction.

"Part of trauma reaction is your body begins to feel like you're surrounded by danger," Folman said.

When anniversaries of traumatic events come up, it can be like reliving the tragedy, Folman said.

For patients suffering Post-traumatic Stress Disorder, it is important to try to walk them through the steps that could have triggered a potential reaction.

Robert Hynes, director of counseling services at Fitchburg State University, said that it's very normal for people who witness the events on television to feel some sort of grief in the weeks following, but they often find ways to cope.

"Most people have found a way to live because that is what human beings do — to live. We do go through unfortunate things and we find a way to move on from them," he said Wednesday afternoon.

He said people who were in New York that day and witnessed the event firsthand may exhibit signs of post-traumatic stress disorder and experience flashbacks.

For some, 9/11 also brought out a fear of flying that was not necessarily there beforehand.

This fear of flight was observed by Faith Merchant, manager of Crane Travel in Fitchburg.

"The initial impact was severe. People were hesitant to book not only domestic, but international flights, as well," Merchant said.

People were actually canceling their flights right after the attack. Instead of buying plane tickets, people would drive hundreds of miles to get to the start of their cruise, or just keep it a car trip, Merchant said.

"Cost-wise, it definitely impacted travel," she said.

The slump in travel continued for several months, but it eventually picked back up.

As the ashes of the fallen towers have settled, so to have the fears of many.

Still, for those like Smith and Kullman, who had to bury their friend, when September comes, it's always a bit tougher.

Last year, Smith and Kullman were very involved with the dedication of a gate in honor of their friend Szocik, a star athlete at Lunenburg High.

That gate is now where the football team enters the field before home games.

Being involved with the dedication of the gate was one of the proudest moments of Kullman's life, second to the birth of his children, he said.

But this year, there will be no fancy dedication service to take their mind away from the anniversary of their friend's death.

Kullman and Smith try to avoid the TV and Internet during these times because they don't want to see the image of the planes crashing into buildings.

About 20 of Szocik's closest friends plan to meet up Sunday to play a round of golf at Woods of Westminster, the way that their friend probably would've wanted.

"We definitely laugh more than we cry 10 years later," Kullman said. "We definitely get emotional at times, but now it's mostly laughter."

Reporter Katina Caraganis contributed to this report.

Murder leaves family at crossroads

Morales clan must let one brother go, fight to save the other

By Katina Caraganis
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LEOMINSTER — In one violent outburst, the Morales family lost one young man on Sunday afternoon.

Now, the family must work through their grief and pain to prevent "the potential here for losing two of their sons," Northeastern University criminology expert Professor Jack Levin said Tuesday.

Andrew Morales, 18, told police he stabbed his brother, Richard Morales Jr., 22, with a black-handled steak knife after Richard struck him on the head with a laptop computer, according to police reports.

> ***"He doesn't seem to be letting himself get away with this."***
>
> *Jack Levin, criminology expert*

While the family is grieving for Richard, they can also help Andrew by showing their support and solidarity as he faces a murder charge in court, said Levin, who has an extensive background in criminology, murder, prejudice/hate crimes and social psychology.

"It is one of the worst possible kinds of murders that can be committed in a family," he said. "To have the family

Please see **MORALES/5**

Expert: It's likely Morales' charges would be reduced

MORALES/From Page 1

members come to court, to be on his side, not to give up on him as a human being, has got to impress the members of the court, the jury, the judge, even the prosecutor."

It is conceivable, Levin said, that if a plea deal is not agreed upon before a trial date, the charges will likely be reduced to manslaughter, which would give Andrew Morales a chance of being paroled if convicted.

"Most murders are actually manslaughter, and that's what this sounds like," Levin said. "They lost it enough so the physical confrontation escalated, and one of them paid with his life."

Richard Wiebe, a professor at Fitchburg State University, said this case appears to be a prime example of a person's emotions getting the best of him, leading to a rash decision.

"Most of the time, if we're lucky, we're able to control our emotions, but in this case, I would bet you there was no thinking whatsoever. His grief afterwards shows he feels genuinely awful," Wiebe said.

By the time police arrived on the scene Sunday, Andrew Morales was already trying to keep his brother alive, applying pressure to the area of the stab wound in an attempt to control the bleeding, according to police reports. He was hysterical and crying uncontrollably.

SENTINEL & ENTERPRISE / BRETT CRAWFORD

Andrew Morales, 18, of Leominster, is arraigned Monday in Leominster District Court after being charged Sunday with murdering his brother, Richard Morales.

"What it does, it makes him not a danger to society, as someone who stabs everyone. He doesn't seem to be letting himself get away with this. There are a lot of things he could have said to try and get out of this," Wiebe said.

Ultimately, Wiebe said, nobody knows all the circumstances surrounding the fight, or what their relationship was before to Sunday.

It's likely members of the family are experiencing many emotions, including grief, guilt and anger, he said.

"Just think of all the things you would feel if somebody you loved killed someone else you loved," he said. "Clearly it was avoidable from either brother's side."

Steve Dubzinski, a guidance counselor at Leominster High School, said the brothers were both "outstanding" kids while they attended LHS. Andrew graduated this year, and Richard in 2007.

"This was just a tragic accident between two kids, between two brothers. I don't know what led to it, but I don't think anyone would say they saw this coming," Dubzinski said Tuesday afternoon. "They're two docile kids. Brothers fight, unfortunately. The end result was something nobody could imagine. It's unspeakable. It's gut-wrenching for that family."

Added Dubzinski, "While they're planning a funeral for one, they have another son they need to tend to. They were both very good kids from a very good family. My heart goes out to their entire family, their friends."

Family members at the Berrington Road home declined to comment Tuesday morning, but Jesus Morales Jr., the brother's uncle, on Monday said both boys were well-mannered, saying it's not uncommon for siblings to fight.

Andrew Morales was ordered Monday to undergo a competency evaluation at Bridgewater State Hospital.

A new year, a new room

SENTINEL & ENTERPRISE / BRETT CRAWFORD

ABOVE: Senior Maggie Beery, 21, of Peru, Mass., center, moves into her room at her townhouse Tuesday with the help of junior Erin Briscoe, 20, of Dedham, left, and senior Hannah Mitchell, 21, of Hopedale, during move-in day at Fitchburg State University. **RIGHT:** Fitchburg State University President Robert Antonucci addressed hundreds of new members of the university community during the new student convocation at Weston Auditorium on Tuesday. About 500 new resident students moved in Tuesday, with returning students moving in today. Classes start for the fall semester on Thursday.

FITCHBURG STATE UNIVERSITY PHOTO / ANNA LATINO

FSU CEREMONY

SENTINEL & ENTERPRISE / BRETT CRAWFORD

Fitchburg State University nursing student Alisa Arakelian speaks during FSU's Nursing Pinning Ceremony, Wednesday night.

FSU photographers showcased in BU exhibit through May 8

FITCHBURG — Six student photographers from Fitchburg State University are featured in a prestigious exhibition now on display at the Photographic Resource Center at Boston University.

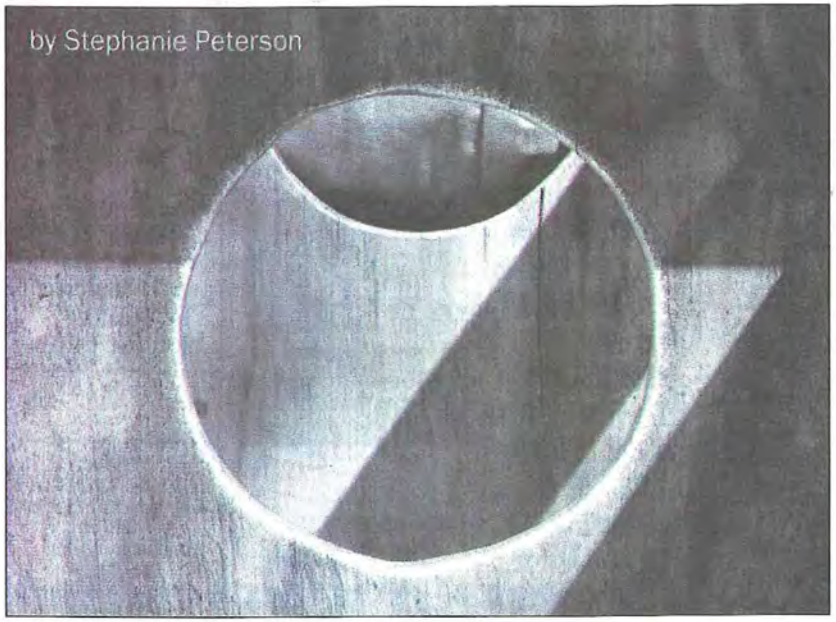
Students Cate Brown, Stephanie Peterson, Teegan Lufkin, Brianne Wood, Katy Scott and Dustin Marshall had works selected for the exhibition. All six are majoring in communications media with concentrations in photography.

"The PRC Student Exhibition is a major photography showcase which highlights the finest work created at colleges and universities around Boston," said Fitchburg State Professor Peter Laytin, a member of the communications media faculty. "The talent and dedication of these six students is representative of the work ethic and abilities of many communications media students. I am proud their work is representing Fitchburg State University and our photography program."

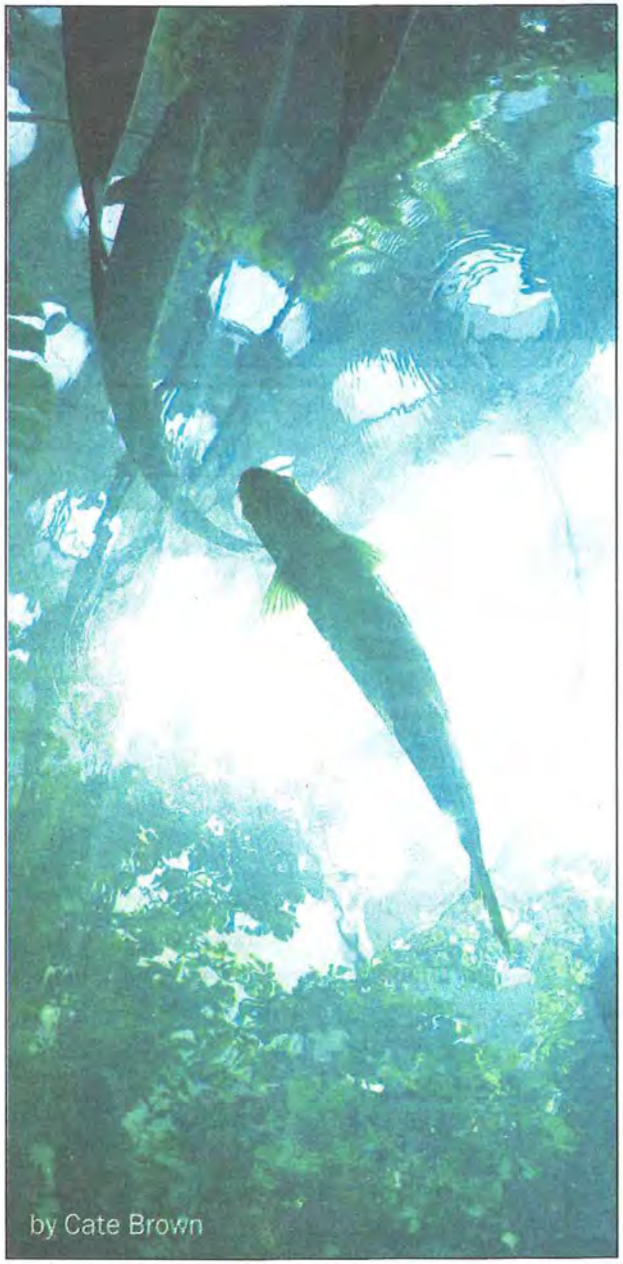
The student exhibition opened April 14 and runs until May 8.

This annual showcase features representations from 21 member programs from Rhode Island to Maine.

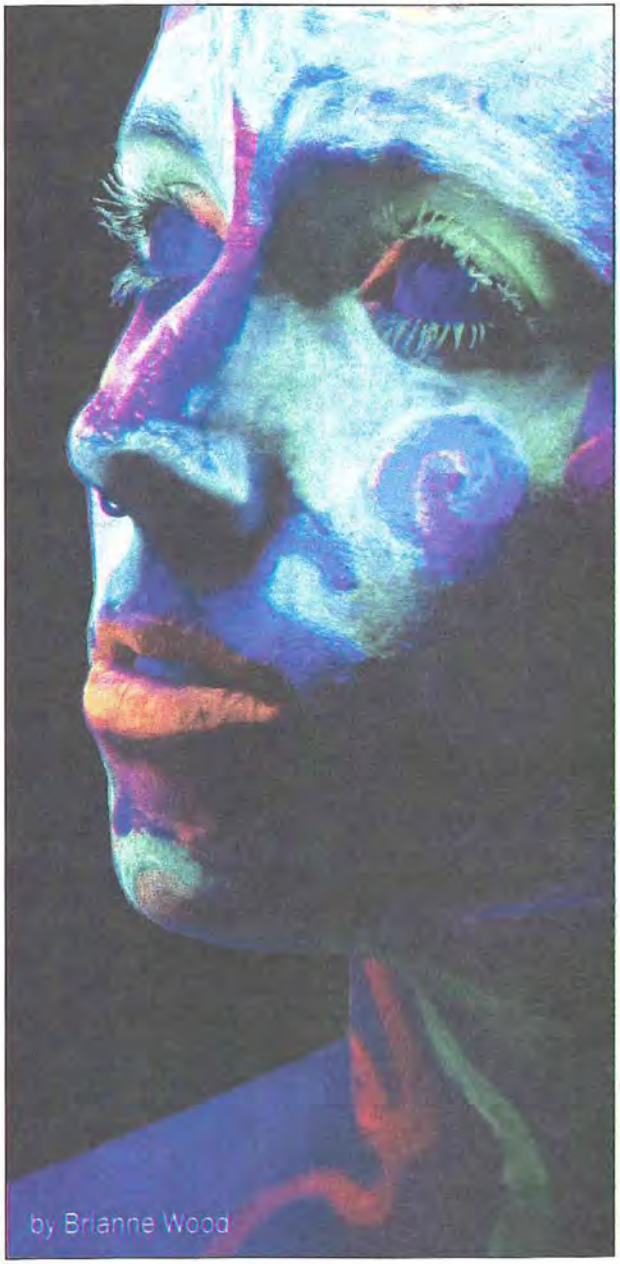
The center is located at 832 Commonwealth Ave., Boston. It is open from 10 a.m. to 5 p.m. Tuesday through Friday and noon to 5 p.m. Saturday and Sunday. Admission is $4 for the general public; $2 for seniors and students; and free for children. For information, visit www.bu.edu/prc.



by Stephanie Peterson

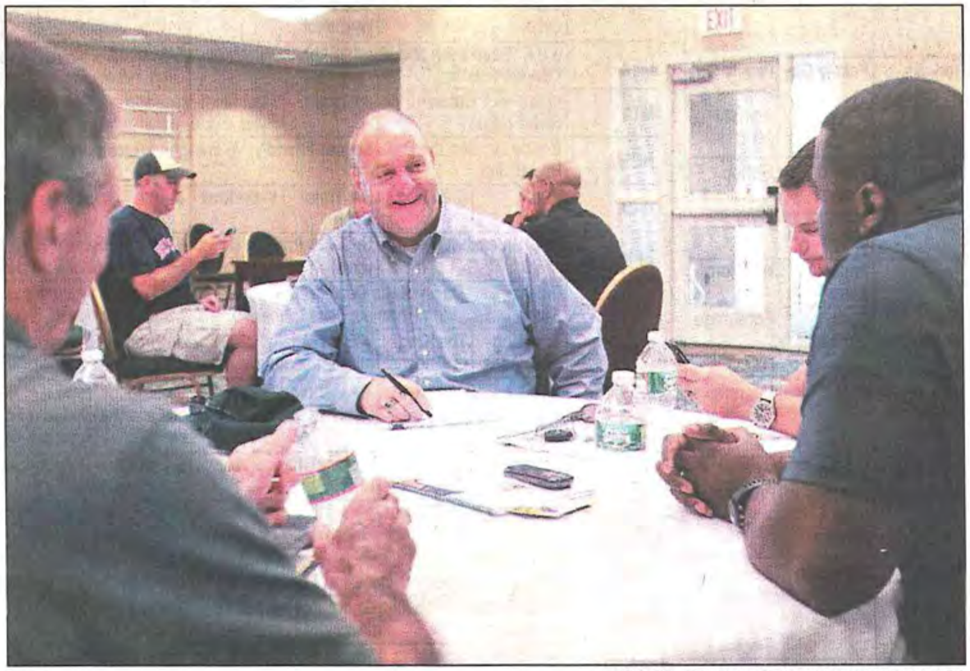


by Cate Brown



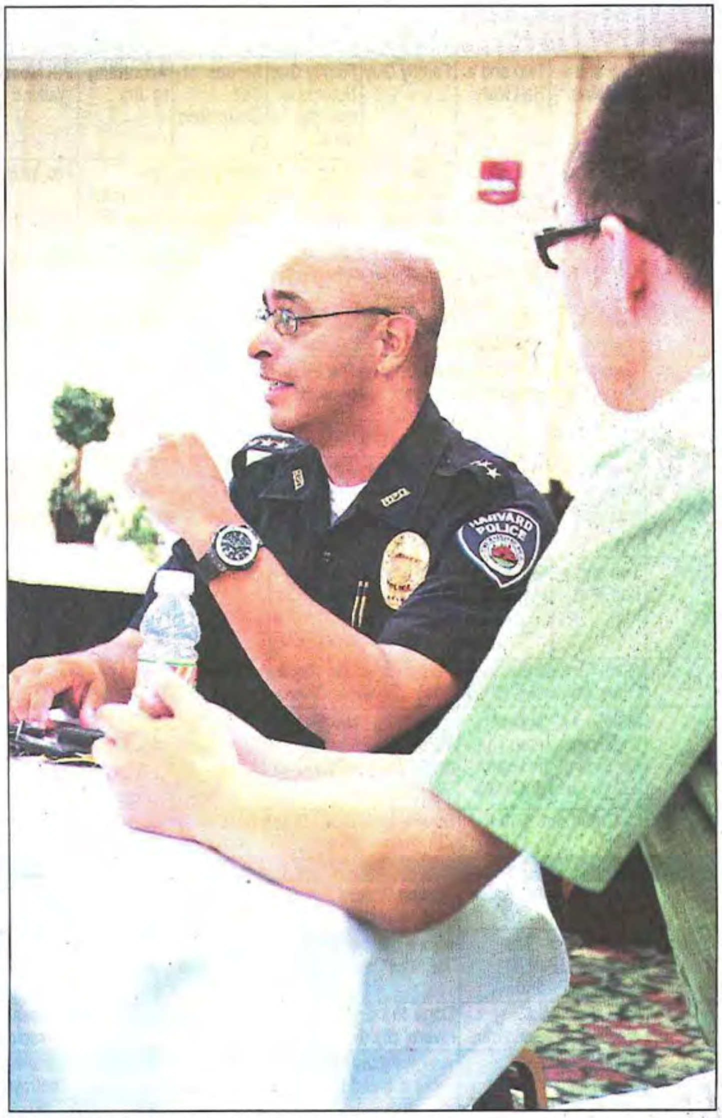
by Brianne Wood

Leading the way to justice



SENTINEL & ENTERPRISE PHOTOS / CONNOR GLEASON

Fitchburg State University Assistant Professor of Criminal Justice David Weiss meets with participants during the conclusion of the weeklong 2011 Next Generation Public Safety Leadership Summit at President's Hall at Fitchburg State University Friday morning.



ABOVE: Harvard Chief of Police Ed Denmark meets with summit participants Friday. **LEFT:** Fitchburg Chief of Police Robert DeMoura speaks in a presentation. The leadership summit brought together public safety officials and community leaders to help build new relationships and develop existing partnerships.

SentinelandEnterprise.com

Experts say manufacturing is growing in the region

By Emily Micucci, emicucci@sentinelandenterprise.com

Posted: 05/25/2011 10:15:18 AM EDT

Local and statewide officials say the manufacturing industry is growing in North Central Massachusetts, contributing to declining unemployment levels in both the region and across the state.

The Executive Office of Labor and Workforce Development released data for all cities and towns Tuesday. All Massachusetts labor markets showed fewer people are out of a job, year over year, according to a department press release.

All but one labor market, Amherst, showed a decrease in unemployment between March and April of this year as well.

The twin cities -- and surrounding communities -- continue to report higher unemployment rates than the statewide figure of 7.8 percent.

Fitchburg's rate was 10.8 percent in April, with Leominster's at 9.9 percent. But both improved from the same month in 2010, when their rates were 11.2 percent and 10.7 percent, respectively.

Gov. Deval Patrick told the Sentinel & Enterprise Tuesday that, though modest, the t rend is heading in the right direction. He said it's due in part to the promotion of the region as an affordable place to do business, specifically for precision and medical manufacturing companies.

Cambridge-based technology companies no longer have to look to other states with low-cost reputations to make their products, according to Patrick.

"We've been saying, 'Look, compare the cost of doing business between Cambridge and Fitchburg," Patrick said.

The manufacturing industry in

the Leominster-Fitchburg-Gardner region, as defined by the Executive Office of Labor and Workforce Development, was one of five sectors that saw job growth between March and April of this year, according to Rena Kottcamp, a researcher for the department.

Others included construction, trade, transportation and utilities, leisure and hospitality, and professional and business services.

Kottcamp said 447 more people had jobs in the Leominster-Fitchburg-Gardner region in April than in March of this year.

Joshua Spero, director of the Regional Economic Development Institute at Fitchburg State University, estimated about 1,000 new jobs have been created in the North Central Massachusetts region in the past year. The area is feeding off the growing health-care manufacturing industry, Spero said.

"A lot of it stems from the health-care industry, and the products -- at least parts of those products -- are manufactured in our region," Spero said, adding that plastics production is particularly high here.

Spero said the "slight job creation," is welcome in the region, and that the statewide downward trend in unemployment of nearly 1 percent from last year is significant.

"One hopes it continues," Spero said.

Fitchburg State grad has a story or two to tell

Successful local author will give commencement address

By Hunter Amabile
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LEOMINSTER — When Bobby Salvatore graduated from Fitchburg State College with a bachelor's degree in communications in 1981, the economy was in a similar state as it is today.

Unemployment was hovering around 10 percent, and the Leominster resident was working two jobs to stay afloat.

How things have changed for him.

Fast forward to 2011. Along walls in his upstairs home office, bookshelves are stocked with novels, all of them stamped with the same author's name: R.A. Salvatore. There's even a shelf's worth of his books translated into a dozen languages.

"This one's my favorite," Salvatore said, pulling out a paperback on which his name looks like a line of symbols you'd see on a take-out menu.

This year, Salvatore, the 22-time *New York Times* best-selling fantasy/science fiction author of 53 books, will be delivering the commencement speech to graduates at his alma mater, Fitchburg State University.

An honored alumnus in 2001 and owner of two degrees from the college, Salvatore

Please see **WRITER/4**

SENTINEL & ENTERPRISE / CONNOR GLEASON

Local science fiction and fantasy author and video game producer R. A. Salvatore looks over his distinguished alumnus award from Fitchburg State University in his Leominster home. Salvatore, a graduate of FSU, will deliver the commencement address May 21.

FSU Special Olympics returns Friday

By Bonnie J. Toomey
Correspondent

FITCHBURG — Fitchburg State University will play host Friday to its fourth annual Special Olympics, with more than 450 athletes from schools across North Central Massachusetts participating in the North Central School Day Games.

Games will be held on Elliot Field, behind the Wallace Civic Center on 1000 John Fitch Highway.

"These are exciting competitions, with motivated young athletes giving their all and being recognized for it," said FSU spokesman Matthew Bruun.

The competition, which will include track-and-field events, will begin at 9 a.m. with a procession of athletes led by the Fitchburg High School Band. Fitchburg State University President Robert Antonucci and Mayor Lisa Wong are expected to welcome the crowd. The event wraps up at 1 p.m.

"Events such as the Special Olympics help show us that labels don't matter," said Michelle Cree, a special-education major and senior at FSU.

The event is run completely on donations, said Cree, student event director.

"It takes over $2,000 to put on this one-day event and a year of planning," she said. "We could not put it on without our volunteers and community support."

The Fitchburg State Education Department and honor society, Kappa Delta Pi organized the annual event under the leadership of faculty director Laurie DeRosa and Cree.

"I went to last year's games at Elliot Field and found it to be an extremely moving experience. It's not often one gets the chance to be part of such a joyful and inspiring occasion," Bruun said.

Cree said the games also attract more than 170 volunteers.

"This is a fantastic and proud day for the athletes, volunteers, students, faculty, coaches and parents," she said.

Recognized at last Thursday's FSU Awards Assembly, Cree was the recipient of the Education Department Service Award, The Kay Flynn Award, and the Council for Children Student Chapter Special Education.

Cree shared her thoughts on what the games mean to her.

"I love seeing the community come together," she said. "To see all of the volunteers, athletes, coaches, parents, and students from the university coming together to support this event is incredible. As a special-education major, it makes me so proud to see all that these athletes can achieve on this single day."

SENTINEL & ENTERPRISE FILE / BRETT CRAWFORD

Julia Ann Mounsey, then a fifth-grader at Hawthorne Brook Middle School in Townsend, competes in the 50-meter run during last year's Special Olympics North Central School Day Games at Fitchburg State.

Folk legend bringing peace to FSU

By Hunter Amabile
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FITCHBURG — Together, the voices of Peter, Paul and Mary empowered a generation to question, fight and love.

This Sunday, when Peter Yarrow plays solo at Fitchburg State University, the message will be quite the same.

Although he will be going it alone, Yarrow said the concert will be a cross between a Peter, Paul and Mary concert, a warm family gathering and a peace march.

If you ask him to play "Blowin' in the Wind," well, Yarrow says "yes."

Or "Puff the Magic Dragon," of course.

Even without Mary Travers, who died of leukemia in 2009, Yarrow will play "If I Had a Hammer," but as a memoriam, with the audience singing her part.

"Is that a look at yesterday? Well yes, but for others it's not about yesterday," Yarrow said.

Just like much of folk music, these songs take on new meanings with the times, and the performance fosters a sense of community and a spirit of unanimity, something some say is lacking today.

Yarrow considers himself an activist who

AP FILE PHOTO

Peter Yarrow performs in Cheshire, Conn., April 23, 2008, at the 12th Annual Melanie Ilene Rieger Memorial Conference Against Violence.

loves music, but uses it in the service of creating community.

In his long career, Yarrow points to the March on Washington in 1963 as one of the most impactful moments.

Peter, Paul and Mary played on the same day and on the same platform where Martin

Please see **YARROW/4**

Peter Yarrow plays to find common ground

YARROW/From Page 1

Luther King Jr. gave his "Dream" speech.

"It was a moment that committed a full lifetime of advocacy of people getting together from the grass-roots to insist on positive political social change," Yarrow said.

Yarrow isn't done fighting those battles like he did in the 1960s. But it isn't always in song. Yarrow makes more and more nonmusical public appearances.

He said "whole-child" education is one of the key things the public needs to look at.

"What has happened is we're not addressing the fact that we need kids to grow up with ethics and caring," he said. "To evaluate the U.S. as a country, what makes it great, you wouldn't talk about its intelligence."

Yarrow also identified climate change as being a problem that needs to be addressed, no matter the cause — nature or man.

But on Sunday, he will take to the stage to perform a mix of the songs that once sought to create a more attentive and caring public.

And that's the work of folk music, Yarrow said.

"It seeks common ground, and from common ground you can function with people from various opinions," he said.

Even for people who disagree politically, Yarrow's music still reaches them equally.

Of all the stirring songs Yarrow sings, each can be as emotional as the last.

"I played 'Puff the Magic Dragon' to school children today in Rockford, Ill., and it was just delicious," he said.

"It seeks common ground, and from common ground you can function with people from various opinions."

Peter Yarrow, musician

But Yarrow could get just as much joy singing "Leaving on a Jet Plane."

Yarrow, who grew up in New York spending summers in Great Barrington in western Massachusetts, has a fondness for the state.

"It's very much the spirit of the East Coast," he said — a place with a certain intelligence that he looks forward to coming to.

The concert is at the Percival Auditorium at 3 p.m. with tickets for the general public at $25.

The concert will mark the end of Fitchburg State University's family weekend, which begins Friday night and runs through the weekend, including a Fun Fair on Saturday at Elliot Field at 11 a.m. For a schedule of other events, visit www.fitchburgstate.edu/osd/familyweekend.cfm.

FSU on the rise

Haverty returns to coach Fitchburg State football

By Chad Garner
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FITCHBURG — With the old sheriff back in town, the Fitchburg State University football team is confident it can be much better than last year's dismal 1-9 mark.

"I think we're going to surprise a lot of people," Fitchburg State senior middle linebacker Anthony Bizzotto, a Leominster High graduate, said at Saturday's Media Day at Fitchburg State University's Elliot Field. "It's going to be a good time."

"I think we're going to surprise a lot of people."

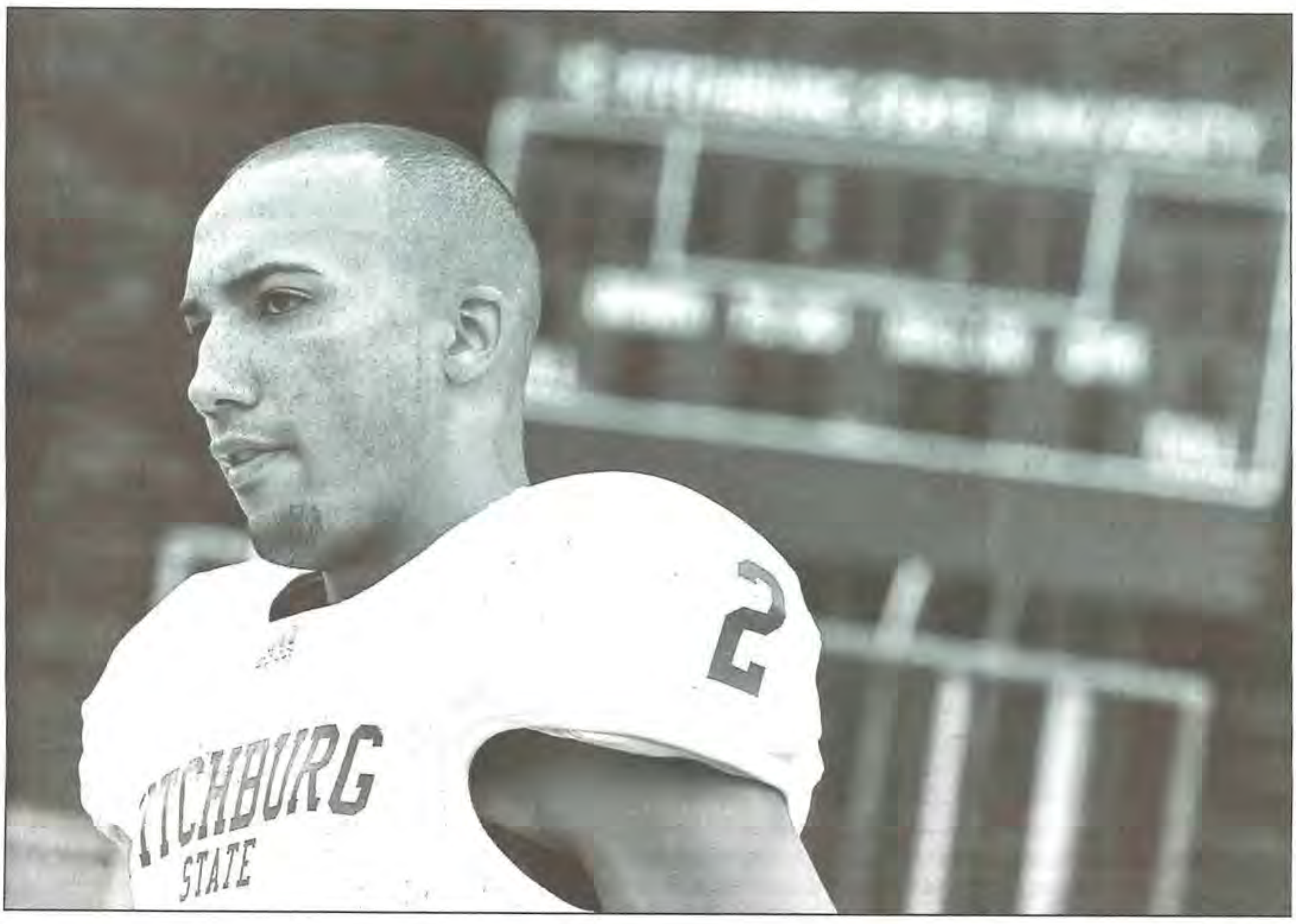
FSU linebacker Anthony Bizzotto

The reason for optimism is because a familiar face in head coach Pat Haverty returns to guide the Falcons. Haverty coached the team from 2002-07, but knows that only hard work, dedication and buying into the program will bring Fitchburg State back to its old winning ways.

"Coaching football is hard work and playing football is

Please see **FALCONS/11**

SENTINEL & ENTERPRISE / CONNOR GLEASON
Fitchburg State University football coach Patrick Haverty.



SENTINEL & ENTERPRISE / CONNOR GLEASON
Fitchburg State University senior Jeremy Kimber speaks during Media Day at Elliot Field Saturday.

Falcons relish underdog label

FALCONS/From Page 9

hard work," Haverty said. "These guys have been great and have bought into the hard work. All we're going to do — just like the last time — every day, one at a time, one practice at a time, one day at a time and see where it takes us. That's what we did the last time and it took us pretty far."

The Falcons might be confident that they can be a much-improved team from a year ago, but the New England Football Conference preseason coaches poll tells a different story as the Falcons were ranked dead last, eighth overall, in the Bogan Division.

But that's only fueling these Falcons to prove the doubters wrong.

"We don't need anybody else's respect, it's us," Fitchburg State senior captain Jeremy Kimber, a Fitchburg High grad, said. "It's us against them. We have faith here and that's all we need. Coach believes in us and we believe in the coach.

"We need to keep a positive attitude and have trust in our coaches and trust in each other. That will take us a long way, hopefully."

Bizzotto loves that no one is expecting much from these Falcons.

"It's about time to turn it around. We're (ranked) dead last, but I wouldn't want it any other way," said the hard-hitting middle linebacker. "I like to start at the bottom and work my way up, that's kind of what I did in my life."

Haverty, like all football coaches, doesn't put any stock in the preseason coaches poll, however.

"We haven't done anything yet to deserve anything other," Haverty said. "Predictions, I never look at that stuff. I tell them guys not to worry about predictions, it's all what these guys want to make of this year."

The Falcons kick off the season on Friday night at 7 p.m. at home against Becker College.

Under former head coach Paul McGonagle, the Falcons were a spread offense, but this squad will look a little different under Haverty.

SENTINEL & ENTERPRISE / CONNOR GLEASON
Fitchburg State University senior Anthony Bizzotto.

"We're a pro-style orientated offense, but we showed multiple looks back then, too," Haverty said. "There's a lot more spread pieces here so we're going to have to utilize what we have.

"We're going to try to suit the talent that we have here. As new talent comes in, we'll let the system adapt itself. It's kind of hard to fit square pegs into round holes. What our job is here is to take every piece that we have here and put them in the best situation to win."

Kimber is a unique athlete with the ability to play either quarterback or wide receiver. He was Fitchburg High's starting quarterback, but came to Fitchburg State as a wide receiver. He played a lot of quarterback last year, but isn't sure where he'll play in Haverty's new system.

It doesn't matter to Kimber, either, because he's all about the team.

"I have high expectations for myself and this team," Kimber said. "Every time I go out there, I do everything that I can and push myself. I feel comfortable at both (positions). I don't really have a preference, either one. I'm just going to go out there and do what I can for the team."

The other quarterbacks on the depth chart are freshman Brian McDonald and Tanner Bachand.

If Kimber doesn't win the QB job, he'll definitely be a starter at wide receiver alongside senior Carlos De La Rosa and sophomore Brian Wallace.

Haverty says the running game will be by committee with Mike Chaplin (Monty Tech), Steph'fon Teague (Fitchburg High), Chris Bachand, Farren Davis and Jean Medard toting the pigskin.

Two key offensive linemen are junior captain Bob Booth and sophomore Pat Johnson.

Fitchburg will run an attacking base 4-3 defense.

"Our defensive philosophy is being able to pursue to the ball and being able to tackle," Haverty said. "Schemes don't win, it's fundamentals that win."

The head coach is extremely high on his linebacking corps, led by the destructive Bizzotto in the middle.

"Having Anthony Bizzotto in that middle linebacker spot, he reminds me of some players that I had here the last time," Haverty said. "I like the way he plays. He's definitely an anchor out there, definitely the heart and soul of the 'D.'"

Bizzotto surely plays with a mean streak on the football field.

"Like my father tells me, 'flip the switch,'" Bizzotto said. "As soon as you walk on the green (field), you flip the switch. No friends at all, chip on the shoulder, get the job done. ... Business trip.

"Showing people and telling them, 'I see you again in my hole, you're going to see me again and I'm going to hit you harder the next time.' Every play I'm going to hit harder, that's the way I like to do it."

Senior captain Will Gasson and senior Matt Ferrara are the starting outside linebackers.

"They've all done great jobs at linebacker," Haverty said. "They really have to anchor it."

The secondary also features experience and talent.

Seniors Chris Rose and Mike Vaughn are the safeties, while senior Sean Golden and upstart freshman Taron Seaforth, whom Haverty says "has the potential to be a fantastic player in this league," are two key cornerbacks.

Haverty offers no predictions on the season, but guarantees a few things.

"They're going to be fundamentally sound, they're going to be on the same page and they're going to give it their all," he said.

Saturday, May 21, 2011

Fitchburg State graduation

(T&G Staff/RICK CINCLAIR)

FITCHBURG — Fitchburg State University students filled the quadrangle this morning for commencement exercises.

Above, graduate Carissa M. Scottfenton hugs FSU faculty member Dr. Christine Shane.

See tomorrow's Telegram & Gazette for coverage of the event, including a list of graduates.

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FSU remembers key free-speech fight

SENTINEL & ENTERPRISE / CONNOR GLEASON

Former college paper reporter Dave Celuzza, left, is joined by Eleanor Jewett and Roger Tincknell, along with other alumni and former staffers of then-Fitchburg State College's old student newspaper, The Cycle, at Ellis White Lecture Hall at FSU Monday afternoon.

Constitution Day gathering brings together players in school paper's censorship issue

By Jack Minch
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FITCHBURG — Key players in a lawsuit pitting students against the president of then-Fitchburg State College reunited after 42 years to mark Constitution Day for the school Monday.

Social changes, Kent State, politics, music and a journalism conference in Colorado culminated in a historic decision by the editor of The Cycle college newspaper, John Antonelli, to fight the school's censorship of a sexually charged column by Black Panther party activist Eldridge Cleaver in 1969.

The case went to U.S. District Court in Boston and Judge W. Arthur Garrity, best known for his decision to bus students in Boston, ruled in favor of the college students.

"We just knew this thing was about the First Amendment, so that's what kept us moving forward — freedom of speech and freedom of the press," Antonelli said.

Antonelli appeared with six other key players in the court case on a

Please see **CONSTITUTION/4**

Free-speech fighters inspire young students

CONSTITUTION/From Page 1

panel at now-Fitchburg State University, including Mark Rice, of Naperville, Ill.; Joan Sweeney, of Gloucester; Bill Benson, of Greenfield; Bob Rice, of Gardner; Dave Celuzza, of Lunenburg, owner of Slattery's; Eleanor Jewett, of Cambridge; and Roger Tincknell, of Shutesbury.

"What better way to celebrate (Constitution Day) than have some of the activists back," said university President Robert Antonucci.

It gave the school an opportunity to look back at its past so it can celebrate its future, he said.

"The whole idea of being here after 40 years is surreal after 40 years of feeling like the black sheep of the campus," said Antonelli, who is now a documentary film maker living in Mill Valley, Calif.

Antonelli and fellow student Tony McNamara had attended a student journalism conference in Colorado and planned to attend Woodstock before returning to school in 1969.

Antonelli ended up going alone, though Mark Rice, a freshman that year, attended separately.

Once back on campus, a new newspaper called The Cycle opened with Antonelli as editor.

When it tried to publish Cleaver's column, school president James Hammond threatened to cut funding.

Emboldened by the journalism conference, the students accepted an offer by a young lawyer named Harold DuLong of Burlington to represent them in court.

Music helped shape their thoughts and motivation, Tincknell said.

"Music became such a big part of our lives," he said.

Jewett said music like that of the Newport Jazz Festival, Joan Baez and Pete Seeger were shaping the country but they were not part of campus life, Jewett said.

She was in charge of cultural events for the student body and began booking speakers and performers that reflected the times.

"This was about pushing our thinking, about intending to push the thinking of other students," Jewett said.

Afterward, students said they were inspired by the discussion.

"It was how much students took action and stood up to authority," said Brandon William, of Wrentham, a junior studying film. "It doesn't seem any of them are willing to do that now."

Angela Szymcik, of Templeton, a junior studying political science and history, and president of the school's planned parenthood club, said the talk was empowering.

"It's so inspirational to hear of the protests and stand up for what they believed in," Szymicik said.

Class President Hannah Adams, of Tyngsboro, a senior studying communications who has been in student government throughout her college career, said it was an enlightening discussion.

"It was really interesting, especially for me. I've been at the school so long and didn't know anything about it," Adams said.

She was in the student government offices last school year when Mark Rice stopped in to talk and somebody asked if he knew about the lawsuit. Rice said he knew about it and was part of it.

Monday's panel discussion grew out of that visit.

FSU welcomes incoming students — and their butterflies

By Michael Hartwell
mhartwell@sentinelandenterprise.com

FITCHBURG — Wheeling a big orange bin full of her belongings to the ground-floor elevator of Russell Towers residence hall Monday, new Fitchburg State University student Lucy Holewa said she's looking forward to the new school year.

"I'm excited, but I'm nervous too," said Holewa, 19. She said she's looking forward to being a film major because of the school's well-known film program and internships. She also looks forward to meeting new people, but said it will be tough being away from her family, friends and rural home in Londonderry, N.H.

Holewa, a transfer student who spent the previous year at a community college in Haverhill, was one of the early students to move in over the past week. The official move-in day is today, but some students were able to get in early by paying a fee, participating in the Expanding Horizons Program, participating in athletics or orientation, or being a residence hall staff member.

The residence hall staff held doors open, installed temporary ramps and loaned out wheeled bins to help students move in Monday. Classes start Thursday and the school will have 700 new first-year students this week.

Incoming Freshman Diana Munoz, 17, of Boston, carried a big cardboard box to her room in Aubuchon Hall.

"I'm excited, I can't wait," said Munoz. She moved most of her things in Saturday as part of the Expanding Horizons Program, which is for students who have had past grade problems, come from a poor family, or in Munoz's case, are the first generation of their family in higher education.

Munoz, a criminal justice major, said her mother has shown a lot of excitement, sending her daily Facebook messages congratulating her and wishing her well.

Danielle Crosby, 21, of Oakham, is starting her junior year at FSU. She's a commuter, but was at the bookstore getting a version of "Romeo and Juliet" and a Spanish book.

"I'm really excited to be back, I've been working all summer," she said. A secondary education English major, Crosby works as a manager at a chain store in Gardner.

"They're as excited to come back as we are," said Robert Antonucci, who is beginning his ninth year as president of FSU.

"The day I don't become excited, I shouldn't be here," he said.

Antonucci said the future of the city and the university are linked; prosperity for one means prosperity for the other. He said the start of the school year rejuvenates the city, as 7,000 students pour in, as well as faculty and staff, and Fitchburg businesses reap some of the rewards.

For this academic year, Antonucci said FSU staff will renew emphasis on its core concepts of teaching, learning and service, anticipate having the school's accreditation renewed by the New England Association of Schools and Colleges and see more construction projections on campus.

Outside the president's office, workers were laying stones for the walkway that is replacing a section of Highland Avenue and linking sections of the campus together.

The Condike Science Building, built in 1965, has a 55,000-square-foot addition under construction, the Hammond Campus Center is being renovated and expanded and there are ongoing improvements to faculty offices.

Amanda Landry, 19, of Henniker, N.H., returned this week to start her sophomore year.

The accounting major said she's glad to be back at school and in the city of Fitchburg. "I like it here. It's very different because basically I lived in the woods," she said.

SENTINEL & ENTERPRISE / CONNOR GLEASON

Fitchburg State University sophomore Shakeila Jacobs, 19, of Dorchester, unpacks her belongings as she moves into her room in Aubuchon Hall at FSU Monday.

SENTINEL & ENTERPRISE / CONNOR GLEASON

Penny Webster helps her daughter, Fitchburg State University sophomore Lucy Holewa, 19, of Londonderry, N.H., move into the Russell Towers at FSU Monday.

Hanneken to lead McKay, Fitchburg Arts Academy

By Michael Hartwell
mhartwell@sentinelandenterprise.com

FITCHBURG — Daniel J. Hanneken of Clinton will become the new principal of both the McKay Campus School and Fitchburg Arts Academy on July 1.

The McKay Campus School has students from kindergarten to grade four, and Fitchburg Arts Academy uses an arts-centered program for grades five through eight. The middle school is located inside the building of the elementary school.

The McKay Campus School houses the Teacher Education Center of Fitchburg State University. Both schools are part of the Fitchburg Public School System and use both experienced and student teachers.

Until now, each school has operated with its own administration, though the institutions have co-existed at 67 Rindge Road. Hanneken will be the first principal to oversee both institutions.

Hanneken's title will include the role of associate dean of education at FSU.

From 2008 to 2011, Hanneken was principal at the Whitcomb School in Marlboro and before that served four years as principal at the Gerard A. Guilmette School in Lawrence. He was assistant principal at Williams Middle School in Chelsea and served as a teacher and Title I coordinator in Danvers.

Before entering academia, Hanneken served in the Air Force.

He earned a master of education in teacher education and a master of science in human relations from the University of Oklahoma in 2001, graduating summa cum laude. He earned a bachelor's in business administration from Columbus State University in 1991.

FSU graduate-to-be tackled two majors

By Michael Hartwell
mhartwell@sentinelandenterprise.com

FITCHBURG — Set to graduate with a bachelor's degree Saturday from Fitchburg State University as a double major in history and math, Heather Freitas said she couldn't have done it without the support of the faculty.

"They made sure to remind me I was doing something crazy by majoring in history and math," said Freitas, 28, of Dudley. She moved to the area from California in 2007 when she started attending classes at the university. She is an honors student, a math tutor, the school's mathematics student of the year and a full-time retail worker.

Freitas

Freitas says she is not aware of any discipline that will allow her to combine her two majors, but she said she loves both subjects too much to chose one.

She said her top interests are in abstract algebra and United States military

Please see **FSU/8**

SENTINEL & ENTERPRISE

Student tackles double major at Fitchburg State

FSU/From Page 1

history.

"I've always been a fan of the saying, 'You can't possibly know where you're going if you don't know where you've been,'" said Freitas. She said she is fascinated by all the workings of the United States military, and how important that military has been in most major wars since the nation was founded.

Freitas said she believes the faculty chose her as the mathematics student of the year for getting high grades while taking a heavy course load, working full time and tutoring.

She said she plans to take a year off from school then enroll in graduate school to earn a master's degree in mathematics in the fall of 2012, but hasn't chosen a school yet.

In the meantime, she plans to take it easy and just work full time.

"I'm hoping to find something I can use my math degree in, maybe tutor math at another college," said Freitas.

She said she has gotten behind on watching sports and plans to catch up on her favorite teams, the New England Patriots and the WNBA's Connecticut Sun.

Municipal boards fighting political apathy, some say

By Jack Minch, jminch@sentinelandenterprise.com

Posted: 09/04/2011 06:37:45 AM EDT

LEOMINSTER -- Every elected seat on the City Council and School Committee is up for grabs this year, but there are only two contested races. Depending on whom you ask, it means most people are happy with the way the city is being run or that few people are willing to expose themselves to harsh media criticism and long hours for little reward.

Politics usually kicks into high gear after Labor Day, the unofficial end of summer, but the lack of contested races in Leominster has the campaign season in idle.

It stands in contrast to cities with rough-and-tumble political reputations such as Fitchburg, Lowell and Boston, where there are usually candidates trying to wrest seats away from each other.

School Committee incumbent Ronnie Houle has had a campaign sign in the window of Pizza Chef downtown all summer, but there are few other signs of the season so far.

Houle doesn't have an opponent on the ballot, but said he feels a need to campaign anyway.

"Even though I don't have anybody running against myself, I'm still running for office," he said. "I still have the urge to run. I have to represent myself. I have to show the voters I am worth their vote."

Political interest comes in waves, said Mayor Dean J. Mazzarella who has not had a challenger since 2005.

Political interest is down in Leominster but it is high in Fitchburg for now, he said.

"There was a time when we were running primary candidates because there were so many candidates and Fitchburg wasn't," Mazzarella said.

Fitchburg State University Professor Paul Weizer, the chairman of the school's political science department, is a Leominster resident and said there isn't great incentive to run for office when things are going well, and right now things are going pretty well for the city.

"They are very thankless jobs for which you get paid nothing or almost nothing and demand a great deal of time," Weizer said.

Mazzarella has to do a lot of cajoling just to get volunteers to serve on boards and committees, Weizer said.

It probably isn't much different than it was 100 years go, and back then there were not as many commitments, obligations and constraints for the average person's free time, he said.

Voting-age residents last week said they want to see more candidates because discussions and debates bring out true pictures of each candidate's platform.

"You want to note different points of view and what these people have to offer," said Jennifer Gernert, 26, of Leominster. "You get to see people's true colors."

Council President John Dombrowski said he also wants to see more candidates.

"It's better for the debate," he said. "I think it makes everybody a better leader when there is a little competition."

Scott Harriman, 45, a former Evergreen Solar machine operator who was laid off, believes there will be political apathy until the economy improves.

He used the analogy of a patient with a terminal disease to explain why there are not more candidates who get into politics right now.

"No chance of survival," he said.

It's too bad for the city, Harriman said.

Harriman said he is wants to help the economy improve but doesn't believe he has the qualifications to run for office.

The United States may be a country where anybody can grow up to be president but any candidate needs a good educational background, Harriman said.

"I'd like to but what would I be competent to do, would it help," he said.

Loretta Moran believes people are afraid to get involved in politics anymore because politicians must deal with an aggressive media at the local, state and national levels and lose their privacy.

Like Harriman, she said politicians need a good education and professional background.

"I don't have that kind of education that would be of use to anybody," she said. "I wouldn't know anything about politics or what needs to be done."

At-large City Councilor Claire Freda said she is the longest serving politician in the city after six years on the School Committee and another 18 on the council, and has rarely had competition.

She believes she has kept her constituents happy because she works hard to get out to see the voters and learn what issues they are interested in.

"I think visibility and outreach is just really important, I think people want that in their elected officials," Freda said.

Mazzarella would like some competition.

"My theory is that everybody should have somebody running against them, no matter what the job is," he said. "It's part of democracy, issues get debated, you can tell your accomplishment, it's part of the process."

School Committee Vice Chairman Donna DiNinno said she likes to think there's no competition for her job because everybody believes the committee is doing a good job.

That may be true, but potential candidates are probably also aware there is a significant time commitment without compensation, she said.

Even though there are some weeks with a light workload, there are others where she puts in up to 30 hours, DiNinno said.

At-large City Councilor Susan Chalifoux Zephir agreed competition creates a vocal and robust debate on issues, which is better for the city.

The city is well run, and people are usually drawn into politics when they believe an issue they are interested in is not being covered, she said.

"There aren't a lot of current hot-button issues," Zephir said.

Zephir also said she spends time out in the community at events and places such as Sholan

Farms talking with people to learn what they are concerned about.

So where is the next generation of politicians and public servants coming from?

"Good question. That's really a good question," Weizer said. "That transcends local politics. Public service doesn't have the esteem it once did and government doesn't have the esteem it once did whether federal, state or local."

But politics doesn't always need somebody to rise through the ranks, he said.

Mazzarella and Fitchburg Mayor Lisa Wong were both political neophytes but won their jobs in their first campaigns.

"These are two people who are seriously night and day in terms of their approach, their personalities, their backgrounds," Weizer said.

He encourages students to get involved in their local politics.

The university has a center for civic engagement, regional economic development institute and a volunteer center.

"Hopefully, that is where the next generation comes from," Weizer said.

Dombrowski said the next generation of politicians will do so for the same reason as their predecessors.

"It's going to come from those people out there who want to make a difference," he said.

The School Committee has some natural feeder systems such as school councils and parent teacher organizations, DiNinno said.

"And I think that when the day somebody steps down, somebody will step up, as happened when Russ (Maguire) and Chris (Orareo) stepped down," she said.

Thursday, October 6, 2011

Ready, set, Read for the Record at McKay

Middle-schooler Keara Portlock, right, reads "The Very Hungry Caterpillar" to students at McKay Campus School in Fitchburg during a previous Read for the Record event. (T&G File Photo/RICK CINCLAIR)

By Amanda Roberge CORRESPONDENT
Add a comment

FITCHBURG — As part of an international literacy initiative that connects young readers all over the world, students from all over Fitchburg will connect locally today as they "Read for the Record."

Read for the Record was started in 2006 by Jumpstart as a way to promote literacy by inspiring readers to join in a mutual goal to break reading records. This year's selection, "Llama Llama Red Pajama" by Anna Dewdney, will be read almost simultaneously by more than 2 million students worldwide — including inside each classroom at McKay Campus School.

Elementary students will have the charming and classic story read aloud to them by both Fitchburg State University students involved in the Kappa Delta Pi International Honor Society and Fitchburg Arts Academy Middle School students.

“This event is a wonderful way to bring children, young adolescents and college students together to celebrate the importance of literacy in everyone’s lives,” said Nancy Murray, graduate program chairperson for the Moderate Disabilities Program within the Education Department at Fitchburg State College. “The Read for the Record day is a day where everyone embraces the importance of literacy and all levels of readers experience the joy that literacy brings to our lives.”

But even more important than simply reading the book, said Ms. Murray, is finding ways of connecting the book to other facets of the students’ learning processes. It is those academic experiences, she said, that make literacy relevant and enriching.

In honor of the story of a baby llama who misses his mama after being tucked into bed at night, Ms. Murray has big plans for tying elements of the book into the math and science curriculum for McKay students. Each grade level, she said, will break into groups to try out “telephones” made of plastic cups connected by string and wire to see which works better to transmit sound. Students will then graph their responses to see how the experiment fared for the school as a whole.

“It’s one of the ways we stress the importance of literacy and making reading fun,” she said, adding that the educational publisher Pearson Education has provided more than 500 copies of the book so that each student — just as in past years — will take a copy home with them in their backpacks.

Ms. Murray added that in recent research, one of the contributing factors to literary success in children was the number of books they have in the home. Thanks to Pearson, which has been a willing partner in the McKay School’s ability to be an active participant in the program, each McKay student upon completing Grade 4 will have five more books in their home than when they started kindergarten.

“It’s just a really neat day,” she said, adding that many students and faculty members look forward to the event as much as she does.

Over the past six years, Read for the Record has pulled readers together to share classic stories like “Corduroy” and “The Very Hungry Caterpillar.” Last year, Ezra Jack Keats’ “The Snowy Day” was read aloud to more than 2 million children across the globe, raising awareness of the early literacy crisis and helping Jumpstart raise funds to serve children in need.

Since 2006, Jumpstart has raised more than $6.2 million to support early education programs and has sponsored more than 800,000 books for children in low-income neighborhoods.

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For young filmmaker, Twin Cities keep calling

By Jack Minch
jminch@sentinelandenterprise.com

FITCHBURG — New York City has the flash and glamour, but Fitchburg has the down-home Americana feel film director Nathan Crooker was looking for when he directed his new movie, “Stuffer.”

The 20-minute film is scheduled to premiere at 3:30 and 7 p.m Wednesday in Fitchburg State University’s Ellis White Lecture Hall in the Hammond Campus Center.

The premiere is Crooker’s latest homecoming.

He grew up in Leominster and, after graduating from St. Bernard’s High School, left to study filmmaking in New York but returned in 1999 to North Central Massachusetts to finish his degree at Fitchburg State University.

He went back to New York, where he has fashioned a successful career, but again returned to Fitchburg to film “Stuffer” last April.

Back in New York to start his career, Crooker earned success as an actor and then a director, filming commercials for such brands as Miller, Chevrolet, New Balance and Microsoft. The commercials prepared him for a career in filmmaking.

COURTESY PHOTO

Fitchburg State University alumnus Nathan Crooker looks through a camera viewfinder while directing. Crooker’s latest film, “Stuffer,” will have its premiere at the school on Wednesday.

“I always wanted to do film because I want to tell longer stories and work with actors and give them this world,” Crooker said.

Crooker started as an actor early in his career and starred opposite Rosario Dawson and Robert Redford’s daughter, Amy Redford, in “This Revolution,” which premiered at the Sundance Film Festival in 2005.

Crooker credits his mentor, the late FSU professor Gunther Hoos, for his success in filmmaking.

Please see **CROOKER/4**

“I came back here because I feel it represents best the hard-working, blue-collar people.”

Nathan Crooker, filmmaker

Director finds Fitchburg, Leominster perfect setting for latest film

CROOKER/From Page 1

"That guy was really about the kids and program," Crooker said.

He has also directed the film "Peace of Mind," which he wrote and edited in 2009 and which stars Justin Allen and Mizuo Peck.

"I've been fortunate the two films I worked on had good actors," he said.

"Stuffer" has been accepted in about 25 film festivals across the country, including the prestigious LA Latino International Film Festival. It has garnered high praise and been named "Best Short" in five of the festivals.

The cast includes Danielle Camastra, who has performed in commercials and starred in "Price of Glory" with Jimmy Smits; Jake Silberman, known for his character, Noah Mayer, on "As The World Turns"; and Michael Rivera, whose credits include a starring role in director Jodie Foster's "The Beaver," with Mel Gibson.

"Stuffer," written by Silberman, tells the story of a married, female Army soldier played by Camastra whose family is living the American dream.

She is sent to Afghanistan and her husband loses his job, so the family is facing foreclosure on their home.

To protect her family and home, Camastra's character agrees to take on some shady work.

"She starts to work with an organization that is a spinoff of the government," Crooker said, standing at the intermodal center Saturday.

Back home, Camastra's character's husband has found work and is planning to surprise her when she returns home.

If he told her about his job she would not have gotten involved in the covert work, Crooker said.

It was a physically demanding role and a departure from her past performances, Camastra said.

"It was very complex, and working with Nathan is awesome because he challenged me and pushes me further than I would go," she said.

One scene in particular was shot 11 times and was so intense that half the crew left during filming, Crooker said.

Crooker could have commuted across the Hudson River to New Jersey to shoot the film, but wanted to immerse the actors and 40-member crew in a working-class community, so he returned to the Twin Cities.

"I came back here because I feel it represents best the hard-working, blue-collar people," Crooker said.

He worked at McDonald's while attending high school and understands 9-to-5 jobs aren't there for the normal worker anymore.

"We're in a society working 13, 14, 15 hours a day," Crooker said.

Moviegoers may recognize some locations in the film, such as the backside of the Fitchburg Intermodal Center and Airport Road. Other scenes were shot in Crooker's parents' basement in Leominster and a friend's home in Fitchburg.

The movie was shot over four days.

"It was great," Crooker said. "You come back and realize what it is to grow up in a small town."

SENTINEL & ENTERPRISE / CONNOR GLEASON

Actress Danielle Camastra and filmmaker Nathan Crooker at the Intermodal Station in Fitchburg Saturday afternoon. Their upcoming film, "Stuffer," a story about a soldier who returns home after her third tour of duty in Afghanistan, was filmed on location in Fitchburg and Leominster, including a scene at the Intermodal Station.

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Welcome Back Celebrations

August 25 and September 1, 2011

Kent Recital Hall

"I would like to express my deepest gratitude to the university's employees, whose dedication and loyalty form the basis of all that we have accomplished, as well as the unlimited possibilities that lie ahead. Thousands of students past and present have been the beneficiaries of this commitment. The standard of excellence that we have established for academics clearly extends to the countless tasks that are performed on a daily basis in every corner of campus.

Whatever your responsibilities, take pride in the knowledge that you have made a difference in numerous and significant ways. I thank you for these vital contributions."

—President Robert V. Antonucci

Program

Welcome

Remarks

Presentation of Employee Recognition Awards

Announcement of Emeriti Professors

Performance Recognition Awards

Years of Service Awards

5 Years

Deon Brock .... *Behavioral Sciences*
Bradley Cohrs .... *Recreation Services*
Christine Dee .... *Economics, History & Political Science*
Jessica DuPont .... *Graduate & Continuing Education*
Katrina Durham .... *Disability Services*
Ann Hogan .... *Center for Excellence in Education*
Brion Keagle .... *Information Technology*
Joseph LoBuono .... *Capital Planning & Maintenance*
Viera Lorencova .... *Communications Media*
Jeff Lovely .... *Campus Police*
Angela Marini .... *Student Accounts*
Anne Meyer .... *Nursing*
Nancy Murray .... *Education*
Justin Nelson .... *Capital Planning & Maintenance*
Susan Rosa .... *Education*
James Sadin .... *Information Technology*
Hildur Schilling .... *Behavioral Sciences*
Tammy Soucie-Burke .... *Registrar's Office*
Peter Staab .... *Mathematics*
Sheila Sykes .... *Finance & Administration*
Melissa Tasca .... *Housing & Residential Services*
Ronda Thompson .... *Information Technology*
Jean Varchol .... *English*
Danielle Wigmore .... *Exercise & Sports Science*
Jane Zhang .... *Geo/Physical Sciences*

10 Years

Mary Ann Barbato .... *Mathematics*
Magda Bechar .... *Nursing*
Patricia Boudreau .... *Financial Services/Accounting*
Allen Calcia .... *Capital Planning & Maintenance*
Christine Devine .... *Nursing*
Linda Dupell .... *Registrar's Office*
Elizabeth Fineberg .... *Counseling Services*
Shane Franzen .... *Student Development*
Sean Goodlett .... *Economics, History & Political Science*
Michael Hoberman .... *English*
Robert Hynes .... *Counseling Services*
Karen Kowlzan .... *Biology/Chemistry*
Diane Lucas .... *English*
Karen Frank Mays .... *Grant Center*
Glenda Ouellette .... *Education*

15 Years

Paula DeLisle .... *Communications Media*
Nancy FitzGerald .... *Capital Planning & Maintenance*
Kerry Goodhue .... *Student Health Services*
Meledath Govindan .... *Biology/Chemistry*
Victoria Kastal .... *Registrar's Office*
Sue Lauder .... *Athletics*
Linda LeBlanc .... *Amelia V. Gallucci-Cirio Library*
Irene Martyniuk .... *English*
Leslie Ricks .... *Capital Planning & Maintenance*
Ann Scannell .... *Nursing*
Summer Shook .... *Student Accounts*
Karen Valeri .... *Economics, History & Political Science*
Jiang Yu .... *Geo/Physical Sciences*
Alcira Zadroga .... *Financial Aid*

20 Years

Janice Allen .... *Admissions*
Chola Chisunka .... *English*
Robin Dinda .... *Humanities*
Susan Jordan .... *Enrollment Management*
Sanjay Kaul .... *Industrial Technology*
Charles LaFreniere .... *Capital Planning & Maintenance*
Da-Hong Lu .... *Biology/Chemistry*
Pirudas Lwamugira .... *Economics, History & Political Science*
Bonnie McCullough .... *Print Services*
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Lisa Moulton .... *Financial Services/Accounting*
Wayne Munson .... *Communications Media*
Dolphine Nichol .... *Mathematics*
Daniel Nomishan .... *Education*
John Paul .... *Economics, History & Political Science*
Sharon Stokes .... *Education*

25 Years

Maria Jaramillo	Humanities
Cheryl Johnston	Information Technology
Nancy Kelly	English
Kenneth Leblanc	Capital Planning & Maintenance
Thomas Murray	English
Gerard Vincent	Campus Police

30 Years

David Antaya	Exercise & Sports Science
Augustine Aryee	Behavioral Sciences
Roger Boivin	Capital Planning & Maintenance
Linda McKay	Nursing
James Noonan	Business Administration
Helen Obermeyer-Simmons	Communications Media
Diana Suskind	Education
Jacklynn Taylor	Campus Police
Howard Thomas	Biology/Chemistry

35 Years

Stanley Bucholc	Student & Academic Life

New Staff

Jamison Bedard	Housing & Residential Services
Jacqueline Boss	Registrar's Office
Sandra Ciccone	Student Conduct & Multicultural Student Services
Leah Fernandez	Administrative Services/CPM
Jonas Halley	Housing & Residential Services
Daniel Hanneken	McKay Campus School
Jennie House	Housing & Residential Services
Ellen Hughes	Athletics & Recreation Services
Daryl Lawrence	Housing & Residential Services
Ge-Yao Liu	International Education
Rachel Martin	Financial Aid
Derek McNamara	Housing & Residential Services
Kathleen Nicoletti	Housing & Residential Services
Rachel Pianta	International Education
Sarah Sadowski	Expanding Horizons
Francis Silvia	Housing & Residential Services
Elizabeth Swartz	Expanding Horizons
Jacob Workman	Information Technology

New Faculty

Christopher Adams	Behavioral Sciences
Marcel Beausoleil	Behavioral Sciences
Annamary Consalvo	English
Allison Craig	English
Yasser Derwiche Djazaerly	Humanities
Nancy Duphily	Nursing
Steven Edwards	English
Teresa Finn	Nursing
Shana Goldwyn	Education
Beth Herman-Davis	Education
Brian Kelly	Behavioral Sciences
Megan Krell	Behavioral Sciences
Mathangi Krishnamurthy	Biology/Chemistry
John LaFleche	Industrial Technology
John Ludlam	Biology/Chemistry
Monica Maldari	Exercise & Sports Science
Erin Rehrig	Biology/Chemistry
David Rice	Exercise & Sports Science
Luis Rosero	Economics, History & Political Science
Sheila Schreiner	Biology/Chemistry
Jason Simon	Amelia V. Gallucci-Cirio Library
David Svolba	Humanities
Jason Talanian	Exercise & Sports Science
Samuel Tobin	Communications Media
Michael Ward	Exercise & Sports Science
Kathryn Wells	Amelia V. Gallucci-Cirio Library

Vice President for Academic Affairs

Robin Bowen	Academic Affairs

New Emeriti Professors

James Colbert	Humanities
Elaine Francis	Education
Margot Kempers	Behavioral Sciences

Performance Recognition Award Winners

Mary Chapin Durling	Cultural Affairs/CenterStage
Sherry Horeanopoulos	Information Technology
Joseph LoBuono	Capital Planning & Maintenance
Jennie Pao	Information Technology

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11. Integrity

Mission

Fitchburg State University is committed to excellence in teaching and learning and blends liberal arts and sciences and professional programs within a small college environment. Our comprehensive public university prepares students to lead, serve, and succeed by fostering lifelong learning and civic and global responsibility. A Fitchburg State education extends beyond our classrooms to include residential, professional, and co-curricular opportunities. As a community resource, we provide leadership and support for the economic, environmental, social, and cultural needs of North Central Massachusetts and the Commonwealth.

Vision

Fitchburg State University will be nationally recognized for its excellence in teaching and learning in current and emergent fields, for its commitment to transforming lives through education, and for its dedication to public service.

In order to achieve this, we will:

- Prepare students for a global society through curricular innovation and program development.
- Achieve academic excellence by investing in our faculty and librarians in their pursuit of knowledge, professional competency, and scholarship.
- Employ innovative uses of technology in the library and across our campus to maximize student learning.
- Create a culture of diversity to meet the needs of the region and enhance the personal and academic lives of the university community.
- Build partnerships within our community to provide real-world opportunities for our students and collaborative solutions to community issues.

NEASC Ten Year Accreditation Visit: March 4 - 7, 2012

Fitchburg State University is accredited by the New England Association of Schools and Colleges (NEASC). The Commission on Institutions of Higher Education (CIHE) of NEASC is the regional accreditation agency for colleges and universities in the six New England states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. Additionally two institutions in Greece, three in Switzerland, and one in Afghanistan, Bulgaria, Bermuda, and Lebanon, respectively, are also affiliated with CIHE. In total, 247 institutions of higher education are evaluated by NEASC. The Commission consists of twenty-four elected commissioners and more than one thousand volunteers from the faculty and administration of its affiliated institutions. The Commission is recognized by the U.S. Secretary of Education as a reliable authority on the quality of education for the institutions it accredits.

On March 4-7, 2012, Fitchburg State will be having its site visit for NEASC. To prepare for this visit, each institution is asked to create a 100 page self-study where we reflect upon how the university meets the standards for accreditation that have been established by and for the institutions of our region. Accreditation is a voluntary system of self-regulation carried out by peer review in which Fitchburg State will be found to meet or exceed a set of standards. In short, the accreditation process looks at our university mission as measured against the standards of the higher education community. This will require evidence, appraisal, and candor as we both look back at what we have done and then look ahead to the future.

Dr. Nancy Carriuolo, President of Rhode Island College will chair our evaluation team. Other team members are from the University of Southern Maine, the University of Maine, Eastern, Southern and Central Connecticut University, the University of New Hampshire and the Vermont State Colleges. A representative from the Board of Higher Education also may join the visit.

To provide information and to encourage input, we have created a web site dedicated to our self study.

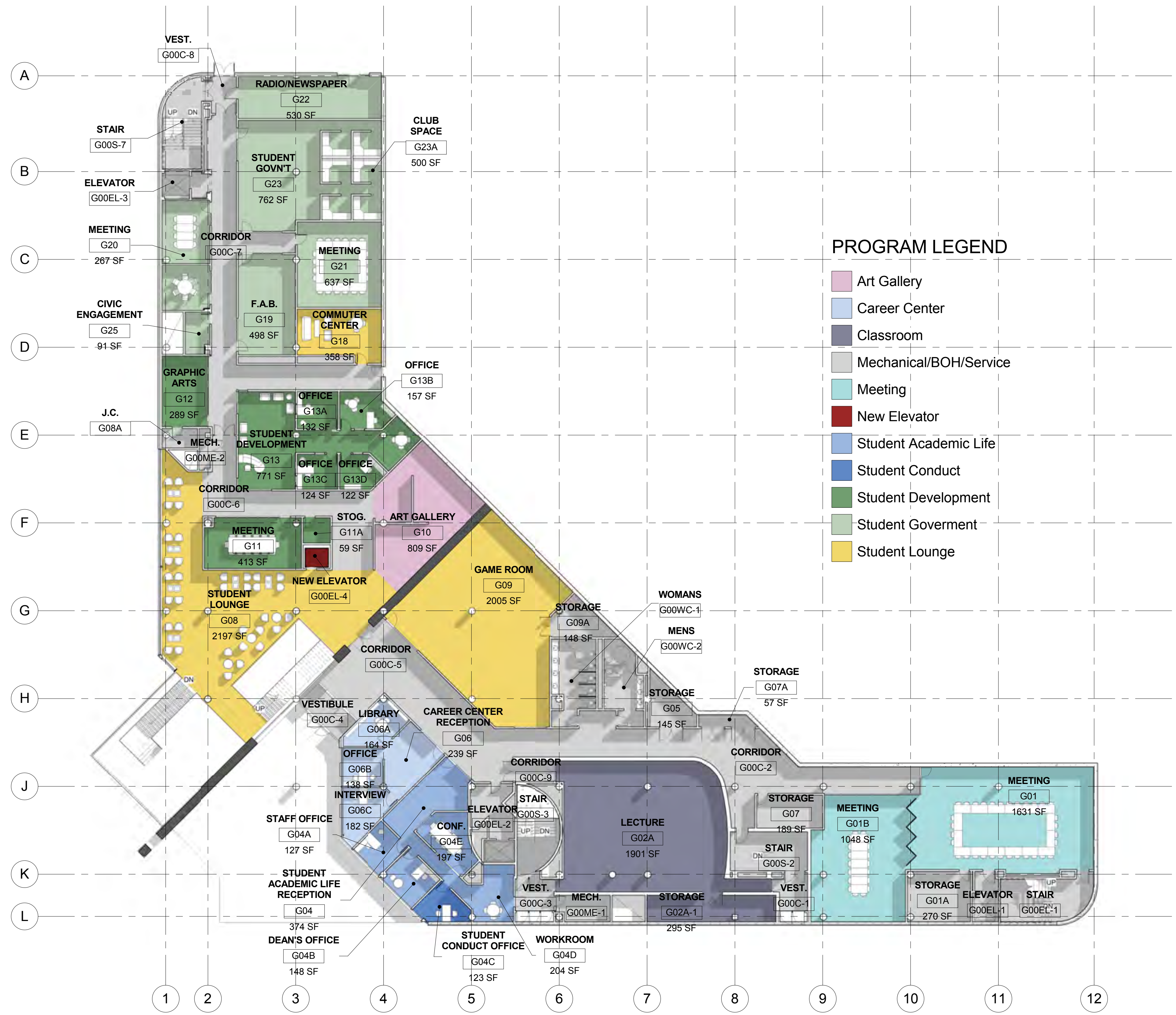
The address is http://www.fitchburgstate.edu/neasc2010/.

A first draft of the self-study was posted on the web site, three open forums were held for feedback and the draft has been discussed by the ACC. We will be forwarding the draft to NEASC for comment. The final submission is due in January, 2012.

Comments or suggestions can be emailed to us at **Neasc2010@fitchburgstate.edu**

We want your input!


FITCHBURG STATE UNIVERSITY



DECEMBER 22, 2010

HAMMOND HALL RENOVATION

GROUND FLOOR PLAN

FITCHBURG STATE UNIVERSITY

DiMella Shaffer
Architecture | Interior Design | Planning

MINUTES OF THE MEETING HELD ON TUESDAY, OCTOBER 18, 2011 AT 11:00 A.M.

FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES
Finance and Administration Committee Meeting

Joint meeting with Fitchburg State University Foundation Audit Committee & FSU Foundation Supporting Organization, Inc.

President's Conference Room, Sanders Building
300 Highland Avenue, Fitchburg, MA 01420

Committee Members Present:	Chairman Anthony Mercadante, Carol Vittorioso, ex-officio
Trustees Present:	Matthew Costello, Robert Pontbriand
Also Present:	Robert V. Antonucci, Gail Doiron, Karen Spinelli, Scott Foster, Steve Duvarney, Anthony Cali, John Dombrowski, Cathy Daggett, Jay Bry, Kelli Lundgren, Kelly Sylvia, Michael Shanley, Robin Bowen, Campus Community

Chairman Mercadante welcomed everyone to the meeting. He stated that this would be a joint meeting of the Board of Trustees and Foundation Audit Committees and the Supporting Organization Committee. The joint meeting was called to order by Mr. Mercadante at 11:00 a.m.

Upon a motion duly noted by Ms. Vittorioso and seconded by Mr. Mercadante it was

Voted: **(2-0)** to approve the Finance and Administration minutes of the meeting held on April 26, 2011 as presented.

The auditors from Ercolini & Company, LLP, Mr. Jay Kaufman, CPA, Audit Partner; Mr. Philip Weitzel, CPA, Audit Partner; and Mr. Jeffrey Caputi, Audit Supervisor, were in attendance to present the audits.

Mr. Costello joined the meeting at 11:03 a.m.

Mr. Kaufman said the audits went very well. He distributed two agendas that highlighted the financials. (Attached) He thanked the University personnel who assisted with the audits and said they went very smoothly. There were no findings.

Mr. Kaufman next discussed the financial statements. He said the letter from Ercolini & Company included in the packet provided a good summary of what has transpired. The University adopted new standards; some have no impact while others merely change the presentation of the financials from last year. The audit is clean all the way around. He explained different government accounting rules and how they affect the way items are reported. It was best that the University adopt these practices this year as opposed to future years. It made sense to adopt them now.

There was a discussion on reporting practices.

Mr. Caputi discussed and highlighted the statement of net positions. The University remains in a strong financial position.

Mr. Mercadante commented that it appears we are strong relative to our peers. Mr. Kaufman said every institution will have an operating loss due to the way the state appropriations are disbursed.

Mr. Kaufman discussed the statement of revenues, expenses and changes in net position.

Mr. Caputi discussed the statement of cash flows on pages 8, 9 and 10 of the audit. Mr. Kaufman discussed the footnotes and the Foundation and Supporting Organization audits.

There was a discussion on the audits.

Mr. Pontbriand joined the meeting at 11:30 a.m.

Mr. Kaufman stated another challenge this year was the unstable economic climate. The University continues to be strong. The investment planning is still lagging behind along with no stimulus money; the University still has financial challenges.

The committee next discussed the Fitchburg State University Report on Independent Auditor's Report on Management's Assertions on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster for Year Ended June 30, 2011 and the Fitchburg State University Federal Student Financial Assistance Programs Report on Consulting Services Year Ended June 30, 2011. There were no findings on either of the financial aid audits.

Mr. Kaufman stated there was no management letter, all controls are in place and things are operating as planned.

President Antonucci stated we have considered retaining the services of Ercolini & Company and we will come back to the Board in the future for discussion. He expressed his appreciation for their professionalism and great work. It was nice to have another clean audit.

Upon a motion duly noted by Mr. Mercadante and seconded by Ms. Vittorioso it was

<u>Voted:</u> accept the University Audit Report for the fiscal year ending June 30, 2011.
(4-0) (01-11/13)

The committees of the Fitchburg State University Foundation Audit and Support Organization voted on their perspective audits.

With no further business before the committee, the meeting was adjourned at 11:40 a.m.

Respectfully submitted,

____

Anthony Mercadante
Chairman, Finance & Administration
Board of Trustees

Minutes of Meeting Held on October 18, 2011 at 12:15 p.m.

FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES MEETING
Tuesday, October 18, 2011
12:15 p.m.
President's Conference Room
300 Highland Avenue, Fitchburg, MA 01420
Sanders Building

Trustees Present:	Carol Vittorioso, Matthew Costello, Robert Pontbriand, Beverly Farias, Martin F. Connors, Jr., Cynthia Stevens, Anthony Mercadante, Anna Maria Clementi
Trustees Absent:	Gregg Lisciotti, David Mullaney, Gladys Rodriguez-Parker
Also Present:	Robert Antonucci, Gail Doiron, Steve Swartz, Nathan Gregoire, Michael Shanley, Robin Bowen, Jay Bry, Cathy Daggett, Sean Goodlett, University Community.

The meeting was called to order by Chairman Vittorioso at 12:15 p.m.

Chairman Vittorioso opened the floor for public comments. There were none.

President Antonucci noted Ms. Sheila Sykes, Vice President for Finance, was not in attendance due to her participation in a NEASC Accreditation visit in Connecticut.

Ms. Vittorioso officially welcomed Ms. Anna Maria Clementi and Mr. Anthony Mercadante to the first meeting of the academic year.

The consideration of the minutes from May 3, 2011 was presented.

Upon a motion duly noted by Mr. Pontbriand and seconded by Ms. Farias it was

Voted: to approve the minutes of the meeting held on May 3, 2011 as
(5-0) presented.

President Antonucci introduced Kelli Lundgren, who will be assisting the Board with correspondence and materials. He also officially welcomed Dr. Robin Bowen, Vice President for Academic Affairs.

Mr. Mercadante next gave the Finance and Administration report. He said the committee met with the auditors from Ercolini & Company, Inc., Mr. Jeff Caputi, Mr. Philip Weitzel and Mr. Jay Kaufman that morning. He said the booklet includes the formal financial statements and analysis. He noted the executive summary that highlighted the financial statements. We are in good financial shape and we are strong in relationship to our peers. The committee discussed the audit in complete detail and it is a "clean opinion."

There were no findings with the Financial Aid audits or internal controls. There was no need for a management letter, which is a positive thing. We are complying with the new Governing Accounting Standard Board (GASB) standards. Fitchburg State University is very strong and had a solid financial year. He asked for comments.

There was a brief discussion.

Mr. Connors asked if we could get a management letter. President Antonucci requested that Ercolini and Company provide a management letter that reflected a clean audit. Ms. Daggett will follow – up.

Upon a motion duly noted by Mr. Connors and seconded by Mr. Pontbriand it was

Voted: to accept the Audit Report for the fiscal year ending June 30, 2011.
(7-0) (01-11/12)

President Antonucci commended the finance staff for their work.

President Antonucci next introduced Dr. Shirley Wagner and Dr. Paul Weizer, co-chairs of the NEASC Steering Committee. President Antonucci said the self-study is due in December and the entire document may only consist of 100 pages. The visiting team chaired by President Nancy Carriuolo, President of Rhode Island College, will visit the campus on March 4-7, 2012. The Trustees will be asked to attend some of the meetings with the team. The NEASC accreditation will set the stage for the next 10 years. We will be commended on some things and we will need to improve in other areas.

Dr. Wagner distributed a summary sheet. (Attached) She said the visiting team is representative of us and will understand our institution. The first draft of the self-study is on the web site, which changes daily. Ultimately, there will be a final draft. She said they have held three open forums, submitted input from the All College Committee and Graduate Council for feedback and comments. It has been an open process.

Dr. Weizer stated it has been a year since we have started. We have five committees to address the standards led by a steering committee. He commented it is really striking as to where we were 10 years ago and how far we have come. We are in a much stronger place. We are not perfect, but we are better. He recommended the Board take a look at the draft report on the website.

Dr. Stevens joined the meeting at 12:29 p.m.

Dr. Wagner said one of the requirements is an evaluation of the Trustees. It is a projection and it's okay to have that. This is a recent requirement. Much of the language has changed in the last five years. President Antonucci commented this requirement is mainly just how we function as a board. This is not something we have done in the past.

President Antonucci stated that he cannot express enough how challenging it is to get 100 pages with hundreds of opinions in one consolidated document. Dr. Wagner and Dr. Weizer have done a tremendous job. The self-study is a place where we can just be honest about who we are. He publicly thanked Dr. Wagner and Dr. Weizer and all those involved for their efforts.

Mr. Connors suggested doing the Trustee evaluation now. Dr. Wagner responded at this point it was not necessary. We will have some progress on projections and in every case we need to have a response.

Ms. Farias asked if anyone from the visiting team is from Massachusetts. Dr. Wagner responded it's customary to get people from out of state although a member from the Massachusetts Department of Higher Education is invited to participate.

Ms. Farias acknowledged the amount of work that it takes to get the self-study completed and thanked everyone involved.

President Antonucci next presented his goals. They are as follows:

President's Report to Trustees on Goals for 2011-2012 Academic Year

Overview

Each year at this time I present goals to the Board of Trustees for the current academic year. While there are literally hundreds of projects and activities on this busy campus, what follows is a prioritized selection based on critical importance to our larger mission of advancing the university to ever-higher levels.

Goals

Complete the work for the New England Association of Schools and Colleges (NEASC) accreditation process.

We are now deep into the process of completing the self-study required by the New England Association of Schools and Colleges for re-accreditation. The study, which will be submitted in December, is the result of the hard work of more than 100 individuals representing a broad cross section of campus. Next year, from March 7 to 10, a team from the association will visit the university to validate and review the work that has been done.
Our goal is to receive another full 10-year approval based on the self-study. That process was labor intensive, but offered us a valuable opportunity to examine our mission as well as our relative strengths and weaknesses based on a focused, standard set of criteria.
Receiving re-accreditation is critically important for the university. Of the many assessment mechanisms we utilize to measure institutional effectiveness and quality, this is the "gold standard."

Re-organize and energize the senior leadership team, and utilize the talents and interests of the new members in order to continue strengthening the university.

Three new members will be joining our senior team as a result of resignations and retirements: Dr. Robin Bowen was hired as vice president for academic affairs on June 27, 2011; we have just completed the search for the upgraded position of vice president for institutional advancement, and Christopher Hendry will be assuming that role on October 30; and Jay Bry will be serving as interim vice president for finance and administration, replacing Sheila Sykes, who retires on November 5. We will build on the accomplishments of those who are departing while leveraging the expertise of the new leaders to support our basic principles of teaching, learning and service. I look forward to the changing dynamics, and am confident that those in new positions are eminently qualified to successfully address the challenges we will face in the future.

Continue the ongoing efforts to modernize the university infrastructure.

The science center, the Hammond project, the Miller faculty offices, and the Highland Avenue plaza are just a few of the modernization projects underway or recently completed. These projects will contribute to the overall educational environment of the university. We will continue to explore options to finance other projects as part of our capital plan. We have an aging campus infrastructure and need to aggressively address the many needs that remain. Edgerly and Percival are examples of two renovation projects that must be undertaken.

Lead the university in an effective and efficient manner, and administer the daily operations of the university with an unwavering focus on excellence and quality.

This is a goal that I include each year as it represents a macro view of leading a complex organization with a $70 million budget and more than 600 employees. Among the many focal points are fund raising, capital needs, foundation and trustee boards, collective bargaining, professional development, sustainability, public relationships, alumni affairs, and community outreach, including, for example, the Commissioner's Vision Project, the NCAA, and the Council of Presidents. Efficiency can only be achieved through shared vision and commitment.

Conclusion

As I have said since my first day as president, the student learning experience is what the university is all about. We are here because of students. We are here to ensure that their educational needs are met at the highest levels of excellence. We are here because we believe that our institution is number one and the best in its class. We need to demonstrate this through action and results, not words. I believe in this university, in what it does, and its limitless future.

§

President Antonucci next discussed his goals in detail. The leadership team is in place with a different focus. We are looking strongly at the academic side of the house. He is meeting with Department Chairs, MSCA, and various groups to see how we can achieve a comprehensive review and develop an action plan as we move forward.

President Antonucci said despite all the capital improvements, Edgerly and Percival Halls need work and we may not get to it. He anticipates collective bargaining will not be funded by the state and we may have to fund these agreements. He said the day-to-day operations of the university were important. He noted in the back of the packet is a copy of the prior year's goals and assessment report sent to the Commissioner. The Board members have already received this information.

Ms. Vittorioso said in May we will review the goals again.

Upon a motion duly noted by Ms. Farias and seconded by Mr. Mercadante it was

Voted: to accept the President's Goals for the 2011-2012 academic year.
(8-0)

President Antonucci next discussed the Hammond Building phase 1B renovations. The schematic was distributed. (Attached) He said phase one is being done now and phase 1B is the next step. It is economical to do phase 1B now. We are suggesting a $175.00 fee increase to pay the bonds back. We will not be voting on the fee portion at this point in time.

There was a discussion.

Mr. Mercadante said he thought it was great that this building will face North Street for this is the key building on campus. Mr. Bry said phases 1A and 1B should be completed by next fall.

There was a discussion on the renovations, financing and location of space. The estimated cost of phase 1A and 1B is $25 million.

Upon a motion duly noted by Mr. Mercadante and seconded by Ms. Farias it was

Voted: to accept the following resolution. (03-11/12)
(8-0)

FITCHBURG STATE UNIVERSITY

REQUEST FOR TRUSTEE
ACTION

To: Board of Trustees Date: October 18, 2011

From: Dr. Robert V. Antonucci, President

Subject: Approval for Hammond Center Project and Pledge of Trust Funds and Appropriation Intercept

RESOLUTION

1. The Board of Trustees (the "Trustees") of Fitchburg State University (the "State University") hereby approves the project (the "Project") described in EXHIBIT A hereto and the cost thereof approximately as presented to this meeting and otherwise substantially as presented to this meeting.

2. The Trustees hereby approve the pledge by the Board of Higher Education pursuant to the first paragraph of Section 18A of Chapter 703 of the Acts of 1963, as amended, to secure bonds (the "Bonds") issued by the Massachusetts State College Building Authority (the "MSCBA") to finance the Project (which Bonds may be issued together with or separately from bonds issued by the MSCBA for other purposes), of the following: (a) an amount, not to exceed one-fourth (1/4) of the average annual debt service on the Bonds, of funds held as trust funds for Fitchburg State University under the provisions of the Clause (e) of Section 22 of Chapter 15A of the Massachusetts General Laws, the particular trust funds, gifts, grants and trusts and the amount from any particular trust fund, gift, grant or trust to be so pledged to be determined by the President of the State University in consultation with the Executive Committee of the Trustees, and (b) funds made available for expenditure on behalf of Fitchburg State University pursuant to an appropriation made by the General Court or otherwise available for expenditure by the Board of Higher Education.

3. Pursuant to Section 22 of Chapter 15A of the Massachusetts General Laws, as amended, the Trustees hereby delegate to the President of Fitchburg State University the power, and hereby authorize the President of Fitchburg State University, in consultation with the Executive Committee of the Trustees to do all things necessary or desirable in connection with the carrying out of the Project, the Bonds, the payment of and security for the Bonds and all other matters authorized by this Resolution, including without limitation the approval acknowledgement, execution and delivery on behalf of Fitchburg State University of contracts, certificates and other documents.

4. The President of Fitchburg State University and all other officers of Fitchburg State University and all other officers of the Trustees, each of the foregoing persons acting alone, are hereby authorized to do all things and take all action as the person so acting shall, as conclusively evidenced by the doing of any such thing or the taking of any such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.

EXHIBIT A HAMMOND CAMPUS CENTER AT FITCHBURG STATE UNIVERSITY MSCBA PROJECT NO. FIT-0588-10

Description of Project

(a) The carrying out of preliminary work, including obtaining cost estimates, revenue estimates, preliminary design specifications, feasibility studies, surveys, and site analyses to determine the feasibility, approximate size, scope, purposes, location and other characteristics of any building, structure or facility the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide;

(b) The renovation of the Hammond Campus Center as described herein including building systems and components, furniture, and equipment primarily for the use by students and staff of the University, and their dependents, and which the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide; and

(c) The carrying out of improvements, renovations, and other work on and the provision and installation of furnishings, fixtures and other equipment for other buildings, structures, or facilities the Authority is authorized by Chapter 703 of the Acts of 1963, as amended, to provide.

Project Overview

- Project is the continuation of the renovation of the Hammond Campus Center. Additional interior renovations will enhance the student life experience by creating new meeting spaces, student lounges and study spaces. New offices will be created for student affairs, career counseling, tutoring and other support services. Building upgrades include fire protection, HVAC, plumbing, electrical, and interior finishes.
- The University has provided an equity contribution of $3.2 million in addition to $300,000 as initial funding for the pre-design phase. DCAM transferred $900,000 to fund the accessible ramp between Hammond and the Holmes Dining Hall. The project revenue source will be an increase in general student fees not to exceed $175.

INDICATOR:	PRIMARY RESERVE	VIABILITY	RETURN ON NET ASSETS	NET OPERATING REVENUES
Target:	25.0%	>1.0	3.0 – 4.0%	2.0 – 4.0%
Fitchburg (FY10):	37.6%	2.3	19.0%	11.7%

Project Budget and Schedule

Budget

Total Project Cost	$25,701,995
Less 2010A/B Bond	(14,307,000)
Less Equity Contribution	(3,494,995)
Less DCAM Contribution	(900,000)
Total Project Fund	7,000,000
Cost of Issuance/Reserves	630,000
Total	**$7,630,000**

Schedule

Design Started	January 2011
Construction Started	May 2011
Occupy Completed Facility	September 2012

President Antonucci next discussed the conflict of interest statements. They are as follows:

Conflict of Interest Policy

Purpose:
This conflict of interest policy ("the policy") is intended to:
- protect the interests of Fitchburg State University ("the University") and serve as a guide when the University is contemplating entering into a transaction or arrangement that might benefit, directly or indirectly, the private interest of university officers, trustees, or directors;
- enable such individuals to recognize situations that may be subject to question and resolve them to avoid conflicts of interest; and/or
- supplement, not replace, any applicable federal and state laws governing conflict of interests.

Who is subject to the policy?
This policy covers:
- members of the Board of Trustees, including honorary trustees, that participate in board and committee meetings, and members of the Foundation Board and its associated committees.

Policy:
Trustees and Foundation Board members have a fiduciary duty to the University and, as such, should act in a manner consistent with this obligation and exercise particular care that no detriment to the interests of the University (or the appearance of such detriment) may result from a conflict between the interests of the University and personal financial interests an individual may have.

An individual has a financial interest if that person has, directly or indirectly, through business, investment, or family:
- an ownership or investment interest in an organization supplying goods or services to the University;
- performed services for other individuals or organizations that do business with the University; and/or
- a potential ownership, investment interest, or compensation arrangement with any individual or organization seeking to do business with the University.

In general, when those covered by this policy are deemed to be in a conflict of interest situation with respect to any matter before the Boards or administration, that individual will refrain from participating in the consideration of any proposed transaction, unless specifically requested to provide information regarding the transaction in question. The individual will refrain from voting on, or taking any position for or against, the proposed transaction. When deemed appropriate, a notification will be made in the minutes of the meeting that the person involved neither participated in the consideration of the proposed transaction nor voted on the matter.

In all other instances where it is determined that a conflict of interest exists, such conflicts, and their remedy, shall be disclosed to the Board of Trustees and/or the Foundation Board of Directors at their next meeting.

Disclosure:
The University is aware that it may not be possible to completely avoid all relationships between those individuals covered by this policy and certain third parties with whom the University transacts business. One of the keys to evaluating the potential conflict is full disclosure. All individuals covered by this policy shall complete, at least annually, a *Conflict of Interest Disclosure Statement*. These disclosure statements shall be reviewed and accumulated by the President's Office and furnished to the Board of Trustees, the Foundation Board of Directors, and/or the President upon request.

If an individual covered by this policy believes that he or she may have a conflict of interest with respect to this policy, or any particular transaction that has not been previously disclosed, he or she will promptly and fully disclose the potential conflict to the President and will refrain from participating in any related transactions or decisions of the University until the conflict is reviewed and a determination has been made.

Individual disclosure statements will be held in confidence by the President. The statements will be open for public inspection only:

- by official action of the Board of Trustees for university matters or by official action of the Foundation Board of Directors for Foundation matters upon showing of good cause;
- with the consent of the person who submitted the data to be disclosed; and/or
- by court order or as otherwise required by Massachusetts or federal law or regulation.

Questions:

Questions regarding this policy should be directed to the President.

Approved by the Board of Trustees ________________________________

Approved by the Foundation Board of Directors ________________________________

Conflict of Interest Disclosure Statement

For Trustees, Foundation Board Members, and Foundation Supporting Organization, Inc. Members

Introduction

Trustees, Foundation Board members, and Supporting Organization members have a fiduciary duty to the University, the Foundation, and/or the Supporting Organization and, as such, should act in a manner consistent with this obligation and exercise particular care that no detriment to the interest of the University, the Foundation, and/or the Supporting Organization (or the appearance of such detriment) may result from a conflict between the interests of the University, the Foundation, and/or the Supporting Organization and personal financial interests an individual may have. Therefore, each individual of these boards will annually disclose any personal interest, which he or she may have, in any matter pending before the University, the Foundation, and/or the Supporting Organization and will refrain from participation in any decision on such matter.

Trustees, Foundation Board members, and Supporting Organization members who are also an officer, board member, committee member, or staff member of a contractor, vendor, or supplier of, or to, shall identify his or her affiliation with that organization. Further, in connection with any committee or board action specifically directed to that organization, he/she will refrain from participating in the decision affecting that organization.

Additionally, Trustees, Foundation Board members, and Supporting Organization members will refrain from obtaining any list of clients for personal or private solicitation purposes at any time during the term of their affiliation.

Conflict of Interest Disclosure Statement
Acknowledgement of Receipt

At this time, I am a board member, a committee member, consultant to, or employee of the following organizations:

This disclosure statement shall certify that I, am not now, nor at any time during the past year, been:

1) a participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party, doing business with the University, the Foundation and/or the Supporting Organization, which has resulted or could result, in personal benefit to me; and/or

2) a recipient, directly or indirectly, of any salary payments, loans or gifts of any kind, free service, discounts or other fees from, or on behalf of, any person or organization engaged in any transaction with the University, the Foundation, and/or the Supporting Organization and its affiliates.

Exceptions to items 1 or 2 above are stated below, or attached, with a description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) with the persons or organizations having transactions with the University, the Foundation, and/or the Supporting Organization and its affiliates.

Date ______________________________ Signature______________________________________

Printed ______________________________________

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President Antonucci said these forms will be sent to Board members this week for completion. He informed the Board of what Mr. Martin F. Connors, Jr. had to undergo to resolve any questions of conflicts with his position on the Board while being the President of Rollstone Bank and Trust.

Mr. Connors is in full compliance, we are clean and we can move forward.

President Antonucci expressed his sincere appreciation to Mr. Connors for going through this lengthy ordeal.

President Antonucci next presented the job actions taken since the last meeting. They are as follows:

New Hire

Christopher Adams, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$59,000.00
Arlana Arsenault, MS Effective: 9/1/2011	Instructor Nursing	$56,000.00
Peter Azar, Ed.D. Effective: 9/11/2011	Director, Readiness Center (.50 FTE) Education	$36,000.00

Paul Beaudoin, Ph.D. Effective: 9/1/2011 End date: 12/31/2011	Assistant Professor (1 semester temp) Humanities	$29,000.00
Robin Bowen, Ph.D. Effective: 6/27/2011	Vice President for Academic Affairs Academic Affairs	$170,000.00
Annamary Consalvo, MED Effective: 9/1/2011	Assistant Professor English	$59,000.00
Allison Craig, Ph.D. Effective: 9/1/2011	Assistant Professor English	$51,000.00
Yasser Derwiche Djazaerly, Ph.D.		Assistant Professor
Effective: 9/1/2011	$57,000.00 Humanities	
Nancy Duphily, DNP Effective: 9/1/2011	Assistant Professor Nursing	$76,000.00
Steven Edwards, Ph.D. Effective: 9/1/2011	Assistant Professor English	$51,500.00
Leah Fernandes, MA Effective: 6/20/2011	Staff Assistant, Environmental Health & Safety Officer CPM/Administrative Services	$60,000.00
Teresa Finn, MS Effective: 9/1/2011	Instructor Nursing	$56,000.00
Shana Goldwyn, MS Effective: 9/1/2011	Assistant Professor Education	$56,500.00
Daniel Hanneken, MS Effective: 7/18/2011	Associate Dean/Principal McKay School	$95,000.00
Beth Herman-Davis, Ed.D. Effective: 9/1/2011	Assistant Professor Education	$54,500.00
Brian Kelly, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$53,500.00
Megan Krell, Ph.D. Effective: 9/1/2011	Assistant Professor Behavioral Sciences	$54,000.00
Mathangi Krishnamurthy, Ph.D.		Assistant Professor
Effective: 9/1/2011	$55,000.00 Biology/Chemistry	

John LaFleche, Ph.D. Effective: 9/1/2011	Assistant Professor Industrial Technology	$65,000.00
Rebecca Lindley, MED Effective: 10/24/2011	Staff Associate/Commuter Affairs & Leadership (10 month) Student Development & Campus Center	$36,000.00
John Ludlam, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$57,500.00
Kristen Murphy, MED Effective: 9/21/2011	Director of Housing & Residential Svs Housing & Residential Services	$67,000.00
Erin Rehrig, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$57,500.00
David Rice, MS Effective: 9/1/2011	Assistant Professor Exercise & Sports Science	$54,000.00
Luis Rosero, MA Effective: 9/1/2011	Assistant Professor Economics. History & Political Science	$55,000.00
Sheila Schreiner, Ph.D. Effective: 9/1/2011	Assistant Professor Biology/Chemistry	$54,000.00
Jason Simon, MLS Effective: 3/13/2011	Assistant Librarian Amelia V. Gallucci-Cirio Library	$53,000.00
David Svolba, Ph.D. Effective: 9/1/2011	Assistant Professor Humanities	$54,000.00
Samuel Tobin, MA Effective: 9/1/2011	Assistant Professor Communications Media	$54,000.00
Michael Ward, MS Effective: 9/1/2011	Instructor Exercise & Sports Science	$48,500.00
Kathryn Wells, MLS Effective: 12/12/2010	Assistant Librarian Amelia V. Gallucci-Cirio Library	$51,000.00

Rehire

Deborah Benes, MS Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Nursing	$57,969.65
Richard DesRoches, MBA Effective: 9/1/2011	Instructor Business Administration	$58,000.00

End Date: 5/31/2012		
Katherine Jewell, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Economics, History & Political Science	$52,500.00
Monica Maldari, MS Effective: 9/1/2011 End Date: 5/31/2012	Instructor Exercise & Sports Science	$50,000.00
Anne Meyer, MS Effective: 9/1/2011 End Date: 5/31/2012	Instructor Nursing	$58,017.68
Audrey Pereira, MS Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Business Administration	$65,500.00
Bruce Romano, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Mathematics	$55,373.92
Renee Scapparone, D.B.A. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor Business Administration	$56,500.00
Allison Shields, MS Effective: 9/1/2011 End Date: 12/31/2011	Instructor Nursing	$63,641.71
Deborah Stone, MS Effective: 9/1/2011 End Date: 12/31/2011	Instructor Nursing	$50,864.67
Kisha Tracy, Ph.D. Effective: 9/1/2011 End Date: 5/31/2012	Assistant Professor English	$52,500.00

Promotion

Kelli Lundgren, HS Effective: 6/7/2011	From: Admin Asst. II to Staff Assistant From: HR to President's Office	From: $40,271.92 To: $45,000.00
Kelly Sylvia, MBA Effective: 8/8/2011	From: Accountant II to Staff Assistant From: Payroll to Alumni & Development	From: $42,850.08 To: $45,000.00
Joseph LoBuono, BS Effective: 8/14/2011	From: Associate Director to Director Capital Planning & Maintenance	From: $71,249.81 To: $76,500.00

Henry Parkinson, Ed.D. Effective: 8/14/2011	From: Director of Student Development To Assistant Dean for Student Development & Housing	From: $71,570.04 To: $76,500.00
Brad Cohrs, MA Effective: 8/14/2011	From: Associate Director, Recreational Svs To Director, Recreational Svs & Civic Ctr Recreational Services	From: $60,623.69 To: $64,000.00
Jay Bry, MS Effective: 11/1/2011	From: Chief Operating Officer To Interim Vice President for Finance and Administration	From: $114,185.80 To: $130,000.00
Jossy Brack, HS Effective: 9/11/2011	From: Admin Asst. II to Staff Assistant Human Resources/Payroll Services	From: $48,060.48 To: $49,560.48
Gretchen Hodsdon, BS Effective: 9/11/2011	From: Staff Asst to Assistant Director Admissions	From: $36,720.22 To: $41,425.00

Resignation

Sheila Sbrogna, MS Effective: 4/18/2011	Assistant Professor Nursing	$59,086.00
Ruth Joseph, Ed.D. Effective: 7/26/2011	Associate Dean/Interim Principal McKay Campus School	$89,760.00
Jack Ou, Ph.D. Effective: 8/27/2011	Assistant Professor Industrial Technology	$65,191.18
Crystal Joseph, Ph.D. Effective: 8/30/2011	Director of Expanding Horizons Expanding Horizons	$58,074.62
Paul McGonagle, MS Effective: 9/24/2011	Staff Associate/Football Coach Athletics & Recreation	$56,499.56
Shanni Smith, MS Effective: 10/1/2011	Assistant Director Admissions	$43,849.00
AnnMarie Dunton, MS Effective: 10/1/2011	Director of Housing & Residential Svs. Housing & Residential Services	$69,550.96

Retirement

Michael Fiorentino, Ph.D. Effective: 7/2/2011	Executive VP, Academic Affairs/Provost Academic Affairs	$174,922.10
Robert Wellman, Ph.D. Effective: 8/27/2011	Professor Behavioral Science	$77,607.89

Frank Archambeault, MS Effective: 7/30/2012	Associate Professor Computer Science	$76,466.49

President Antonucci next presented his report. He discussed the moving expenses for Dr. Robin Bowen that were agreed upon when she was hired.

Upon a motion duly noted by Mr. Connors and seconded by Mr. Mercadante it was

Voted: to approve moving expenses in the amount of $5,000 for the new Vice President
(8-0) for Academic Affairs. (04-11/12)

He next explained the details of the Council of Presidents and Trustees meeting to be held on October 19 at Framingham State University. He updated the Board on the various projects. He commented on the enclosures included in the packet. They are as follows:

- Commonfund Performance Sheet
- Residence Hall Occupancy – Fall Semester 2011/2012
- Sterilite Letter
- President's Goals and Performance – Letter from Commissioner Freeland
- September 28, 2011 Letter from Commissioner Freeland
- April 21, 2011 Letter from Commissioner Freeland
- Performance Incentive Grant Program
- Stratton Players Letter
- News Articles
- Welcome Back Celebration Brochure

He invited everyone to Ms. Sheila Sykes' goodbye gathering on October 20. Sheila Sykes is leaving us on November 4. She will not be leaving the system for good. In January she will serve as the Executive Director of the Partnership Advancing Collaboration and Efficiency (PACE).

President Antonucci recommended the Board take a look at the Strategic Plan located on our web site and that it will be discussed at a future meeting. He noted the Fitchburg Anti Violence Education program that took place during freshmen orientation. He discussed the most recent property purchase on Clinton Street.

President Antonucci invited everyone to join in a campus tour following the adjournment.

With no further business before the Board, the meeting was adjourned at 12:55 p.m.

Respectfully submitted:

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Robert A. Pontbriand, Clerk
Board of Trustees