

**BOARD OF TRUSTEES
MEETING MINUTES
FEBRUARY 7, 2018**

CONSENT AGENDA APPROVED MINUTES:

Board of Trustees: November 29, 2017 (posted separately)

Finance & Facilities: January 24, 2018

Institutional Advancement, Marketing & Communications: January 24, 2018

Risk Management & Audit: January 24, 2018

Academic Affairs & Student Life: January 24, 2018

BOARD OF TRUSTEES
February 7, 2018

PRESENT: Trustees Mattera (chair), DeSimone, Duperval, Lutts, Murphy, Scott. Trustees Zahlaway Belsito, Chisholm and Russell participated by phone. Also participating at the meeting were President Keenan and Board Secretary Lynne Montague and Assistant Secretary Katie Sadowski.

ABSENT: None

The provisions of General Laws, Chapter 30A, having been complied with and a quorum of the Board being present, the Board of Trustees of Salem State University held a special meeting in Marsh Hall, Room 210, Central Campus, Loring Avenue, Salem, Massachusetts, on February 7, 2018, with Paul Mattera, Chair, presiding.

Note - In accordance with the Open Meeting Law all meeting votes are by roll call when there is remote participation.

* * *

I. CALL TO ORDER - Chair Mattera called the meeting to order at 5:02 pm. The Chair announced that all votes taken would be via roll call in accordance with the Open Meeting Law which requires roll call votes when there is remote participation at public meetings. Trustees Chisholm and Russell introduced themselves on the phone.

Call to Order

Chair Mattera then introduced the director of Trustee and Government Relations for the Massachusetts Department of Higher Education Matt Noyes. Matt greeted the Board and explained that he holds a dual role with the DHE and relays issues that come up for boards to the Governor’s office. The department is also charged with orienting boards. The DHE will offer its next orientation at its State Conference on March 1st in Westborough. The day will close with an interactive panel discussion on free speech. Chair Mattera will be a guest panelist. The Board thanked Matt for joining them.

II. CONSENT AGENDA - Chair Mattera Chair Mattera read the items contained on the Consent Agenda and asked for any objections or modifications to the minutes. Hearing none, he then asked for a motion to approve the minutes and upon a motion duly made by Trustee Scott and seconded by Trustee Katzman, upon a roll call vote it was unanimously

Consent Agenda

VOTED: To approve the Consent Agenda (CA – 17-03)

Voting in the affirmative: Chisholm, DeSimone, Duperval, Katzman,
Lutts, Murphy, Russell, Scott and Mattera
Voting in the negative: None

* * *

III. COMMITTEE ACTION -

Trustee Lutts introduced the next business matter which was the Risk Management & Audit Committee’s recommendation to approve the auditor’s contract for FY2018 – 2020. Hearing no discussion, he then asked for a second to approve the recommendation. Trustee DeSimone duly seconded the motion and upon a roll call vote it was unanimously

VOTED: The Board of Trustees of Salem State University hereby approves the appointment of O’Connor & Drew, PC to perform audit services for FY2018 through FY2020 at the following costs for the base audit:

| Year | Base | MOSFA (State Aid) |
|---------------|-----------------|--------------------------|
| FY2018 | \$79,600 | N/A |
| FY2019 | \$82,000 | N/A |
| FY2020 | \$84,400 | \$5,000 |

The above base price includes the cost of auditing one major federal program, whereas any additional major programs to be audited are \$4,500 per program to be tested during the Single Audit phase of the engagement.

The university administration is hereby authorized to do all things and take all actions deemed necessary to implement this decision (RMA-17-04)

* * *

IV. REPORT OF THE PRESIDENT – President Keenan began his report by first offering special thanks to Inauguration Co-chairs Cynthia McGurran and Neal DeChillo and to the entire Inauguration Committee. He also thanked Institutional Advancement for their extraordinary fundraising work. The president then provided an update on a recent meeting with Secretary Peyser regarding our recently passed Strategic Plan. He also said that the university is moving forward with Worcester state on the OT doctorate plan and that we have submitted a letter of intent. President Keenan joined Provost Silva in announcing that the business school has a new dean, Dr. Barnes who specializes in issues pertaining to accreditation.

Lastly, President Keenan introduced a member of our biology department Professor Nelson Scottgale. Professor Scottgale greeted the Board and shared that he loved being at Salem State and that it has been the most gratifying place to teach in his career. His reason for addressing the Board today was to share his concern about running SSU just as a business. We need all of the departments that we have to give students a well-rounded education. Professor Scottgale then read The Blueberry Story: The teacher gives the businessman a lesson by Jamie Vollmer (Attachment “A”). In the story Vollmer went from being a typical business critic of public schools, wanting them to be more like businesses, to one of the most passionate advocates of schools and teachers. Professor Scottgale thanked the Board for its time. He added that he was proud to work here and that our students need their liberal arts education to increase their world-view and add depth to their educational experience.

*Committee
Action:
RMA –
Approval of
Auditors for
FY2018-2020*

*Report of the
President*

Chair Mattera thanked Professor Scottgale for his remarks and a brief discussion ensued. Several of the Trustees offered various remarks on the business of running a university while also appreciating their liberal arts background.

* * *

V. REPORT OF THE CHAIR - Chair Mattera's first item to report was this year's Commencement Speakers:

Report of Chair

The School of Graduate Studies, Thursday, May 17 at 4 pm

-Brian McGrory, Editor of the Boston Globe

The College of Arts and Sciences and School of Education, Saturday, May 19 at 10 am

-James O'Shanna Morton is the CEO of the YMCA of Greater Boston

The Maguire Meserve College of Health and Human Services and the Bertolon School of Business, Saturday, May 19 at 3 pm

-Kim D. Gassett-Schiller '83, public education advocate and philanthropist

Chair Mattera then shared that Governor Baker has appointed Magnolia Contreras to the Salem Board of Trustees and we are pleased to welcome her. Magnolia is the Director of Community Benefits at the Dana-Farber Cancer Institute. She will be a familiar face to many as she served as an Adjunct Professor at the university for many years and served on the university's Board of Trustees as an Advisory Member to the Academic Affairs and Student Life Committee.

* * *

VI. OLD BUSINESS – Chair Matter then introduced the next matter of business which was Campaign Assessment Wrap-up and discussion of the next Campaign. Institutional Advancement Vice President Cynthia McGurren and Associate Vice President Cheryl Crouse began the discussion by responding to questions that the Trustees had previously asked regarding the completed campaign. With regard to investment of technology and whether upgrades have benefitted the campaign, IA makes an annual evaluation of technology and then invests in upgrades as needed. At the end of the campaign, IA reorganized the department to create a position that focused on online giving. New initiatives (like customized URLs) are always being reviewed. There was a brief discussion regarding whether there are opportunities to negotiate technology contracts with other state universities. Currently, we are not doing this but PACE is working to try to streamline a process.

Employee retention was another area of interest to the Board. IA went through three reorganizations during campaign; and offered professional development to all staff. They also worked within budget constraints; promoting from within wherever possible.

The next item for discussion was engagement and stewardship of donors and volunteers. This work is ongoing and this year will focus on the introduction, stewardship and cultivation donors and volunteers; eight engagement events are already planned.

The discussion then moved to the timing of the next campaign, and pre-planning with a feasibility study (3rd party); The Board will be kept up-to-date on the progress of the talks.

Chair Mattera asked the Board if anyone felt moving into a campaign was a bad idea and there were no objections. Cynthia offered that possible priorities for the future campaign would be to line up with the strategic plan priorities and to engage students to investigate their funding priorities.

STRATEGIC PLANNING COMMITTEE - Trustee Murphy provided a brief update on the Strategic Planning Committee to review the PEC and Off-site ideas. We talked at our last Off-site about having a potential spring meeting. The committee needs to vet its ideas from fifteen down to three or four. Trustee Murphy will provide more information at our next Board meeting.

VII. NEW BUSINESS:

Trustee Emeritus – Chair Mattera called the members attention to the draft Trustee Emeritus motion (Attachment “C”). The idea is to create in our bylaws a Trustee Emeritus. We could try to enlist the good services of those trustees who over 10 years time, as leaders on the board have gained expertise and institutional knowledge that shouldn’t be squandered. Chair Mattera reviewed the draft bylaw language. In general the trustees were positive on the language but wanted more time to review the language.

Presidential Review Committee – Chair Mattera explained that each year a presidential review is prepared by the Board’s Presidential Review Committee and submitted to the commissioner. Last year due to the university’s presidential search we did not undertake a presidential review. It has been the practice of the DHE not to expect presidential evaluations from institutions for a president who has been in office for less than one full year. While an evaluation is not required, the DHE does suggest that best practice is to periodically conduct the assessment regardless of the status of the president.

While this will not be a comprehensive evaluation it will be an opportunity to provide a letter to the commissioner that describes the process and policy developed by the board and president, allows President Keenan to provide a self-assessment against an agreed-upon set of criteria, and it will allow for goal setting for the subsequent year and set some reasonable timeframes

As Board Chair, it is Chair Mattera’s responsibility to appoint the Presidential Review Committee. Traditionally, the vice chair has lead the Presidential Review Committee and accordingly Chair Mattera appointed Trustee Lutts (chair) Trustee Chisholm and Trustee DeSimone. Chair Mattera will serve as an ex-officio member of the committee. Trustee Duperval asked if he could participate in his Student Trustee role.

* * *

VIII. OPEN FORUM -

Chair Mattera announced the open forum portion of the meeting and asked for any comments or discussion. Student Trustee Duperval suggested that he had ideas on how to improve the student trustee role and that perhaps a faculty trustee role should be considered so that faculty could participate in the Board meetings. Chair Mattera offered that the Board meetings are conducted in a way that is open to faculty and students. Chair Mattera thanked Trustee Duperval for his remarks and noted that the Executive Committee serves as a type of Governance Committee and that would be a better place to consider some type of new addition to the Board. Trustee Zahlaway Belsito added that she appreciated the Board’s openness to this type of dialogue.

* * *

IX. ADJOURNMENT

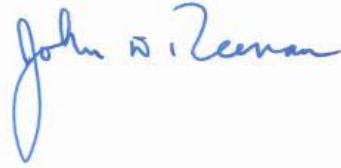
There being no further business to come before the Board and on a motion duly made by Trustee Murphy and seconded by Trustee Lutts, it was unanimously:

VOTED: to adjourn the meeting at 7:28 pm

Voting in the affirmative: Trustees Chisholm, DeSimone, Duperval, Katzman, Lutts, Murphy, Russell, Scott, and Mattera
Voting in the negative: None

Adjournment

Respectfully submitted,



John Keenan
President



Lynne Montague
Secretary to the Board of Trustees

Meeting of the Board of Trustees

CA – 17-03

Agenda

February 7, 2018

Petrowski Conference Room

Marsh Hall, Room 210, Central Campus, Loring Avenue

Salem State University

Salem, Massachusetts

Consent Agenda

Approval of the following Meeting Minutes and Committee Reports:

Board of Trustees Executive Session (redacted): October 11, 2017

Board of Trustees: November 29, 2017 (posted separately)

Finance & Facilities Executive Session (redacted): January 24, 2018

Finance & Facilities: January 24, 2018

Institutional Advancement, Marketing & Communications: January 24, 2018

Risk Management & Audit: January 24, 2018

Academic Affairs & Student Life: January 24, 2018

Permission to reprint this story is freely granted by the author. Please include the attribution at the end. Thank you for your interest. Jamie Vollmer

The Blueberry Story: The teacher gives the businessman a lesson

“If I ran my business the way you people operate your schools, I wouldn’t be in business very long!”

I stood before an auditorium filled with outraged teachers who were becoming angrier by the minute. My speech had entirely consumed their precious 90 minutes of inservice. Their initial icy glares had turned to restless agitation. You could cut the hostility with a knife.

I represented a group of business people dedicated to improving public schools. I was an executive at an ice cream company that became famous in the middle 1980s when *People Magazine* chose our blueberry as the “Best Ice Cream in America.”

I was convinced of two things. First, public schools needed to change; they were archaic selecting and sorting mechanisms designed for the industrial age and out of step with the needs of our emerging “knowledge society.” Second, educators were a major part of the problem: they resisted change, hunkered down in their feathered nests, protected by tenure, and shielded by a bureaucratic monopoly. They needed to look to business. We knew how to produce quality. Zero defects! TQM! Continuous improvement!

In retrospect, the speech was perfectly balanced - equal parts ignorance and arrogance.

As soon as I finished, a woman’s hand shot up. She appeared polite, pleasant – she was, in fact, a razor-edged, veteran, high school English teacher who had been waiting to unload.

She began quietly, “We are told, sir, that you manage a company that makes good ice cream.”

I smugly replied, “Best ice cream in America, Ma’am.”

“How nice,” she said. “Is it rich and smooth?”

“Sixteen percent butterfat,” I crowed.

“Premium ingredients?” she inquired.

“Super-premium! Nothing but triple A.” I was on a roll. I never saw the next line coming.

“Mr. Vollmer,” she said, leaning forward with a wicked eyebrow raised to the sky, “when you are standing on your receiving dock and you see an inferior shipment of blueberries arrive, what do you do?”

In the silence of that room, I could hear the trap snap.... I was dead meat, but I wasn't going to lie.

“I send them back.”

She jumped to her feet. “That's right!” she barked, “and we can never send back *our* blueberries. We take them big, small, rich, poor, gifted, exceptional, abused, frightened, confident, homeless, rude, and brilliant. We take them with ADHD, junior rheumatoid arthritis, and English as their second language. We take them all! Every one! And that, Mr. Vollmer, is why it's not a business. It's school!”

In an explosion, all 290 teachers, principals, bus drivers, aides, custodians, and secretaries jumped to their feet and yelled, “Yeah! Blueberries! Blueberries!”

And so began my long transformation.

Since then, I have visited hundreds of schools. I have learned that a school is not a business. Schools are unable to control the quality of their raw material, they are dependent upon the vagaries of politics for a reliable revenue stream, and they are constantly mauled by a howling horde of disparate, competing customer groups that would send the best CEO screaming into the night.

None of this negates the need for change. We must change what, when, and how we teach to give all children maximum opportunity to thrive in a post-industrial society. But educators cannot do this alone; these changes can occur only with the understanding, trust, permission, and active support of the surrounding community. For the most important thing I have learned is that schools reflect the attitudes, beliefs and health of the communities they serve, and therefore, to improve public education means more than changing our schools, it means changing America.

Jamie Robert Vollmer © 2011

Jamie Vollmer is a former business executive and attorney who now works to increase public support for America's public schools. His new book, *Schools Cannot Do It Alone* is available at www.jamievollmer.com

Campaign Assessment Wrap-up Campaign II – Proposed Timeline

February 7, 2018

Prepared by:

Cynthia McGurren, Vice President

Cheryl Crounse, Associate Vice President

Campaign Assessment wrap-up

Outstanding questions:

- Technology
 - Raiser's Edge
 - Ease of online giving
- Employee retention plan
- Engaging and stewarding donors/volunteers
- Questions?

Campaign timing discussion

Proposed – Campaign II

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|-----------------------------|----------------------------------|---------------------|--------------|
| January 2019 - December 2019 | January February 2020 | February 2020 - April 2022 | April 2022 - TBD | TBD |

10,000 Reasons Campaign timeline

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|---------------------|---------------------------|----------------------------------|--------------|
| January 2010 - February 2011 | February of 2011 | June 2011 - April 2014 | April 2014 - December 2016 | 12/31/16 |

| Date | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Cumulative goal | \$2,050,000 | \$9,250,000 | \$11,418,466 | \$16,000,000 | \$20,768,998 | \$25,000,000 | \$25,000,000 |
| Dollars raised | \$2,185,493 | \$9,118,466 | \$12,051,456 | \$15,731,002 | \$19,545,726 | \$21,854,347 | \$26,500,701 |
| Actual % to goal | 9% | 36% | 48% | 63% | 78% | 87% | 106% |

Campaign II funding priorities discussion

Current Strategic Plan Priorities:

- **Student Success**
- **Academic Excellence**
- **Collaboration, Inclusion, and Stewardship**
- **Financial Vitality**

 REQUEST FOR TRUSTEE ACTION

Date: February 7, 2018
To: Board of Trustees
From: Chair Mattera
Subject: Trustee Emeritus
Requested Action: Approval

Background

The purpose of the Trustee Emeritus title is to honor outstanding Trustees for their long standing dedication to the university, its mission, and its goals. The Trustee Emeritus title is reserved for those who are no longer members of the Board of Trustees but continue to be engaged with their exceptional talents and wealth of institutional memory.

Recommended motion

The Salem State Board of Trustees hereby approves the creation of no more than three participating, non-voting Trustee Emeritus positions, subject to the following:

1. Former Trustees who have completed two (2) full five (5) year terms and one term as Board chair are eligible;
 2. Any current Trustee may nominate a former Trustee;
 3. Nominations should be made to the Board chair;
 4. Nominations must be made no later than one year after completion of the former Trustee's second term;
 5. Trustee Emeritus candidates must be unanimously approved by the executive committee;
 6. Trustee Emeritus positions are for one (1) academic year with opportunity for annual renewal consideration, not to exceed three (3) years in total;
 7. Trustee Emeritus are eligible to fully participate in full board and committee meetings in a non-voting capacity.
-

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: Secretary of Board of Trustees

Date: _____

DRAFT

SUBJECT: Finance & Facilities Committee Meeting Report for January 24, 2018

The Finance & Facilities Committee of the Board of Trustees met on Wednesday, January 24, 2018, in the Petrowski Room, Marsh Hall on the Central Campus of Salem State University.

Present for the Committee: Trustees Katzman (chair), Duperval, Russell, Scott, Chair Mattera (ex-officio), President Keenan (ex-officio), Mr. Gadenne (advisory member). Also present and participating: Vice President House (committee liaison) and staff assistant Beaulieu.

Absent for the Committee: Trustee Murphy (vice chair)

Trustee Katzman, committee chair, called the meeting to order at 3 pm.

Divestment

Future discussions are planned regarding divestment.

Investment advisors–review calendar 2017 performance (Attachment A, B)

Eastern Bank Wealth Management representatives discussed the Salem State University's investment portfolio calendar 2017 performance. Highlights included the model investment objective, investment policy checklist, bonds, market behavior, economic outlook and divestment implementation.

Review of FY17 yearend financial results (Attachment C, D)

University's results and trends at fiscal yearend of 2017 were discussed. Selected ratios and the final audited Financial Statements and Management's Discussion and Analysis June 30, 2017 were included.

Review of FY18 Q1 financials (Attachment E)

First quarter (Q1) for FY18 (9/30/17) financials included a full year projection. Second quarter (Q2) will be provided for the next committee meeting.

Business model discussion (Attachment F)

A business model presentation highlighted financial aid sources, student eligibility and relationship to tuition and fees revenue.

Perkins loan program termination (Attachment G, H)

Brief comments detailed the termination of the Perkins Loan program.

Sustainability update (Attachment I, J)

An update was made on the university's participation, commitment and benchmarking in sustainability efforts.

A university solar project is planned for 2018 as described in the meeting materials.

Capital projects status update (Attachment K)

Capital projects underway were presented. Science teaching lab addition request for funding is pending and Meier Hall steam line is 90% installed.

FY17 consulting expenses (Attachment L)

Annual report on consultant expenses provided per previous trustee request.

Executive session – discuss real estate

Trustee Scott moved and Trustee Russell seconded a motion to enter into executive session in accordance with General Laws, Chapter 30A, for the purpose of discussing real estate. A roll call vote was taken at 4:14 pm and it was unanimous to enter into executive session.

Voting in the affirmative: Duperval, Katzman, Russell and Scott

Voting against: None

Trustee Scott moved and Trustee Russell seconded a motion to exit executive session in accordance with General Laws, Chapter 30A. A roll call vote was taken 4:25 pm and it was unanimous to exit executive session.

Voting in the affirmative: Duperval, Katzman, Russell and Scott

Voting against: None

There being no further business to come before the committee, Trustee Scott moved and Trustee Russell seconded a motion to adjourn.

MOTION: to adjourn the meeting.

On a voice vote, the motion passed unanimously.

The meeting adjourned at 4:26 pm.

Prepared by: D. Beaulieu, staff assistant, finance and facilities

WEALTH MANAGEMENT REVIEW



January 24, 2018

Michael Tyler, CFA
Chief Investment Officer
617-897-1122

John F. Doherty, CFP®
Vice President
781-581-4215

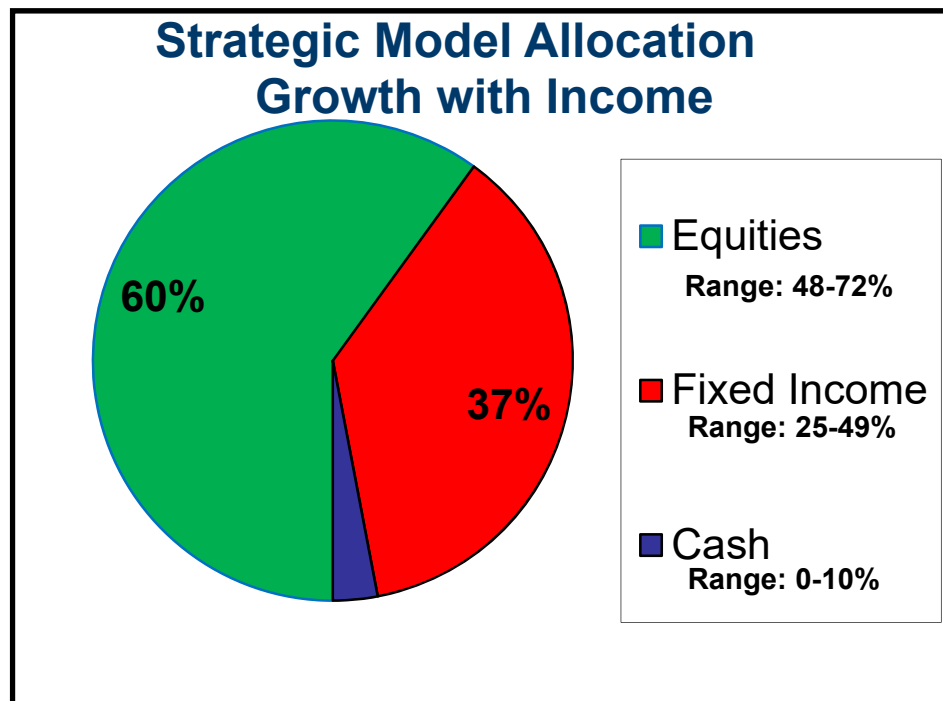
AGENDA

| | |
|---|--------------|
| Model Investment Objective | 3 |
| Portfolio Review | 4 |
| Investment Policy Checklist | 5 |
| Bond Maturity | 6 |
| Individual Corporate Bond Ratings | 7 |
| Portfolio Performance | 8 |
| Performance Review: YTD 2017 | 9-11 |
| Market Behavior and Investment Discipline | 12-16 |
| Fossil Fuel Divestment/Climate Change Policy | 17-21 |
| Asset Allocation – Current Posture | 22 |
| Economic Outlook | 23 |
| Market Monitor | 24-31 |
| Multi Asset Portfolio Holdings | 32 |
| Appendix | 33-38 |



MODEL INVESTMENT OBJECTIVE (as of 12/31/17)

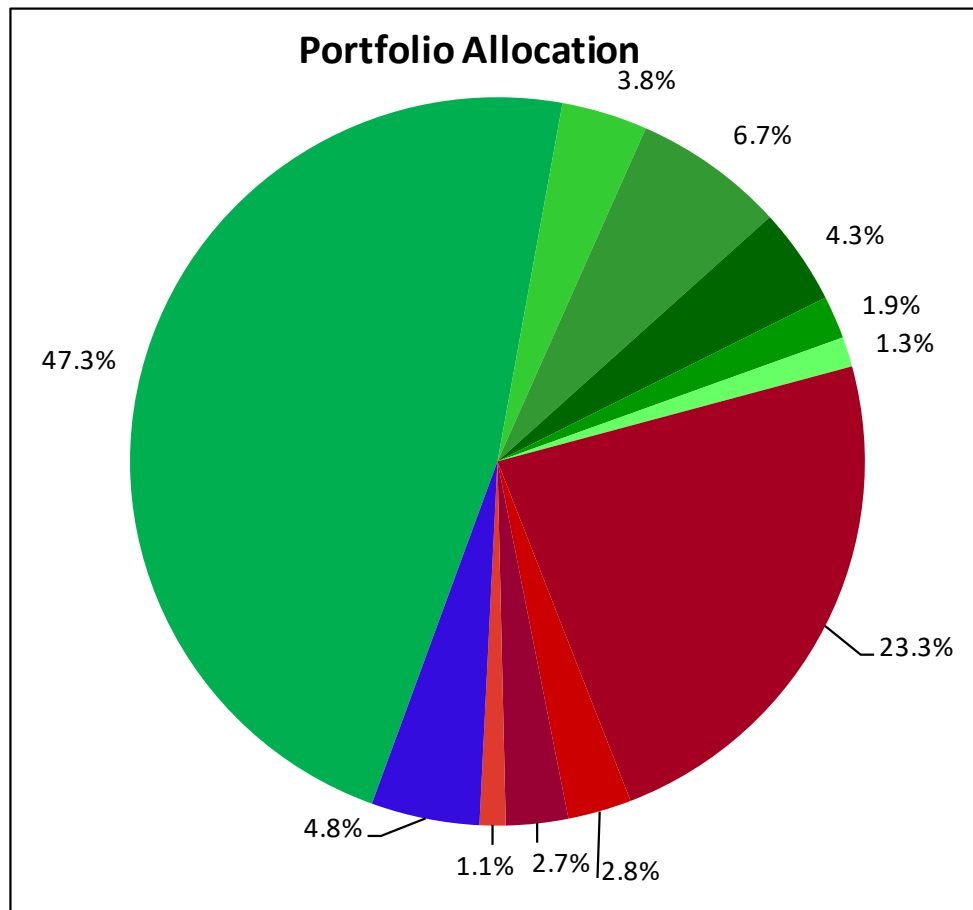
- To generate long term total return through a diversified mix of equity securities and to provide current income through fixed income securities.
- Equities invested primarily in large-cap United States based companies, along with selected international equities and alternative asset classes.



Current Tactical Allocation

| | |
|---------------------------|--------------|
| Equities | 63.9% |
| U.S. Large Cap | 55.3% |
| U.S. Sector Funds | 4.5% |
| U.S. Small & Mid-Cap | 4.3% |
| Developed International | 5.2% |
| Emerging Markets | 1.9% |
| Fixed Income | 34.2% |
| Individual Bond Ladder | 26.1% |
| Short Duration High Yield | 1.7% |
| Investment Grade Corp. | 3.5% |
| Government | 3.0% |
| Money Market | 1.9% |

PORTFOLIO REVIEW FOR ACCOUNT #2427524



Account Value as of 12/31/2017:
\$14,347,970

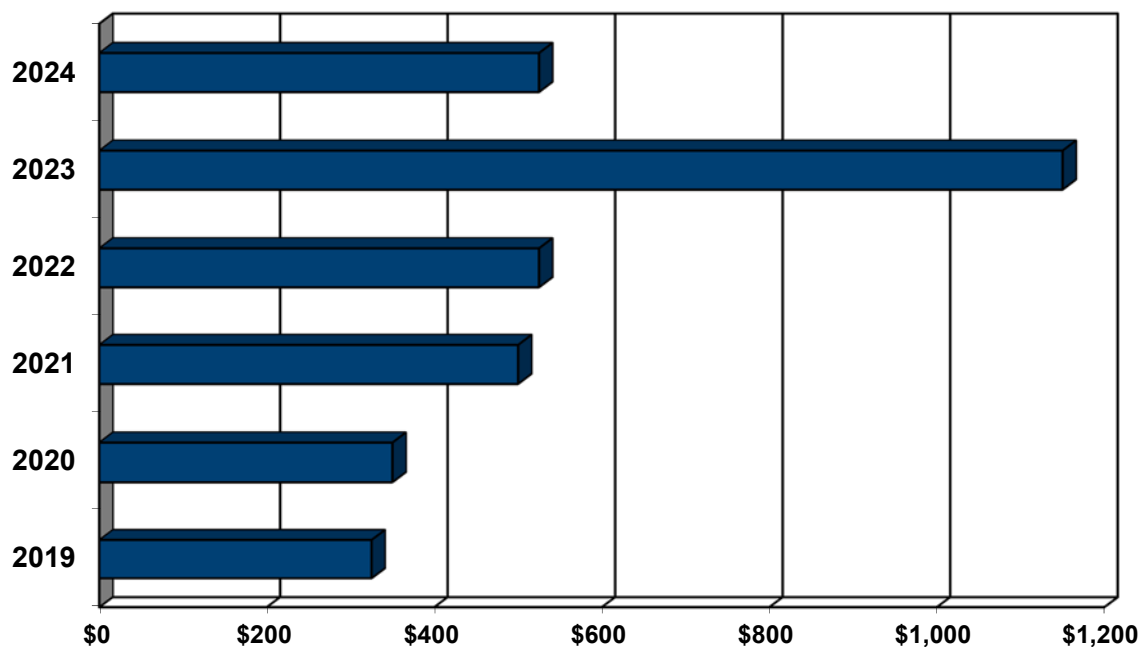
| | |
|-------------------------------|--------------|
| Equities | 65.2% |
| ■ Individual Stocks | 47.3% |
| ■ Small/Mid-Cap ETFs | 3.8% |
| ■ Sector & Tactical ETFs | 6.7% |
| ■ Internat'l - Developed ETFs | 4.3% |
| ■ Internat'l - Emerging ETFs | 1.9% |
| ■ Global ex-USA ETFs | 1.3% |
| Fixed Income | 30.0% |
| ■ Laddered Bonds & ETFs | 23.3% |
| ■ Intermediate Term ETF's | 2.8% |
| ■ Floating Rate & TIPS ETFs | 2.7% |
| ■ High Yield Mutual Fund | 1.1% |
| Money Market | 4.8% |
| ■ Cash | 4.8% |

SALEM STATE: INVESTMENT POLICY CHECKLIST

| Key Item (as of Dec. 31, 2017) | Policy | Salem State | Compliant? |
|--|--------------------------------------|-----------------------------------|----------------------------|
| Equity ratings: Common stocks: S&P Stock Guide Mutual funds: Morningstar | B+ 3 Star or better | B+ 3 & 4 Star | Yes Yes |
| Fixed Income: Corporate bonds position limit Maximum maturity Minimum individual bond rating | <35% of fund 7 years Baa / BBB | 23.3% 6.7 years Baa2 / BBB- | Yes Yes Yes |
| Alternative investments: Derivatives, forwards, swaps, futures | Prohibited | None held | Yes |
| Asset allocation range: Equities Fixed Income Cash | 50% - 75% 25% - 50% 0% - 10% | 65.2% 30.00% 4.8% | Yes Yes Yes |
| Fossil fuel divestment: Carbon Underground 200 Alternative energy suppliers | Divest prudently Seek options | | In progress In progress |

BOND MATURITY DISTRIBUTION

| | Portfolio | U.S. Intermediate Credit Index |
|------------------|------------|--------------------------------|
| Average Maturity | 4.88 years | 4.83 years |
| Average Coupon | 3.23% | 3.32 % |
| Average Yield | 2.82% | 2.81% |
| Average Duration | 4.24 years | 4.27 years |



| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------|-------|-------|-------|-------|---------|-------|
| ■ Endowment (\$000) | \$325 | \$350 | \$500 | \$525 | \$1,150 | \$525 |

Par Value (000)

INDIVIDUAL CORPORATE BOND RATINGS

| <u>Description</u> | <u>Units</u> | <u>Purchase Date</u> | <u>Time of Purchase</u> | <u>Current</u> | <u>Time of Purchase</u> | <u>Current</u> |
|--|--------------|----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | | <u>Moody's Rating</u> | <u>Moody's Rating</u> | <u>S&P Rating</u> | <u>S&P Rating</u> |
| CHUBB HOLDINGS 2.7% 03/13/2023 | 100,000 | 10/11/2016 | A3 | A3 | A | A |
| AMERIPRISE FINANCIAL, INC. 4% 10/15/2023 | 175,000 | 12/15/2016 | A3 | A3 | A | A |
| AUTO DESK 3.125% 06/15/2020 | 200,000 | 7/18/2017 | Baa2 | Baa2 | BBB | BBB |
| BANK OF AMERICA CORP 3.3% 01/11/2023 | 100,000 | 9/12/2016 | Baa1 | A3 | BBB+ | A- |
| CARDINAL HEALTH, INC. 3.2% 3/15/2023 | 150,000 | 7/21/2016 | Baa2 | Baa2 | A- | BBB+ |
| CBS 3.7% 08/15/2024 | 150,000 | 4/28/2017 | Baa2 | Baa2 | BBB | BBB |
| CELGENE CORP 4% 08/15/2023 | 200,000 | 12/15/2016 | Baa2 | Baa2 | BBB+ | BBB+ |
| CITIGROUP 3.375% 03/01/2023 | 150,000 | 7/21/2016 | Baa1 | Baa1 | BBB+ | BBB+ |
| CSX CORP 3.4% 08/01/2024 | 175,000 | 4/28/2017 | Baa1 | Baa1 | BBB+ | BBB+ |
| CVS 3.5% 07/20/2022 | 200,000 | 1/19/2017 | Baa1 | Baa1 | BBB+ | BBB+ |
| DEUTSCHE BANK 2.50% 02/13/19 | 125,000 | 2/26/2014 | A2 | Baa2 | A | BBB- |
| E M C CORP. 2.50% 06/01/20 | 150,000 | 7/28/2014 | A1 | Ba2 | A | BB- |
| FORD MOTOR 4.25% 09/20/2022 | 200,000 | 1/19/2017 | Baa2 | Baa2 | BBB | BBB |
| HYATT HOTES 3.375% 07/15/2023 | 125,000 | 12/20/2017 | Baa2 | Baa2 | BBB | BBB |
| MONSANTO CO. 2.75% 07/15/21 | 200,000 | 11/17/2014 | A3 | A3 | BBB+ | BBB |
| TIME WARNER, INC. 3.4% 06/15/2022 | 125,000 | 10/5/2016 | Baa2 | Baa2 | BBB | BBB |
| VODAFONE GROUP 2.95% 02/19/2023 | 150,000 | 10/5/2016 | Baa1 | Baa1 | BBB+ | BBB+ |
| WELLS FARGO & CO 2.15% 01/15/19 | 100,000 | 12/18/2013 | A2 | A2 | A+ | A |
| WELLS FARGO & CO 3.00% 01/22/21 | 100,000 | 2/3/2015 | A2 | A2 | A+ | A |
| WHIRLPOOL 4% 03/01/2024 | 200,000 | 12/20/2017 | Baa1 | Baa1 | BBB | BBB |
| XILINX, INC. 3.00% 03/15/21 | 200,000 | 11/17/2014 | A3 | A3 | A- | N/R |

PORTFOLIO PERFORMANCE

| Investment Performance | | | | | | |
|---|---------------------|---------------|----------------|-------------------------|-------------------------|-------------------------|
| Strategy: Growth with Income (Corp) | | | | | | |
| As of December 31, 2017 | | | | | | |
| Asset Class / Benchmark | Ending Market Value | Allocation | 4TH QTR 2017 | 1 Year | 3 Year | 5 Year |
| | | | 3 month Return | Annualized Total Return | Annualized Total Return | Annualized Total Return |
| Salem State University Portfolio | \$14,347,969 | 100.0% | 4.50% | 16.14% | 7.32% | 9.32% |
| Total Benchmark | | 100.0% | 3.81% | 14.79% | 7.57% | 9.29% |
| Equities | \$9,360,754 | 65.2% | 6.96% | 24.24% | 10.45% | 13.85% |
| Multi Asset Equity Blend* | | 60.0% | 6.32% | 22.95% | 10.82% | 14.03% |
| Fixed Income | \$4,302,875 | 30.0% | 0.11% | 3.42% | 2.05% | 1.63% |
| Barclays Interm Credit Index | | 37.0% | 0.11% | 3.67% | 2.74% | 2.43% |
| Money Market | \$684,340 | 4.8% | 0.18% | 0.46% | 0.16% | 0.00% |
| Lipper Money Market Index | | 3.0% | 0.22% | 0.65% | 0.26% | 0.16% |
| Portfolio Return Gross of Fee | | | 4.50% | 16.14% | 7.32% | 9.32% |
| Portfolio Return Net of Fee | | | 4.38% | 15.62% | 6.84% | 8.88% |
| *Consists of Blended 60/40 S&P 500/MSCI All Country World Index | | | | | | |

Source: First Rate

PERFORMANCE REVIEW: 2017

Core U.S. equity outperformed vs. benchmarks and vs. peers

- Timely emphasis on health care and technology boosted returns
 - Emphasis on growth stocks has helped performance
 - Few “torpedoes” (GE, KR) vs. many “rockets” (FANGs, HD, FDX, RCL, ADI, others)

Despite low volatility, sector and stock dispersion was large

Longer-term Core U.S. equity remains ahead of peer group

- Performance is at or above peer group median in all but two periods since 2012

Asset allocation was highly positive

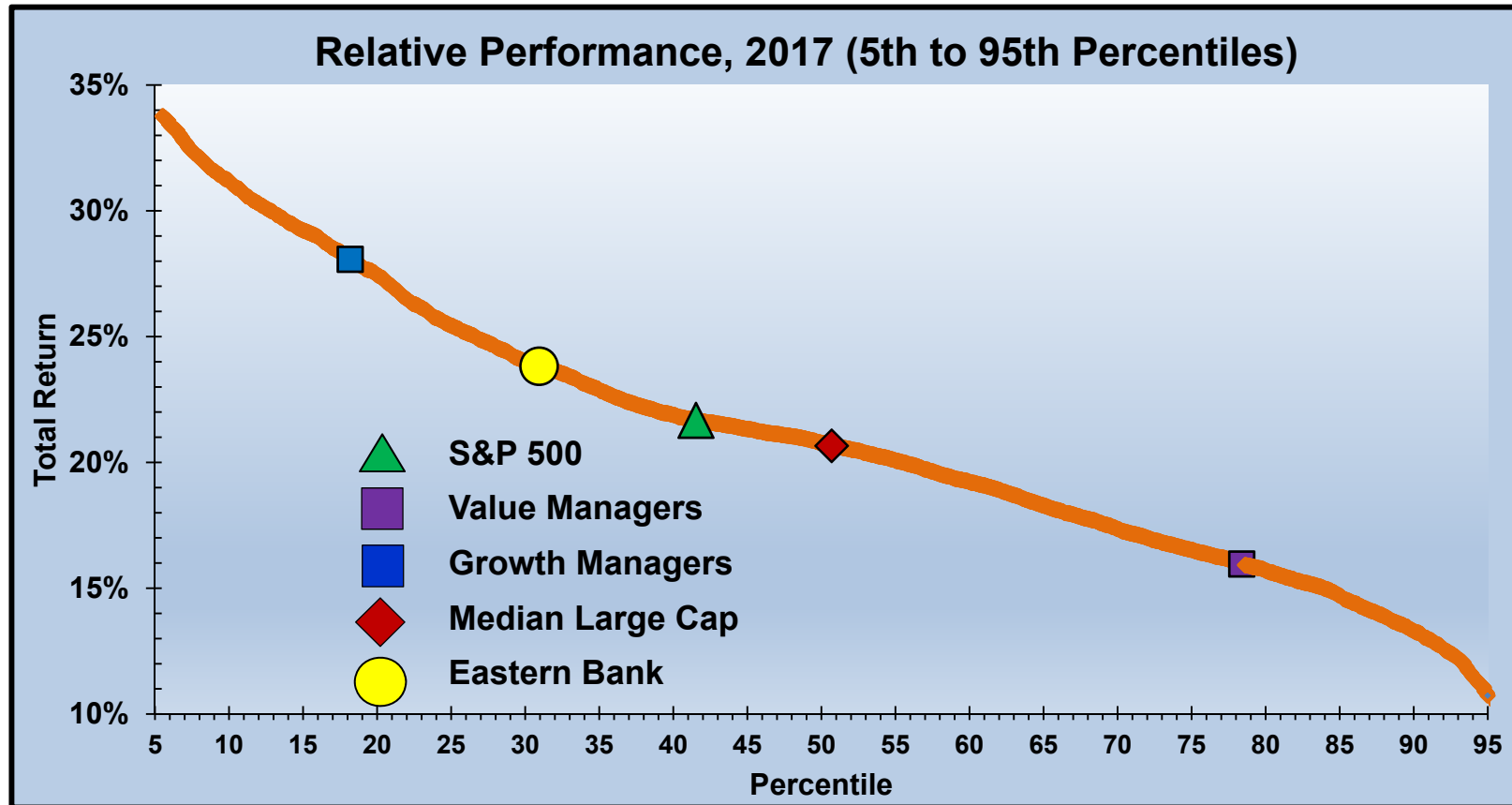
- Equities hammered bonds again in 2017, justifying our big overweight
- Multi-Asset performance was aided by strong European returns
- Fixed income performance matched its index

PERFORMANCE REVIEW: EQUITIES – 2017

- Morningstar surveyed 4,106 active managers of U.S. large-cap equities at YE17
- 60% lagged the S&P 500 in 2017, vs. 66% in 2016
- Reversing 2016, growth beat value in 2017
- Our Core return on large-cap stocks was second quartile (32nd percentile)

| 2016 and 1H 2017 Total Return | 2016 | 2017 |
|---|--------|--------|
| Core Large-Cap U.S. Equity | 9.60% | 23.69% |
| S&P 500 | 11.98% | 21.84% |
| Average Large-Cap U.S. Equity Manager | 9.80% | 20.78% |
| Core (Blended) | 10.49% | 20.80% |
| Growth | 3.09% | 28.31% |
| Value | 14.19% | 16.01% |
| Source: Morningstar, Eastern Bank Wealth Management | | |

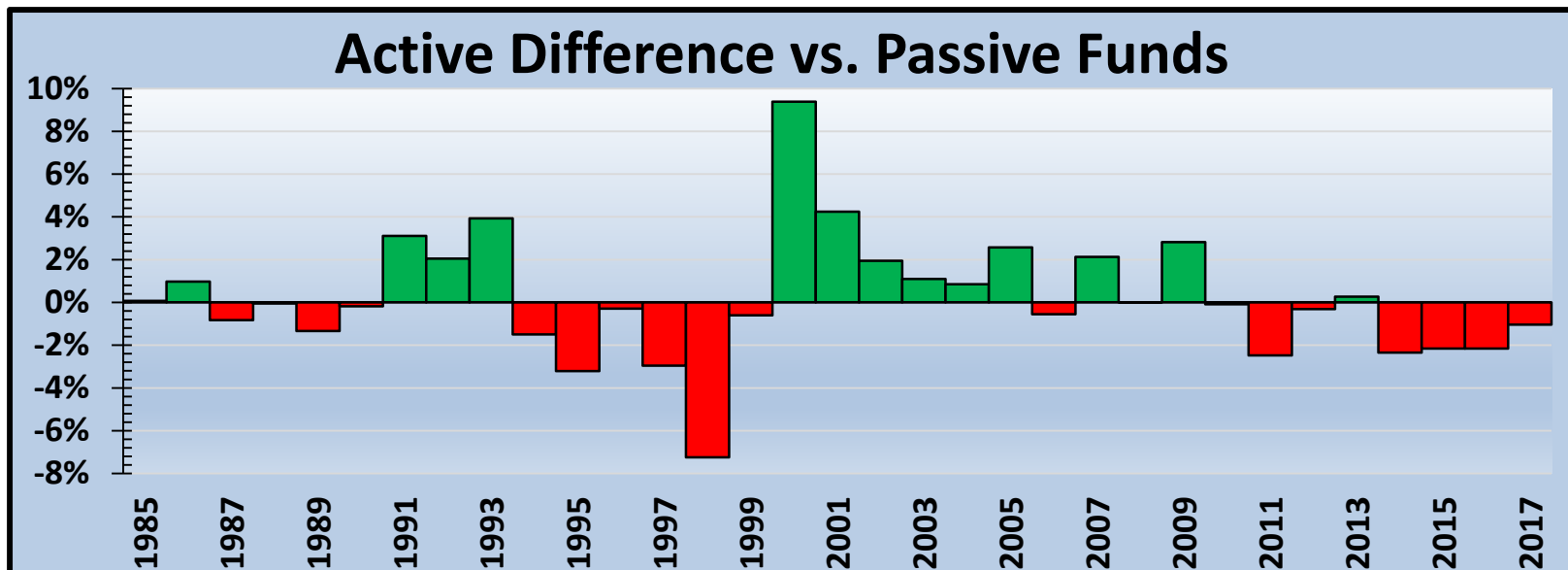
PERFORMANCE REVIEW: EQUITIES – 2017



Source: Morningstar, Eastern Bank Wealth Management

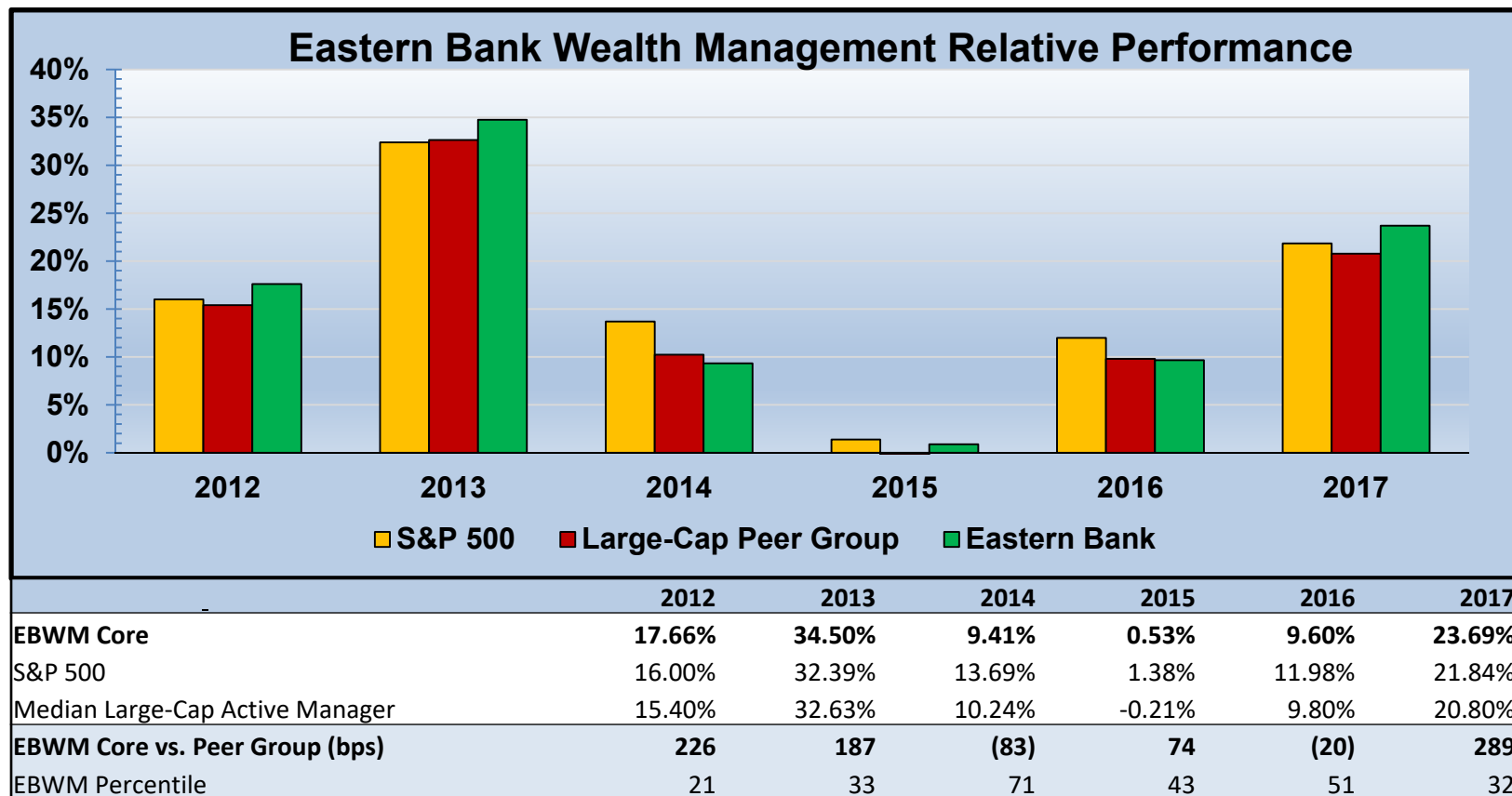
THE CASE FOR ACTIVE MANAGEMENT

- Dispersion among sectors and stocks rose sharply in 2017
- Higher dispersion of returns leads to more opportunities vs. the benchmark
- Despite four straight bad years, active managers still have a cumulative 270 bps lead since 1985



Source: Morningstar, Eastern Bank Wealth Management

EASTERN BANK PERFORMANCE VS. PEERS



Source: Morningstar, Eastern Bank Wealth Management

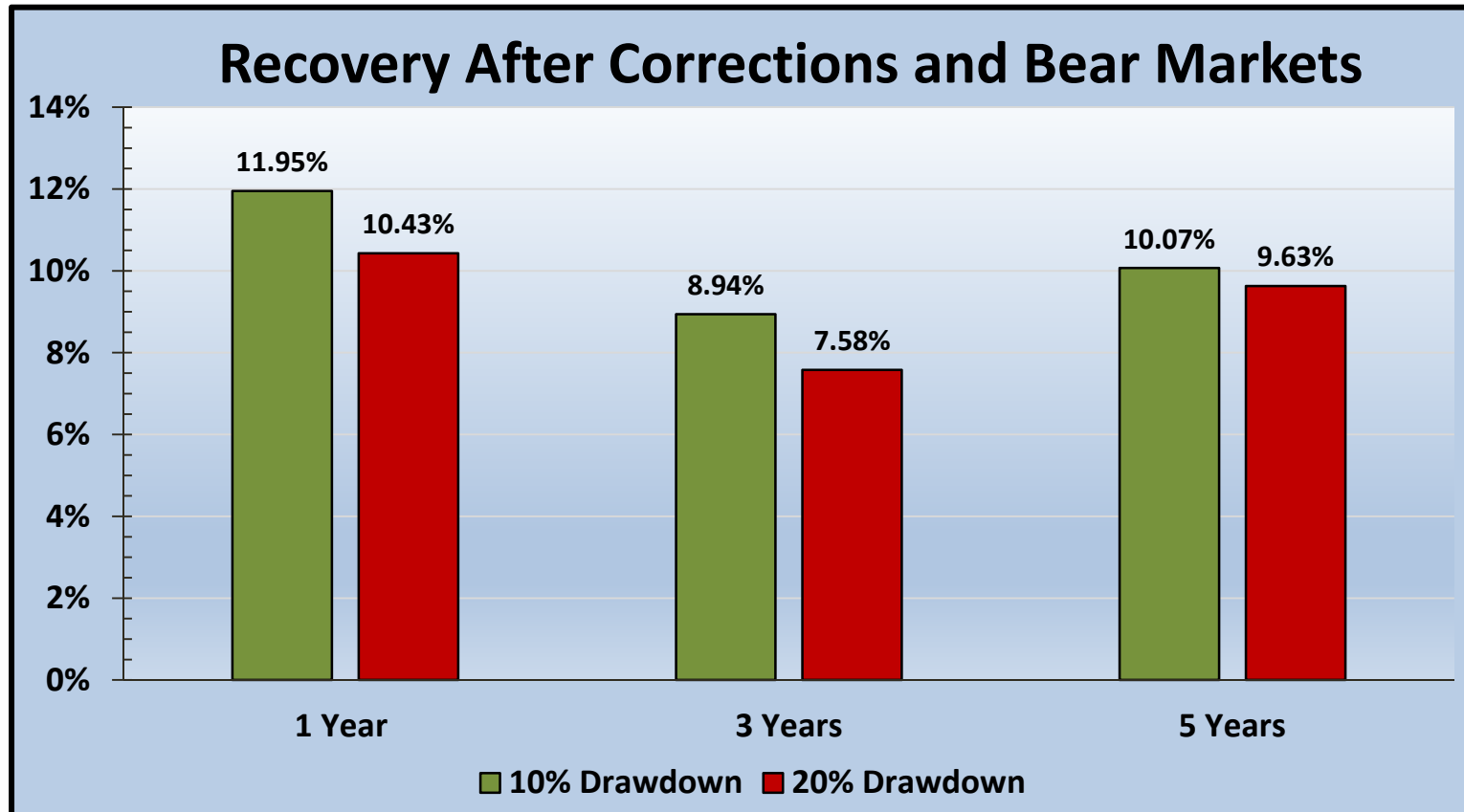
SCARED OF HEIGHTS?

| Stock Gains After Hitting New Highs | | | | |
|-------------------------------------|--------------------------|--------------------|----------------|--------------------|
| | Periods When Stocks Rise | | Average Return | |
| | After New High | After Other Months | After New High | After Other Months |
| 1 year | 80.5% | 74.7% | 13.7% | 12.2% |
| 3 years | 83.4% | 83.3% | 37.1% | 39.7% |
| 5 years | 84.1% | 87.4% | 64.2% | 71.0% |

Source: Dimensional Fund Advisors

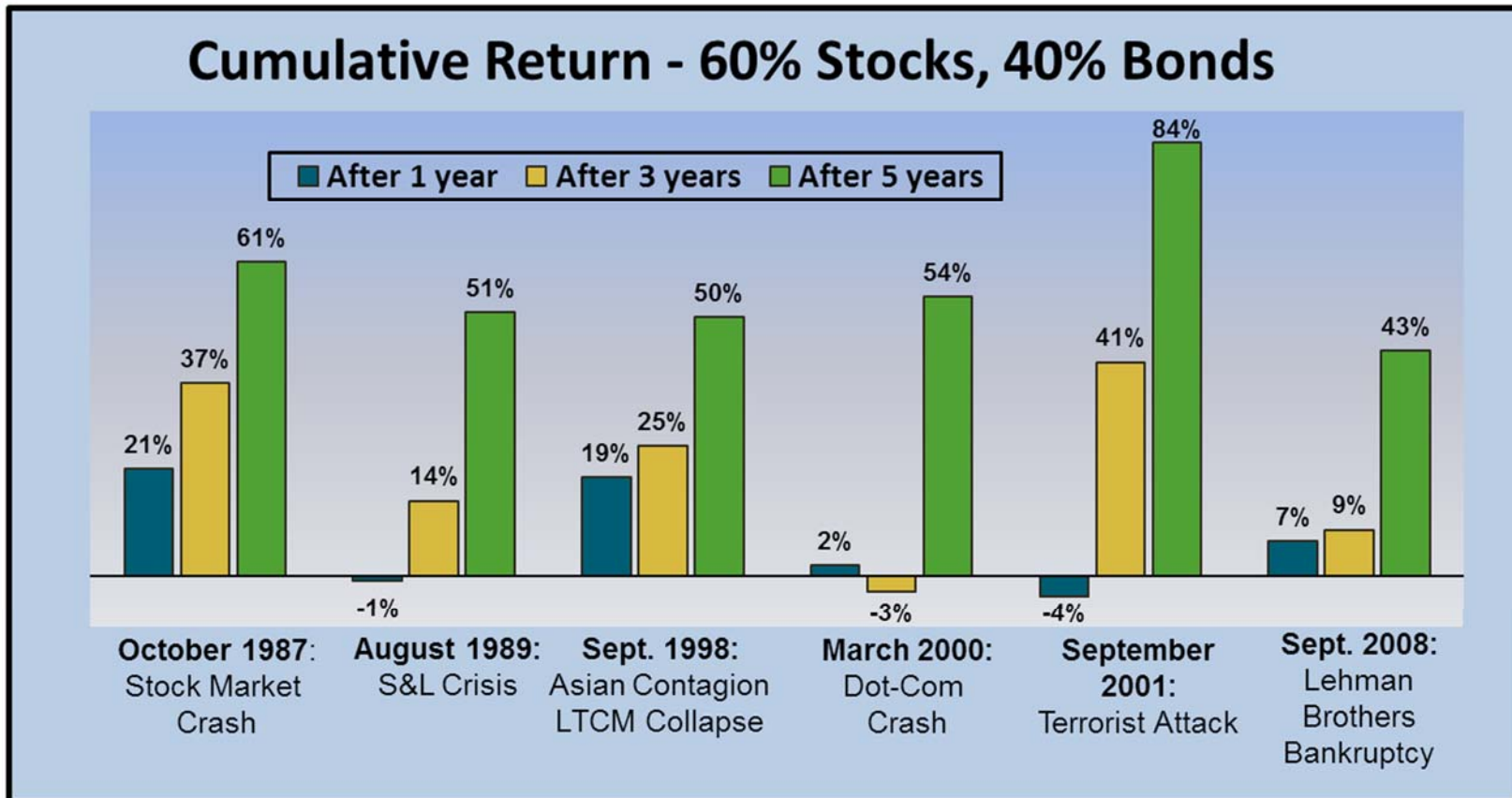
- Returns after new highs are no different from any other times
- Of the 1,091 months from January 1926 to December 2016, stocks hit new highs in 319, or 29%
- Performance following new highs was about the same as performance following all other months

SCARED OF DEPTHS?



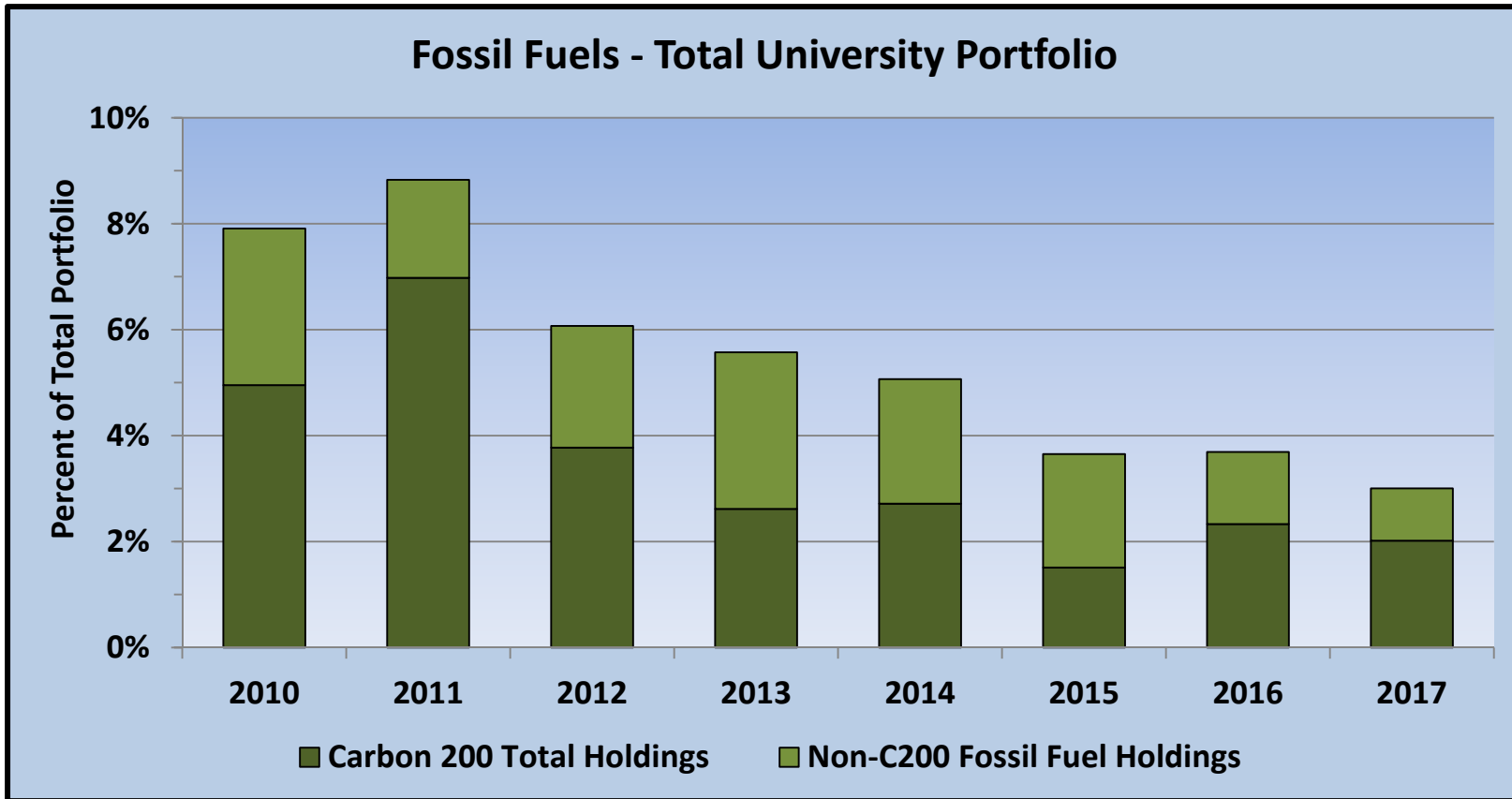
Source: Dimensional Fund Advisors

RESILIENT RESPONSE TO CRISIS

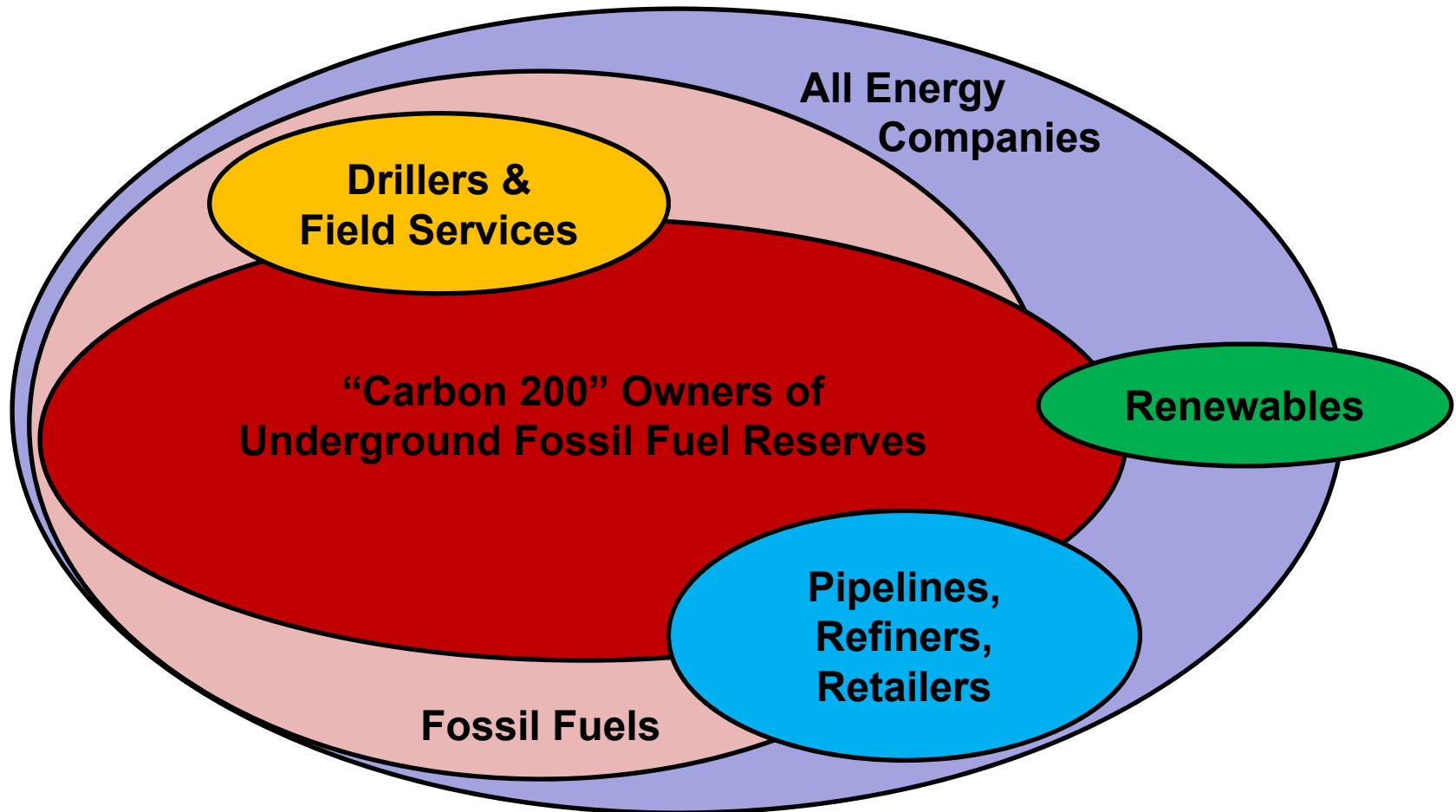


Source: Dimensional Fund Advisors

FOSSIL FUEL HOLDINGS IN UNIVERSITY PORTFOLIO



A CONCEPTUAL VIEW OF ENERGY INVESTING



SALEM STATE UNIVERSITY CLIMATE POLICY

Divest all Carbon Underground 200 investments

- Timing: “As soon as advisors believe it is financially prudent”
- Prohibit investment in companies that extract coal and/or tar sands

Invest in alternative and/or renewable energy companies

- Must be consistent with parameters of the Investment Policy
- Advisors must remain financially prudent

DIVESTMENT IMPLEMENTATION (as of 12/31/17)

Paramount consideration remains fiduciary duty to SSU

- Investment characteristics must take precedence over other concerns
- Portfolio must be diversified across all sectors of the U.S. economy
- Investments in each sector must be reasonably representative

Portfolio is already 100% free of coal companies

- University funds remain invested in two Carbon Underground 200 oil stocks

We avoided selling oil when prices were too low

- As prices continue to rise, divestment becomes more realistic
- Replacements must exhibit similar investment characteristics
- Energy is the most significant diversifier within the S&P 500

REPLACEMENT IMPLEMENTATION

Options exist for investing in alternative and renewable fuels

- Focused mutual funds can enhance an overall portfolio

Scale is a big problem, in two respects

- For consumers and businesses, low-carbon energy sources are not yet available in sufficient scale, nor at acceptably low prices, to displace fossil fuels
- For investors, most “green energy” projects are not easily scalable

Many mutual funds are “green” in name only

- We studied dozens of “Alternative Energy” mutual funds and ETFs
- Only one had even 10% invested in energy-sector companies
- Most funds invested primarily in technology and utilities

We will act carefully, honoring our fiduciary duty first

ASSET ALLOCATION – CURRENT POSTURE

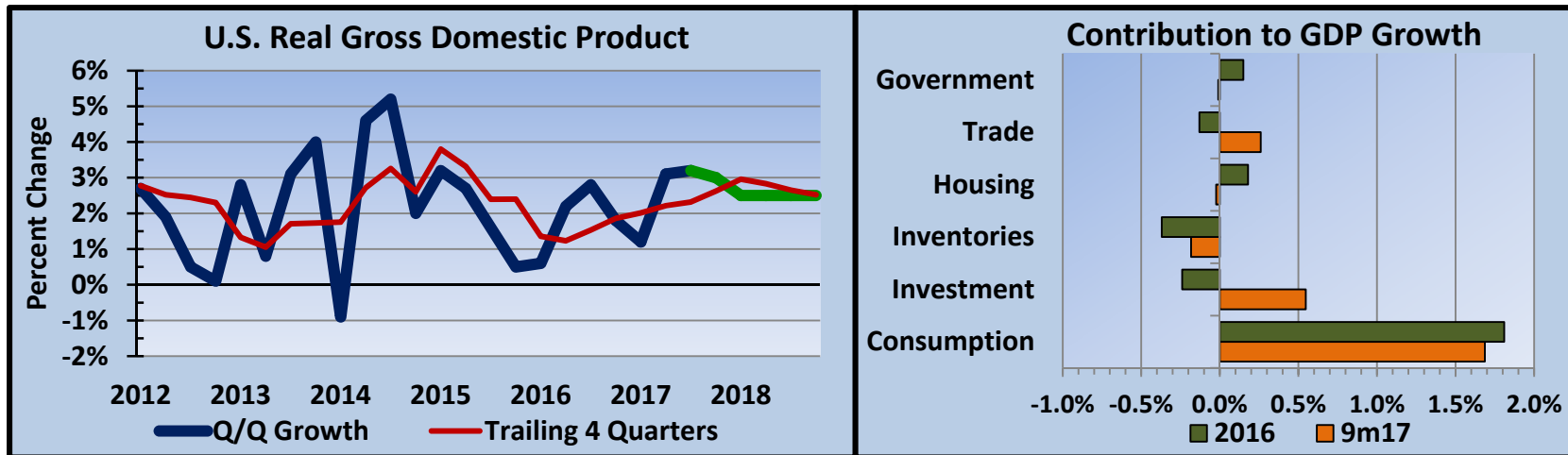
Strategy

- We favor global equities over bonds. Yet despite an overall bullish outlook for stocks, we wouldn't be surprised by a short downdraft caused by political surprises. Patience is a virtue.
- In our global equity portfolios, we are slightly biased toward domestic markets. Our international focus remains on Europe. Improving fundamentals, Brexit implementation, stubbornly low inflation, and a dwindling inventory of available bonds have forced the ECB to reconsider its aggressive quantitative easing program; the European yield curve has steepened while the domestic curve has flattened.
- Our fixed income duration remains close to neutral. Treasury bonds may weaken if sentiment improves regarding possible large-scale infrastructure spending combined with tax cuts. Strong corporate balance sheets and a strong economy mean credit spreads can remain tight.

Outlook

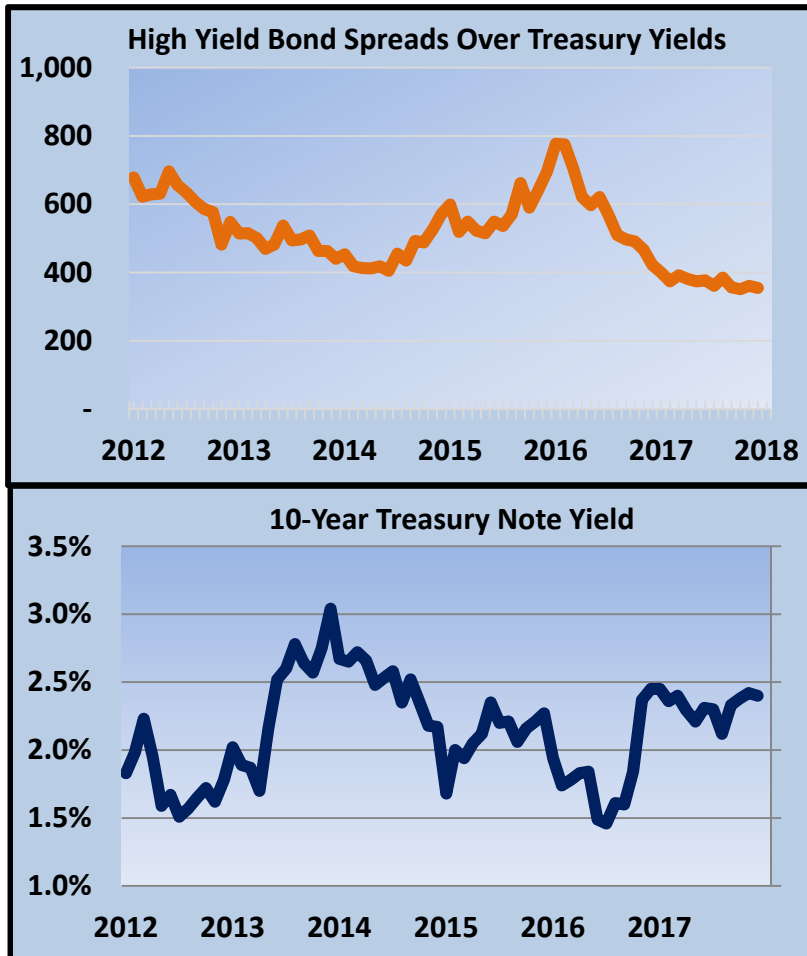
- Central banks globally are backing away from ultra-loose monetary policy. We think these developments demonstrate confidence in global growth, boosting the outlook for U.S. exporters while creating possible room for importers to raise prices.

ECONOMIC OUTLOOK



- Third quarter GDP growth of 3.2% marked the fastest pace of economic growth since 2014. Business equipment jumped increased 10.4%, a three-year high, while consumer spending was softer than it had been in the June quarter. Recent data are also signaling a strong fourth quarter.
- The outlook for 2018 remains positive. Labor market trends, housing starts, and other key data remain robust, supporting the Fed's hawkish wing; but quiescent inflation and a flattening yield curve have fed dovish hopes for a slower ramp-up in interest rates.
- U.S. corporate earnings grew at a double-digit pace in 2017, continuing an acceleration that began about a year ago. Heading into 2018, earnings are expected to gain another 10%.

MARKET MONITOR – FIXED INCOME



- Credit spreads are tight, reflecting confidence in the U.S. economy and a grasp for yield. High-yield spreads have held below 400 bps. Some investment-grade spreads are below 100 bps.
- The yield curve is flattening, as the term premium for longer-term debt evaporates. As the 2-to-10 year spread approaches zero, investors may worry about a potential recession. That spread is currently below 0.5% and continues to shrink.
- U.S. Treasury yields remain low as global investors see great value in comparison with near-zero yields on comparable sovereign debt in Europe or Japan. This anomaly is beginning to abate, as European debt yields are reviving from historic lows.
- Despite a “dot plot” indicating three rate hikes in 2018 and Wall Street sentiment suggesting four hikes, futures contracts imply only one or two. Traders are also watching to see how the Fed begins unwinding its balance sheet.

ACTIVE FIXED INCOME STRATEGY REVIEW

Strategy

- We remain slightly underweight fixed income. We anticipate long-term interest rates to rise gradually in the foreseeable future. As the yield curve has flattened, we have shifted our high-yield corporate bond holdings into shorter-duration funds, seeking to benefit from wider credit spreads without as much interest rate risk. We have added inflation protection in the form of TIPS, as we expect to see a slow but steady increase in consumer price levels worldwide.

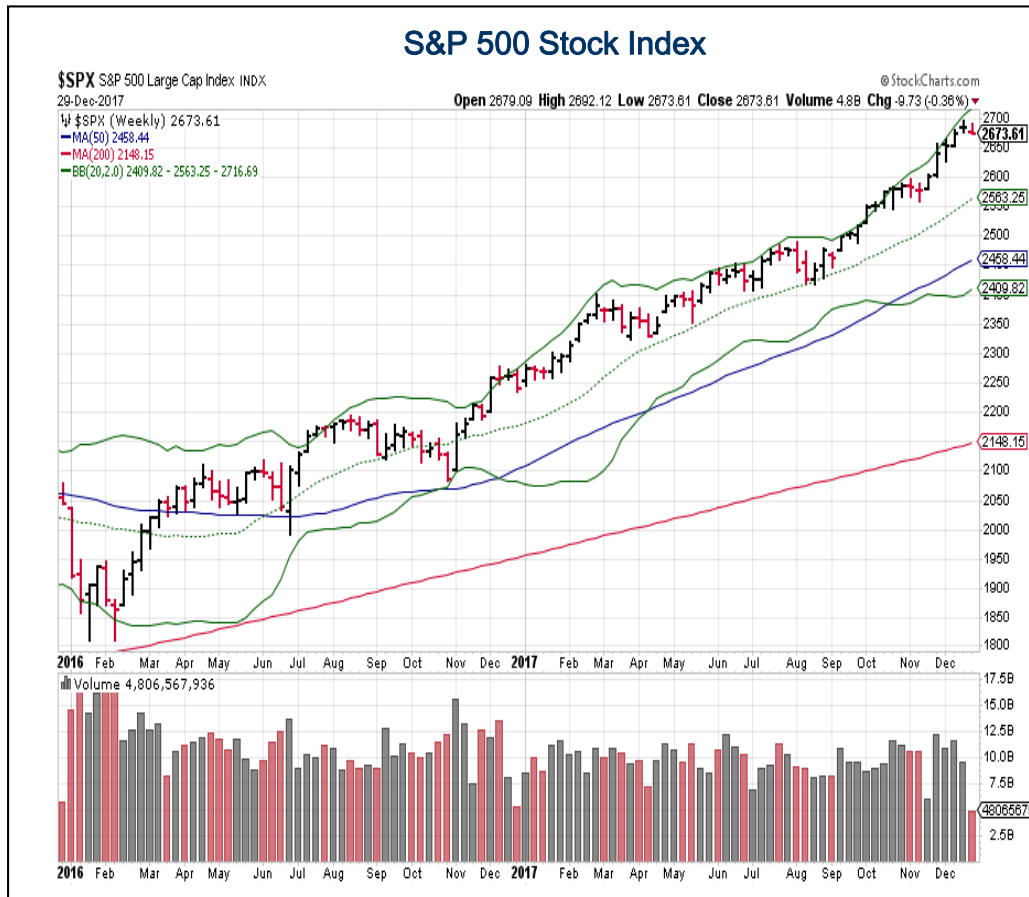
Structure

- Our fixed income portfolios are structured with durations close to their corresponding benchmarks. Credit spreads have tightened – with investment grade spreads under 100 bps and high yield spreads under 400 bps.

Outlook

- Inflation has backed down, mainly because of cheaper imported goods, retail disintermediation, and rising oil inventories. Yet rising prices are evident in housing, health care, and labor costs. Energy prices also rose in the wake of recent hurricanes. Even so, CPI is unlikely to rise so rapidly as to trigger meaningful increases in long-term interest rates.

MARKET MONITOR - DOMESTIC EQUITY



- U.S. stocks posted a total return of nearly 22% in 2017, gaining ground in every month. At almost 20x earnings and a 2% yield, valuations are high but not extended.
- Small-cap and mid-cap indexes have lagged the S&P 500, in part because they benefit less from foreign sales. Small-cap stocks should get a boost from recently enacted tax reform.
- The market's 2017 advance was quite broad, with all sectors except energy and telecom gaining ground. Within individual sectors, however, leadership was narrower – a phenomenon that was neither uncommon nor worrisome.

DOMESTIC EQUITY STRATEGY REVIEW

Strategy

- Anticipation of potentially transformative tax legislation may have been one driver of fourth-quarter equity performance; if so, equities may soften in early 2018. Yet the fundamentals remain strong and valuations remain within reasonable levels. We remain fully invested in equities.
- We think corporate earnings drive long-term stock prices; political issues buffet the market but ultimately are secondary. We recently made changes within the Health Care and Industrials sectors of the portfolios, reflecting fundamental developments at several companies. We've also taken some profits in Technology companies.

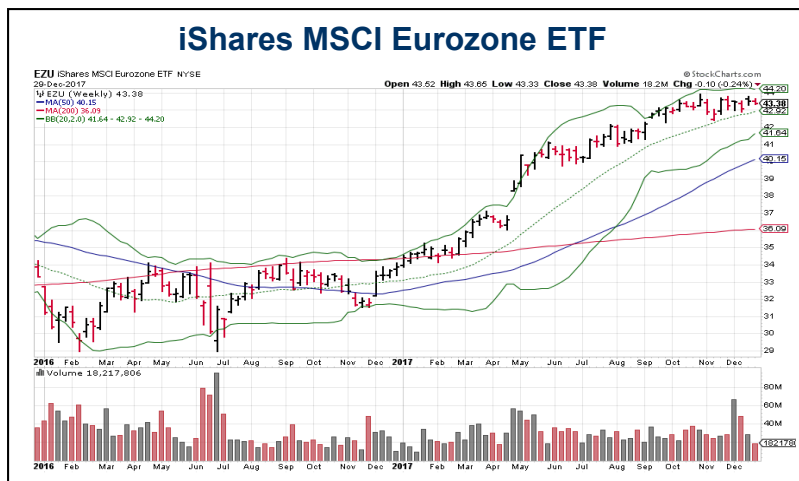
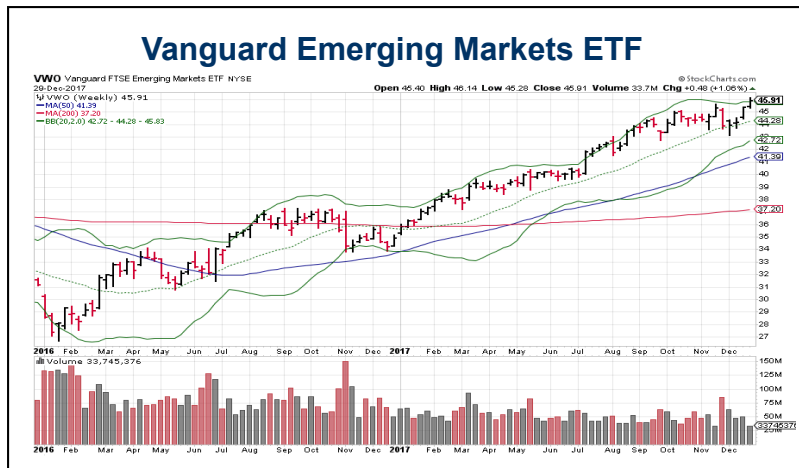
Structure

- Domestic equity portfolios remain diversified across all sectors of the economy, with emphasis on individual companies that can benefit from a healthy U.S. economy, tax reform, and rising interest rates. We remain overweight financial, industrial, and technology stocks.

Outlook

- Stocks with high sensitivity to rising interest rates and stronger capital spending are well-positioned to lead the broad market higher, a potential short downdraft notwithstanding.

MARKET MONITOR - INTERNATIONAL EQUITY



- Global equity markets finished 2018 with a flourish. Europe and emerging markets led the way, but a synchronized global expansion lifted nearly all markets. Indeed, all 45 OECD countries posted positive GDP growth in 2017 and are expected to do so again in 2018.
- Emerging market economies continue their upswing. These markets are less dependent on commodities prices than in years past, as their domestic economies diversify. China's debt crackdown has focused on state-owned enterprises; the private-sector remains healthy.
- The European Central Bank recently cut its bond-buying program from €60 billion per month to €30 billion but extended the program's duration. The ECB and Bank of Japan remain accommodative, while the Fed is gradually tightening policy. European financial stocks have revived.
- Smaller company stocks have been volatile, and now appear attractively priced.

INTERNATIONAL EQUITY STRATEGY REVIEW

Strategy

- After seven years of lagging the U.S. markets by a wide margin, foreign markets topped the U.S. in 2017. In Europe, the combination of low valuations and reviving earnings growth is attractive, but bank profits have been under pressure from the European Central Bank's aggressive monetary policy. The ECB recently reduced its bond buying program, but its quantitative easing will continue through at least September 2018.

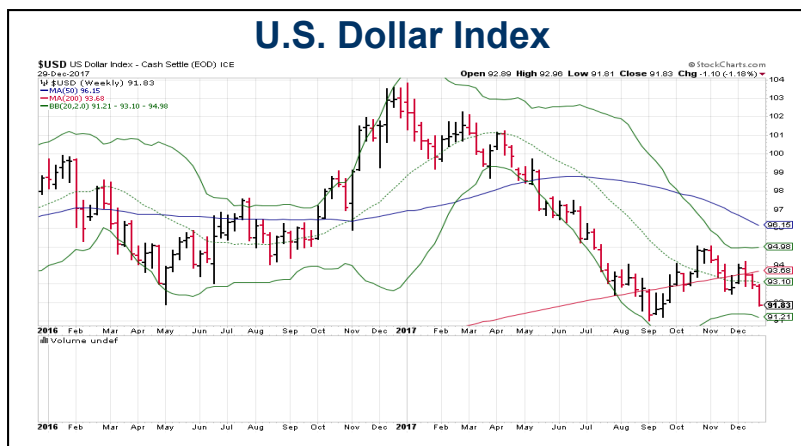
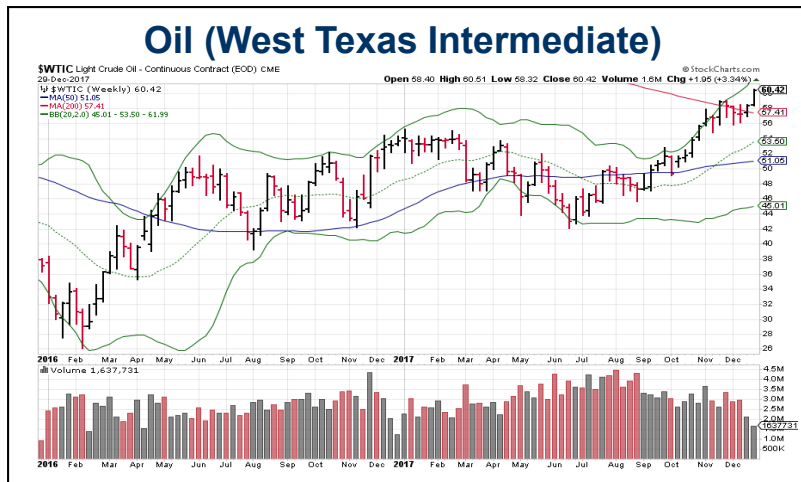
Structure

- Multi-Asset portfolios are slightly underweight non-U.S. equities. Within the international holdings, the Eurozone is still favored, but we have recently added holdings in the U.K. and selected emerging markets. We maintain positions in small-cap companies that are leveraged to improving economic conditions in developed markets.

Outlook

- We think international markets offer both diversification and risk-management benefits for Multi-Asset investors. Valuations remain below U.S. levels, which limits downside risk. These are long-term investments that may take time to play out fully.

MARKET MONITOR – OTHER ASSET CLASSES



- Oil prices continue to drift higher, with West Texas Intermediate passing \$60. Global production has been restrained by OPEC's ability to maintain discipline among its member states. Yet even after the supply disruption of Hurricane Harvey, American inventories remain at uncomfortably high levels.
- The dollar has given up all of its gains since President Trump's election, hitting multi-year lows after its extraordinary 2014-2016 surge. This has helped commodities and precious metals prices, but hasn't affected inflation yet. The dollar's brief rally earlier this autumn gave way to a renewed slide through year-end. The dollar lost 14% against the euro in 2017.
- The most startling alternative asset class has been cryptocurrencies, as bitcoin and its cousins have skyrocketed. We don't think the gains are sustainable. Other alternative asset classes posted a mixed record in 2017.

OTHER ASSET CLASSES STRATEGY REVIEW

Strategy

- As the Fed transitions toward a less accommodative policy, we believe that traditional hedges against inflation and currency devaluation – such as precious metals and industrial commodities – will be less appealing to investors. We do not hold assets in these areas.
- We do not recommend “alternative” asset classes such as hedge funds, private equity, or venture capital. Historical returns have been lackluster, funds are overcapitalized, and fees remain too high, even for the so-called “liquid alternatives” that package such assets into mutual funds.
- Bitcoin and other cryptocurrencies pose multiple risks and have no clear valuation support. We think they will remain extremely volatile and are not (yet) prudent investment vehicles.

Outlook

- Potentially rising U.S. interest rates are a major concern for alternative assets: They reduce the incentive to own commodities or precious metals, they undercut the profitability of debt-financed hedge funds and private equity, and they limit the prices that investors will pay for real estate. Such an environment may dampen investor interest in alternative asset classes.

MULTI-ASSET PORTFOLIO HOLDINGS (as of 12/31/2017)

| Industry Weightings | % Of Portfolio | % Of Core Portfolio | % Of Blend* | Industry Weightings | % Of Portfolio | % Of Core Portfolio | % Of Blend* |
|-------------------------------|----------------|---------------------|---------------|------------------------------|----------------|---------------------|---------------|
| CONSUMER DISCRETIONARY | 8.75% | 11.95% | 12.09% | HEALTH CARE | 9.99% | 13.63% | 12.56% |
| STARBUCKS CO. | 1.10% | 1.50% | | BECTON DICKINSON | 1.47% | 2.00% | |
| THE HOME DEPOT, INC. | 1.68% | 2.30% | | DANAHER CORP | 1.25% | 1.71% | |
| AMAZON.COM, INC. | 2.16% | 2.95% | | MERCK & CO | 1.48% | 2.01% | |
| NIKE, INC. | 1.17% | 1.60% | | JOHNSON & JOHNSON | 1.66% | 2.26% | |
| ROYAL CARIBBEAN CRUISES | 1.17% | 1.59% | | CELGENE CO. | 1.50% | 2.05% | |
| COMCAST CORPORATION | 1.47% | 2.01% | | BRISTOL-MYERS SQUIBB | 1.33% | 1.82% | |
| | | | | HOLOGIC, INC. | 1.30% | 1.78% | |
| CONSUMER STAPLES | 6.46% | 8.71% | 8.40% | INDUSTRIALS | 8.16% | 11.09% | 10.52% |
| CVS HEALTH CORP | 1.43% | 1.95% | | FEDEX CORP | 1.62% | 2.20% | |
| MONSTER BEVERAGE CORP. | 1.44% | 1.86% | | EATON CORP | 1.22% | 1.66% | |
| COSTCO WHOLESALE CORP. | 1.46% | 1.99% | | HONEYWELL INTERNATIONAL INC | 1.45% | 1.97% | |
| PROCTER & GAMBLE CO | 1.04% | 1.43% | | CATERPILLAR | 1.42% | 1.92% | |
| SYSCO CORP | 1.09% | 1.48% | | MASCO CORP. | 1.16% | 1.59% | |
| | | | | NORTHROP GRUMMAN | 1.29% | 1.75% | |
| ENERGY | 5.30% | 7.26% | 6.18% | INFORMATION TECH | 15.83% | 21.58% | 21.39% |
| HALLIBURTON CO | 1.46% | 1.99% | | PAYPAL HOLDINGS INC | 1.88% | 2.55% | |
| CONOCOPHILIPS | 1.35% | 1.85% | | ANALOG DEVICES INC | 1.14% | 1.56% | |
| CHEVRON CORP | 1.66% | 2.28% | | SALESFORCE.COM, INC | 1.70% | 2.32% | |
| EXXON MOBIL | 0.83% | 1.14% | | ALPHABET INC. CLASS A | 2.04% | 2.78% | |
| | | | | ALPHABET INC. CLASS C | 0.75% | 1.02% | |
| FINANCIALS | 12.28% | 16.80% | 16.31% | APPLE INC | 3.04% | 4.14% | |
| BANK OF AMERICA CORP. | 2.49% | 3.40% | | FACEBOOK, INC. | 2.05% | 2.80% | |
| MORGAN STANLEY | 1.76% | 2.41% | | VISA INC | 1.75% | 2.38% | |
| JPMORGAN CHASE & CO. | 2.49% | 3.41% | | ADOBESYSTEMS INC. | 1.48% | 2.03% | |
| ALLSTATE CORP. | 1.36% | 1.86% | | | | | |
| WELLS FARGO & COMPANY | 1.61% | 2.20% | | ETFs/MUTUAL FUNDS | 26.71% | | |
| BLACKROCK, INC. | 1.43% | 1.95% | | ISHARES MSCI EUROZONE | 2.07% | | |
| SCHWAB CORP | 1.14% | 1.57% | | ISHARES MSCI RUSSIA | 0.82% | | |
| | | | | WISDOMTREE EUROPE HEDGED | 1.84% | | |
| MATERIALS | 2.48% | 3.37% | 3.93% | ISHARES RUSSELL MID-CAP GROV | 3.07% | | |
| PPG INDUSTRIES | 0.99% | 1.34% | | HEALTH CARE SPDR FUND | 1.96% | | |
| DOWDUPONT INC | 1.49% | 2.03% | | INDUSTRIAL SPDR | 2.01% | | |
| | | | | DFA INTL SMALL COMPANY PORT | 2.02% | | |
| UTILITIES | 1.93% | 2.63% | 2.90% | FINANCIAL SPDR FUND | 1.99% | | |
| XCEL ENERGY INC | 1.20% | 1.64% | | VANGUARD EMERGING MARKETS | 2.10% | | |
| NEXTERA ENERGY INC | 0.73% | 0.99% | | ISHARES RUSSELL SMALLCAP VAI | 2.65% | | |
| | | | | SPDR MSCI ACWI EX-US | 2.04% | | |
| CASH | 0.31% | 0.52% | 0.26% | | | | |
| U.S. DOLLAR | 0.31% | 0.52% | | | | | |

Target allocation as of 12/31/2017; Allocation may not reflect EWM's current view and should not be used as the base of an investment decision.

Securities listed are not to be considered as a recommendation to buy or sell and are not guaranteed to be in portfolios. *Benchmark is a blend of 60% S&P 500 and 40% MSCI ACWI.

Appendix



Eastern Bank

- Serving our communities in eastern Mass. and New Hampshire since 1818
- Largest and oldest mutual bank in the United States, with over 1,900 employees and 100 branches
- #1 SBA lender in New England for 7 consecutive years

Wealth Management

- Based in Boston, with offices in Saugus, Lynn, Brockton, & Duxbury
- Over \$2 billion individual & institutional client assets
- Team of 50, comprising investments, financial planning, client service, trust administration, and operations

JOHN F. DOHERTY, CFP[®], CTFA

Vice President, Eastern Bank Wealth Management

John F. Doherty has over 25 years of experience working with individuals, families and organizations, helping them to grow and protect their wealth through trusts, investment management accounts, IRAs and charitable accounts.

Professional Experience

Mr. Doherty joined Eastern Bank Wealth Management in 2006 after a career spanning 20 years at BankBoston, Fleet National Bank and Bank of America. Prior to joining Eastern Bank, he was a vice president and relationship manager in the Private Bank at Bank of America, managing the trust, investment, banking and credit needs of high net-worth individuals



Education / Service

Mr. Doherty is a Certified Financial Planner[™] practitioner and a Certified Trust and Financial Advisor. He holds a Bachelor of Science in Finance from Suffolk University and an MBA from Bentley University. He is a graduate of the National Graduate Trust School at Northwestern University and received his certification in financial planning from Boston University's Center for Professional Education. Mr. Doherty is a member of the Essex County Estate Planning Council and serves on the Board of Directors of the Lynn Home for Women. He is also active in a number of youth activities in the city of Melrose.

MICHAEL A. TYLER, CFA®

Chief Investment Officer, Eastern Bank Wealth Management

Michael Tyler sets investment policies and structures asset allocation strategies for client portfolios. As the primary spokesman for the firm's investment services, Michael develops and disseminates economic and financial market viewpoints. He is also responsible for selecting and overseeing providers of investment services.

Professional Experience

Prior to joining Eastern Bank Wealth Management in 2012, Michael charted a successful career at both institutional and boutique investment firms. He was a partner, equity analyst, and portfolio manager at Wellington Management Company LLP in Boston, where he built the firm's global telecom investment practice. Michael then founded West Shore Investment Management LLC, an independent investment advisor and strategic consultant, where he raised investment capital and launched an equity long/short hedge fund.

Education / Service

Michael holds a MBA with highest honors from Harvard Business School and a BA with honors from Princeton University. Michael is currently chair of the independent investment committee of Align Impact LLC, a specialized impact consultant that helps wealth managers and their clients define their most important values and desired social outcomes and implement them through their investment portfolios. Michael also serves on the Board of Economic Advisors of the Associated Industries of Massachusetts. He is a Chartered Financial Analyst.



NOTICES AND DISCLOSURE

Investment Products: *Not insured by FDIC or any federal government agency. Not deposits of or guaranteed by any bank. May lose value.*

Eastern Bank Wealth Management is a division of Eastern Bank. Views are as of the date above and are subject to change based on market conditions and other factors. This material is for your private information and we are not soliciting any action based on it. All material has been obtained from sources believed to be reliable but its accuracy is not guaranteed. There is neither representation nor warranty as to the accuracy of, nor liability for the decisions based on such information.

Opinions expressed are our current opinions as of the date appearing on this material only. All opinions herein are subject to change without notice.

Past performance does not guarantee future performance. Investments made through Eastern Bank Wealth Management are not insured by FDIC or any federal government agency, are not deposits of or guaranteed by any bank, and may lose value.

Join Us For Good

GOOD INVESTS. **GOOD** ADVISES. **GOOD** LENDS. **GOOD** HELPS FEED HUNGRY KIDS. **GOOD** FULES THE HUNGRY STARTUP. **GOOD** HELPS KIDS LEARN TO PAINT. AND DANCE. AND REALIZE HOW SPECIAL THEY ARE. **GOOD** BUILDS BUSINESS. **GOOD** BUILDS PLAYGROUNDS. AND REBUILDS LIVES. **GOOD** INSURES. **GOOD** ENDURES. **GOOD** FIGHTS DISCRIMINATION. **GOOD** STANDS UP FOR EQUAL OPPORTUNITY. **GOOD** INNOVATES. **GOOD** EDUCATES. **GOOD** ADVOCATES. **GOOD** HELPS PEOPLE BEAT ADDICTIONS. **GOOD** PAYS CLOSE ATTENTION. **GOOD** PAYS IT FORWARD.

Investment Review

| | | | |
|---------------------|-------------|--------------------------|--------------|
| Account Name | SALEM STATE | Account Number | 2427524 |
| | | Assets Held As Of | DEC 31, 2017 |
| | | Valued As Of | DEC 31, 2017 |

Important Information

| | | | |
|------------------------------|--------------|------------------------------|--------------------|
| GAINS TAXED TO..... | EXEMPT | INCOME TAXED TO..... | EXEMPT |
| TRUST TAX YEAR END..... | | TRUST TAX FILING STATUS..... | AGENCY |
| LONG TERM CARRYOVER LOSS.... | | SHORT TERM CARRYOVER LOSS... | |
| OFFICER..... | JOHN DOHERTY | INVESTMENT OBJECTIVE..... | GROWTH WITH INCOME |
| REVOCABILITY..... | | INVESTMENT AUTHORITY..... | SOLE |
| FINAL TERMINATION DATE..... | | DATE OF DEATH..... | |
| | | TRUST SITUS..... | MASSACHUSETTS |

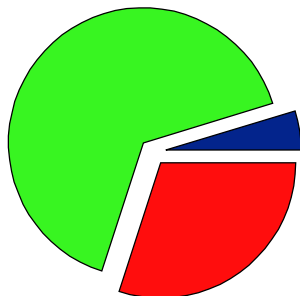
TRUSTEE RESTRICTIONS:

REMARKS:

| | | | | | | |
|----------------------|-------|-------|------|--------|--------------------|--|
| RECOMMENDED CHANGES: | | | | | | |
| SECURITY | PRICE | VALUE | COST | INCOME | EST INCOME CHANGE: | |
| | | | | | EST GAIN/LOSS: | |
| | | | | | RATIONALE FOR | |
| | | | | | RECOMMENDATION: | |

SUMMARY OF INVESTMENTS

Investment Allocation



| | | | |
|--------|--------------------------------------|-------------------------|----------------------|
| 4.8% | ■ | CASH ITEMS | 684,339.77 |
| 65.2% | ■ | EQUITIES | 9,360,753.64 |
| 30.0% | ■ | FIXED INCOME SECURITIES | 4,302,875.37 |
| <hr/> | | | |
| 100.0% | | Total | 14,347,968.78 |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SUMMARY OF INVESTMENTS****Investment Summary**

| | Market Value | % | Estimated Income | Current Yield |
|---|---------------------|--------------|------------------|---------------|
| CASH ITEMS | | | | |
| PRINCIPAL CASH | | | | |
| MONEY MARKET FUNDS | 684,339.77 | 4.77 | 5,269 | 0.77 |
| TOTAL CASH ITEMS | 684,339.77 | 4.77 | 5,269 | 0.77 |
| FIXED INCOME SECURITIES | | | | |
| MUTUAL FUND - GOV. BONDS MUTUAL FUNDS | 156,243.60 | 1.09 | 2,843 | 1.82 |
| CORPORATE/OTHER BONDS | 3,343,372.25 | 23.30 | 108,757 | 3.25 |
| MUTUAL FUND - FIXED INCOME MUTUAL FUNDS | 470,914.14 | 3.28 | 12,794 | 2.72 |
| MUTUAL FUND - SHORT TERM FIXED INCOME MUTUAL FUNDS | 332,345.38 | 2.32 | 7,448 | 2.24 |
| TOTAL FIXED INCOME SECURITIES | 4,302,875.37 | 29.99 | 131,842 | 3.06 |
| EQUITIES | | | | |
| COMMON STOCKS | | | | |
| CONSUMER DISCRETIONARY | 822,141.70 | 5.73 | 10,899 | 1.33 |
| CONSUMER STAPLES | 609,812.92 | 4.25 | 10,559 | 1.73 |
| ENERGY | 430,785.55 | 3.00 | 10,090 | 2.34 |
| FINANCIALS | 1,175,032.19 | 8.19 | 21,239 | 1.81 |
| HEALTH CARE | 935,853.74 | 6.52 | 14,512 | 1.55 |
| INDUSTRIALS | 759,020.80 | 5.29 | 12,502 | 1.65 |
| INFORMATION TECHNOLOGY | 1,472,622.51 | 10.26 | 7,513 | 0.51 |
| MATERIALS | 228,893.40 | 1.60 | 4,340 | 1.90 |
| TELECOMMUNICATION SERVICES | 167,946.89 | 1.17 | 7,488 | 4.46 |
| UTILITIES | 182,192.04 | 1.27 | 5,130 | 2.82 |
| TOTAL COMMON STOCKS | 6,784,301.74 | 47.28 | 104,272 | 1.54 |
| MUTUAL FUND - LARGE CAP EQUITIES MUTUAL FUNDS | 957,835.13 | 6.68 | 15,074 | 1.57 |
| MUTUAL FUND - INTERNATIONAL EQUITIES MUTUAL FUNDS | 614,520.02 | 4.28 | 12,144 | 1.98 |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST INC | CURRENT YIELD | PLG COD |
|---------|--|----------|-----------|---------------|--------------|----------|---------|---------------|---------|
| | PRINCIPAL CASH | 0 | | | 0 | | | 0.0 | |
| | MONEY MARKET FUNDS | | | | | | | | |
| | FEDERATED GOV'T OBLIGATION TAX MANAGED FUND # 637 | 684,340 | | | 684,340 | 0.77 | 5,269 | 0.8 | |
| | TOTAL CASH ITEMS | 684,340 | | | 684,340 | | 5,269 | 0.8 | |
| | FIXED INCOME SECURITIES | | | | | | | | |
| | MUTUAL FUND - GOV. BONDS | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 1,480 | 1 SHARES BARCLAYS 7-10 YR TREAS | 160,334 | 108.33 | 105.57 | 156,244 | 1.92 | 2,843 | 1.8 | |
| | CORPORATE/OTHER BONDS | | | | | | | | |
| 100,000 | WELLS FARGO & CO 2.15% 01/15/2019 | 100,192 | 100.19 | 100.161 | 100,161 | 2.15 | 2,150 | 2.1 | |
| 125,000 | DEUTSCHE BANK AG LONDON 2.5% 02/13/2019 | 125,382 | 100.31 | 99.959 | 124,949 | 2.50 | 3,125 | 2.5 | |
| 150,000 | E M C CORP 2.65% 06/01/2020 | 150,728 | 100.49 | 98.733 | 148,100 | 2.65 | 3,975 | 2.7 | |
| 200,000 | AUTODESK, INC. 3.125% 06/15/2020 | 204,912 | 102.46 | 100.954 | 201,908 | 3.13 | 6,250 | 3.1 | |
| 100,000 | WELLS FARGO & CO 3% 01/22/2021 | 102,964 | 102.96 | 101.425 | 101,425 | 3.00 | 3,000 | 3.0 | |
| 200,000 | XILINX, INC. 3% 03/15/2021 | 201,227 | 100.61 | 100.861 | 201,722 | 3.00 | 6,000 | 3.0 | |
| 200,000 | MONSANTO CO 2.75% 07/15/2021 | 199,600 | 99.80 | 100.448 | 200,896 | 2.75 | 5,500 | 2.7 | |
| 125,000 | TIME WARNER INC 3.4% 06/15/2022 | 131,415 | 105.13 | 101.959 | 127,449 | 3.40 | 4,250 | 3.3 | |
| 200,000 | CVS 3.5% 07/20/2022 | 205,266 | 102.63 | 101.86 | 203,720 | 3.50 | 7,000 | 3.4 | |
| 200,000 | FORD MOTOR CREDIT CO 4.25% 09/20/2022 | 206,841 | 103.42 | 104.859 | 209,718 | 4.25 | 8,500 | 4.1 | |
| 100,000 | BANK OF AMERICA CORP 3.3% 01/11/2023 | 102,703 | 102.70 | 102.30 | 102,300 | 3.30 | 3,300 | 3.2 | |
| 150,000 | VODAFONE GROUP 2.95% 02/19/2023 | 153,141 | 102.09 | 100.41 | 150,615 | 2.95 | 4,425 | 2.9 | |
| 150,000 | CITIGROUP 3.375% 03/01/2023 | 155,755 | 103.84 | 101.46 | 152,190 | 3.38 | 5,063 | 3.3 | |
| 100,000 | ACE INA HOLDINGS 2.7% 03/13/2023 | 102,779 | 102.78 | 99.343 | 99,343 | 2.70 | 2,700 | 2.7 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|--|---|-----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 150,000 | CARDINAL HEALTH, INC. 3.2% 03/15/2023 | 155,969 | 103.98 | 100.104 | 150,156 | 3.20 | 4,800 | 3.2 | |
| 125,000 | HYATT HOTELS CORP 3.375% 07/15/2023 | 128,050 | 102.44 | 102.183 | 127,729 | 3.38 | 4,219 | 3.3 | |
| 200,000 | CELGENE CORPORATION 4% 08/15/2023 | 207,722 | 103.86 | 105.208 | 210,416 | 4.00 | 8,000 | 3.8 | |
| 175,000 | AMERIPRISE FINANCIAL INC 4% 10/15/2023 | 181,509 | 103.72 | 106.419 | 186,233 | 4.00 | 7,000 | 3.8 | |
| 200,000 | WHIRLPOOL CORP. 4% 03/01/2024 | 209,890 | 104.95 | 105.07 | 210,140 | 4.00 | 8,000 | 3.8 | |
| 175,000 | CSX CORPORATION 3.4% 08/01/2024 | 180,323 | 103.04 | 102.775 | 179,856 | 3.40 | 5,950 | 3.3 | |
| 150,000 | CBS 3.7% 08/15/2024 | 153,948 | 102.63 | 102.898 | 154,347 | 3.70 | 5,550 | 3.6 | |
| | TOTAL CORPORATE/OTHER BONDS | 3,360,316 | | | 3,343,373 | | 108,757 | 3.3 | |
| MUTUAL FUND - FIXED INCOME | | | | | | | | | |
| MUTUAL FUNDS | | | | | | | | | |
| 14,762 | CALVERT INCOME FUND | 240,768 | 16.31 | 16.63 | 245,492 | 0.55 | 8,119 | 3.3 | |
| 1,976 | I SHARES TIPS BOND ETF | 226,804 | 114.78 | 114.08 | 225,422 | 2.37 | 4,675 | 2.1 | |
| | TOTAL MUTUAL FUNDS | 467,572 | | | 470,914 | | 12,794 | 2.7 | |
| MUTUAL FUND - SHORT TERM FIXED INCOME | | | | | | | | | |
| MUTUAL FUNDS | | | | | | | | | |
| 16,448.69 | SHENKMAN SHORT DURATION HIGH INCOME FUND | 163,500 | 9.94 | 10.00 | 164,487 | 0.30 | 5,000 | 3.0 | |
| 3,303 | ISHARES FLOATING RATE BOND ETF | 167,615 | 50.75 | 50.82 | 167,858 | 0.74 | 2,448 | 1.5 | |
| | TOTAL MUTUAL FUNDS | 331,115 | | | 332,345 | | 7,448 | 2.2 | |
| | TOTAL FIXED INCOME SECURITIES | 4,319,337 | | | 4,302,876 | | 131,842 | 3.1 | |
| EQUITIES | | | | | | | | | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------------------------------|-------------------------------|----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| COMMON STOCKS | | | | | | | | | |
| CONSUMER DISCRETIONARY | | | | | | | | | |
| 173 | AMAZON.COM, INC | 145,082 | 838.62 | 1169.47 | 202,318 | 0.00 | 0 | 0.0 | |
| 3,420 | COMCAST CORP NEW CL A | 111,445 | 32.59 | 40.05 | 136,971 | 0.63 | 2,155 | 1.6 | |
| 831 | HOME DEPOT INC | 63,225 | 76.08 | 189.53 | 157,499 | 3.56 | 2,958 | 1.9 | |
| 1,832 | NIKE INC. CL B | 112,281 | 61.29 | 62.55 | 114,592 | 0.80 | 1,466 | 1.3 | |
| 1,784 | STARBUCKS CORP | 46,735 | 26.20 | 57.43 | 102,455 | 1.20 | 2,141 | 2.1 | |
| 908 | ROYAL CARIBBEAN CRUISES, LTD. | 73,467 | 80.91 | 119.28 | 108,306 | 2.40 | 2,179 | 2.0 | |
| | TOTAL CONSUMER DISCRETIONARY | 552,235 | | | 822,141 | | 10,899 | 1.3 | |
| CONSUMER STAPLES | | | | | | | | | |
| 1,820 | CVS HEALTH CORPORATION | 143,906 | 79.07 | 72.50 | 131,950 | 2.00 | 3,640 | 2.8 | |
| 749 | COSTCO WHOLESALE CORP, NEW | 82,184 | 109.73 | 186.12 | 139,404 | 2.00 | 1,498 | 1.1 | |
| 2,159 | MONSTER BEVERAGE CORP | 104,903 | 48.59 | 63.29 | 136,643 | 0.00 | 0 | 0.0 | |
| 1,096 | PROCTER & GAMBLE CO | 73,162 | 66.75 | 91.88 | 100,700 | 2.76 | 3,023 | 3.0 | |
| 1,665 | SYSCO CORP | 86,135 | 51.73 | 60.73 | 101,115 | 1.44 | 2,398 | 2.4 | |
| | TOTAL CONSUMER STAPLES | 490,290 | | | 609,812 | | 10,559 | 1.7 | |
| ENERGY | | | | | | | | | |
| 1,272 | CHEVRON CORP | 131,224 | 103.16 | 125.19 | 159,242 | 4.32 | 5,495 | 3.5 | |
| 2,366 | CONOCOPHILLIPS | 139,569 | 58.99 | 54.89 | 129,870 | 1.06 | 2,508 | 1.9 | |
| 2,899 | HALLIBURTON CO | 116,805 | 40.29 | 48.87 | 141,674 | 0.72 | 2,087 | 1.5 | |
| | TOTAL ENERGY | 387,598 | | | 430,786 | | 10,090 | 2.3 | |
| FINANCIALS | | | | | | | | | |
| 1,239 | ALLSTATE CORP | 80,933 | 65.32 | 104.71 | 129,736 | 1.48 | 1,834 | 1.4 | |
| 7,918 | BANK AMERICA CORP | 120,473 | 15.22 | 29.52 | 233,739 | 0.48 | 3,801 | 1.6 | |
| 281 | BLACKROCK INC. | 103,425 | 368.06 | 513.71 | 144,353 | 10.00 | 2,810 | 1.9 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------------------------------|--------------------------|----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 2,212 | J P MORGAN CHASE & CO | 144,829 | 65.47 | 106.94 | 236,551 | 2.24 | 4,955 | 2.1 | |
| 3,200 | MORGAN STANLEY | 57,113 | 17.85 | 52.47 | 167,904 | 1.00 | 3,200 | 1.9 | |
| 2,115 | CHARLES SCHWAB | 87,581 | 41.41 | 51.37 | 108,648 | 0.32 | 677 | 0.6 | |
| 2,540 | WELLS FARGO & CO | 132,491 | 52.16 | 60.67 | 154,102 | 1.56 | 3,962 | 2.6 | |
| | TOTAL FINANCIALS | 726,845 | | | 1,175,033 | | 21,239 | 1.8 | |
| HEALTH CARE | | | | | | | | | |
| 620 | BECTON DICKINSON CO | 65,169 | 105.11 | 214.06 | 132,717 | 3.00 | 1,860 | 1.4 | |
| 2,191 | BRISTOL MYERS SQUIBB CO. | 128,164 | 58.50 | 61.28 | 134,264 | 1.60 | 3,506 | 2.6 | |
| 1,326 | CELGENE CORPORATION | 78,558 | 59.24 | 104.36 | 138,381 | 0.00 | 0 | 0.0 | |
| 1,218 | DANAHER CORP | 104,431 | 85.74 | 92.82 | 113,055 | 0.56 | 682 | 0.6 | |
| 2,860 | HOLOGIC | 107,930 | 37.74 | 42.75 | 122,265 | 0.00 | 0 | 0.0 | |
| 1,142 | JOHNSON & JOHNSON | 86,485 | 75.73 | 139.72 | 159,560 | 3.36 | 3,837 | 2.4 | |
| 2,410 | MERCK & CO INC. NEW | 102,926 | 42.71 | 56.27 | 135,611 | 1.92 | 4,627 | 3.4 | |
| | TOTAL HEALTH CARE | 673,663 | | | 935,853 | | 14,512 | 1.6 | |
| INDUSTRIALS | | | | | | | | | |
| 832 | CATERPILLAR INC. | 113,169 | 136.02 | 157.58 | 131,107 | 3.12 | 2,596 | 2.0 | |
| 600 | FEDEX CORPORATION | 54,679 | 91.13 | 249.54 | 149,724 | 2.00 | 1,200 | 0.8 | |
| 900 | HONEYWELL INT'L INC. | 62,243 | 69.16 | 153.36 | 138,024 | 2.98 | 2,682 | 1.9 | |
| 2,453 | MASCO CORP | 48,956 | 19.96 | 43.94 | 107,785 | 0.42 | 1,030 | 1.0 | |
| 388 | NORTHROP GRUMMAN | 118,138 | 304.48 | 306.91 | 119,081 | 4.00 | 1,552 | 1.3 | |
| 1,434 | EATON CORP PLC | 116,101 | 80.96 | 79.01 | 113,300 | 2.40 | 3,442 | 3.0 | |
| | TOTAL INDUSTRIALS | 513,286 | | | 759,021 | | 12,502 | 1.6 | |
| INFORMATION TECHNOLOGY | | | | | | | | | |
| 803 | ADOBE SYSTEMS INC. | 87,150 | 108.53 | 175.24 | 140,718 | 0.00 | 0 | 0.0 | |
| 68 | ALPHABET, INC. CL C | 21,381 | 314.43 | 1046.40 | 71,155 | 0.00 | 0 | 0.0 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------|---|-----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 182 | ALPHABET, INC. CL A | 74,057 | 406.91 | 1053.40 | 191,719 | 0.00 | 0 | 0.0 | |
| 1,208 | ANALOG DEVICES | 58,897 | 48.76 | 89.03 | 107,548 | 1.80 | 2,174 | 2.0 | |
| 1,665 | APPLE | 151,495 | 90.99 | 169.23 | 281,768 | 2.52 | 4,196 | 1.5 | |
| 1,075 | FACEBOOK CL A | 108,476 | 100.91 | 176.46 | 189,695 | 0.00 | 0 | 0.0 | |
| 2,232 | PAYPAL HLDGS INC | 76,107 | 34.10 | 73.62 | 164,320 | 0.00 | 0 | 0.0 | |
| 1,552 | SALESFORCE.COM | 85,585 | 55.15 | 102.23 | 158,661 | 0.00 | 0 | 0.0 | |
| 1,465 | VISA, INC | 47,316 | 32.30 | 114.02 | 167,039 | 0.78 | 1,143 | 0.7 | |
| | TOTAL INFORMATION TECHNOLOGY | 710,464 | | | 1,472,623 | | 7,513 | 0.5 | |
| | MATERIALS | | | | | | | | |
| 1,923 | DOWDUPONT INC. | 99,834 | 51.92 | 71.22 | 136,956 | 1.52 | 2,923 | 2.1 | |
| 787 | P P G INDUSTRIES | 81,559 | 103.63 | 116.82 | 91,937 | 1.80 | 1,417 | 1.5 | |
| | TOTAL MATERIALS | 181,393 | | | 228,893 | | 4,340 | 1.9 | |
| | TELECOMMUNICATION SERVICES | | | | | | | | |
| 3,173 | VERIZON COMMUNICATIONS INC | 127,674 | 40.24 | 52.93 | 167,947 | 2.36 | 7,488 | 4.5 | |
| | UTILITIES | | | | | | | | |
| 434 | NEXTERA ENERGY INC | 61,508 | 141.72 | 156.19 | 67,786 | 3.93 | 1,706 | 2.5 | |
| 2,378 | XCEL ENERGY, INC. | 62,927 | 26.46 | 48.11 | 114,406 | 1.44 | 3,424 | 3.0 | |
| | TOTAL UTILITIES | 124,435 | | | 182,192 | | 5,130 | 2.8 | |
| | TOTAL COMMON STOCKS | 4,487,883 | | | 6,784,301 | | 104,272 | 1.5 | |
| | MUTUAL FUND - LARGE CAP EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 701 | SPDR S&P 500 ETF TRUST | 159,036 | 226.87 | 266.86 | 187,069 | 4.80 | 3,366 | 1.8 | |
| 2,241 | SPDR HEALTH CARE SELECT SPDR ETF | 159,089 | 70.99 | 82.68 | 185,286 | 1.22 | 2,727 | 1.5 | |
| 6,792 | SPDR FINANCIAL INDEX | 159,190 | 23.44 | 27.91 | 189,565 | 0.41 | 2,798 | 1.5 | |
| 2,521 | SPDR INDUSTRIAL SELECT | 159,302 | 63.19 | 75.67 | 190,764 | 1.34 | 3,373 | 1.8 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-----------|--|-------------------|-----------|---------------|-------------------|----------|-----------------|------------|---------|
| 3,208 | SPDR TECHNOLOGY IDX | 123,262 | 38.42 | 63.95 | 205,152 | 0.88 | 2,810 | 1.4 | |
| | TOTAL MUTUAL FUNDS | 759,879 | | | 957,836 | | 15,074 | 1.6 | |
| | MUTUAL FUND - INTERNATIONAL EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 13,440.86 | CALVERT INTERNATIONAL OPPORTUNITIES FUND | 175,000 | 13.02 | 18.15 | 243,952 | 0.33 | 4,435 | 1.8 | |
| 4,508 | I SHARES I SHARES EMU INDEX FUND | 165,157 | 36.64 | 43.38 | 195,557 | 0.83 | 3,737 | 1.9 | |
| 2,747 | WISDOM TREE EUROPE HEDGED EQUITY | 137,381 | 50.01 | 63.71 | 175,011 | 1.45 | 3,972 | 2.3 | |
| | TOTAL MUTUAL FUNDS | 477,538 | | | 614,520 | | 12,144 | 2.0 | |
| | MUTUAL FUND-SMALL AND MID CAP EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 2,396 | I SHARES RUSSELL MIDCAP GROWTH | 236,123 | 98.55 | 120.64 | 289,053 | 0.94 | 2,257 | 0.8 | |
| 2,009 | I SHARES RUSSELL 2000 VALUE INDEX FUND | 238,768 | 118.85 | 125.75 | 252,632 | 2.24 | 4,492 | 1.8 | |
| | TOTAL MUTUAL FUNDS | 474,891 | | | 541,685 | | 6,749 | 1.2 | |
| | MUTUAL FUND - INTERNATIONAL EMERGING MKTS | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 2,280 | I SHARES MSCI RUSSIA ETF | 77,305 | 33.91 | 33.52 | 76,426 | 1.25 | 2,843 | 3.7 | |
| 4,887 | SPDR MSCI ACWI EX-US ETF | 159,365 | 32.61 | 39.00 | 190,593 | 0.89 | 4,364 | 2.3 | |
| 4,256 | VANGUARD EMERGING MARKETS ETF | 157,046 | 36.90 | 45.91 | 195,393 | 1.06 | 4,503 | 2.3 | |
| | TOTAL MUTUAL FUNDS | 393,716 | | | 462,412 | | 11,710 | 2.5 | |
| | TOTAL EQUITIES | 6,593,907 | | | 9,360,754 | | 149,949 | 1.6 | |
| | TOTAL FUND | 11,597,584 | | | 14,347,970 | | 287,060 | 2.0 | |

Investment Review

Account Name SALEM STATE

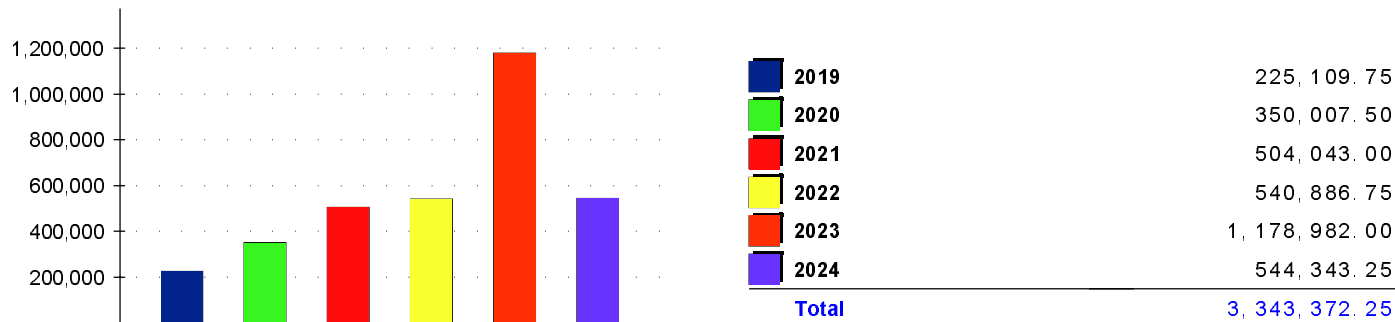
Account Number 2427524
 Assets Held As Of DEC 31, 2017
 Valued As Of DEC 31, 2017

SCHEDULE OF INCOME INVESTMENTS

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | PLG YIELD | PLG COD |
|-------|-------------|----------|-----------|---------------|--------------|----------|-----------------|-----------|---------|
| | INCOME CASH | 0 | | | 0 | | 0.0 | | |

MATURITY SCHEDULE

Maturities by Year



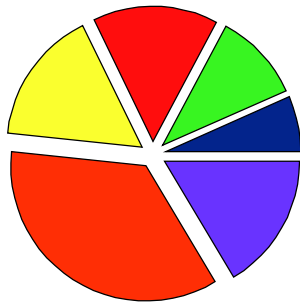
Investment Review

Account Name SALEM STATE

Account Number 2427524
 Assets Held As Of DEC 31, 2017
 Valued As Of DEC 31, 2017

MATURITY SCHEDULE

Percent at Market by Year



| | | |
|--------|--------------|---------------------|
| 6.7% | 2019 | 225,109.75 |
| 10.5% | 2020 | 350,007.50 |
| 15.1% | 2021 | 504,043.00 |
| 16.2% | 2022 | 540,886.75 |
| 35.2% | 2023 | 1,178,982.00 |
| 16.3% | 2024 | 544,343.25 |
| 100.0% | Total | 3,343,372.25 |

| Maturing : | Federal Tax Cost | Current Market Value | Face Value | % at Market |
|---------------------|---------------------|----------------------|---------------------|---------------|
| 2017 | | | | |
| 2018 | | | | |
| 2019 | 225,573.81 | 225,109.75 | 225,000.00 | 6.73 |
| 2020 | 355,639.97 | 350,007.50 | 350,000.00 | 10.47 |
| 2021 | 503,791.18 | 504,043.00 | 500,000.00 | 15.08 |
| 2022 | 543,522.56 | 540,886.75 | 525,000.00 | 16.18 |
| 2023 | 1,187,628.39 | 1,178,982.00 | 1,150,000.00 | 35.26 |
| 2024 | 544,160.41 | 544,343.25 | 525,000.00 | 16.28 |
| 2025 | | | | |
| 2026 | | | | |
| TEN TO TWENTY YEARS | | | | |
| OVER TWENTY YEARS | | | | |
| TOTAL | 3,360,316.32 | 3,343,372.25 | 3,275,000.00 | 100.00 |

MATURING NEXT 365 DAYS

Information may be a combination of maturity and prerefunded dates

FY17 Financial Results and Condition

Purpose of this agenda topic – In the October meeting when the FY17 audit was presented, the discussion related predominantly to audit results, compliance matters and the like. The discussion was with the Risk Management and Audit Committee of the board; the timing of distribution of the audit was not ideal for advance reflection. It is appropriate for the Finance and Facilities Committee to have the opportunity to review the university's results and trends at fiscal yearend date, thus selected ratio trends for the university are presented along with the final audited Financial Statements and Management's Discussion and Analysis June 30, 2017.



Salem State University

Ratio Calculations & Other Measurements

January 2018

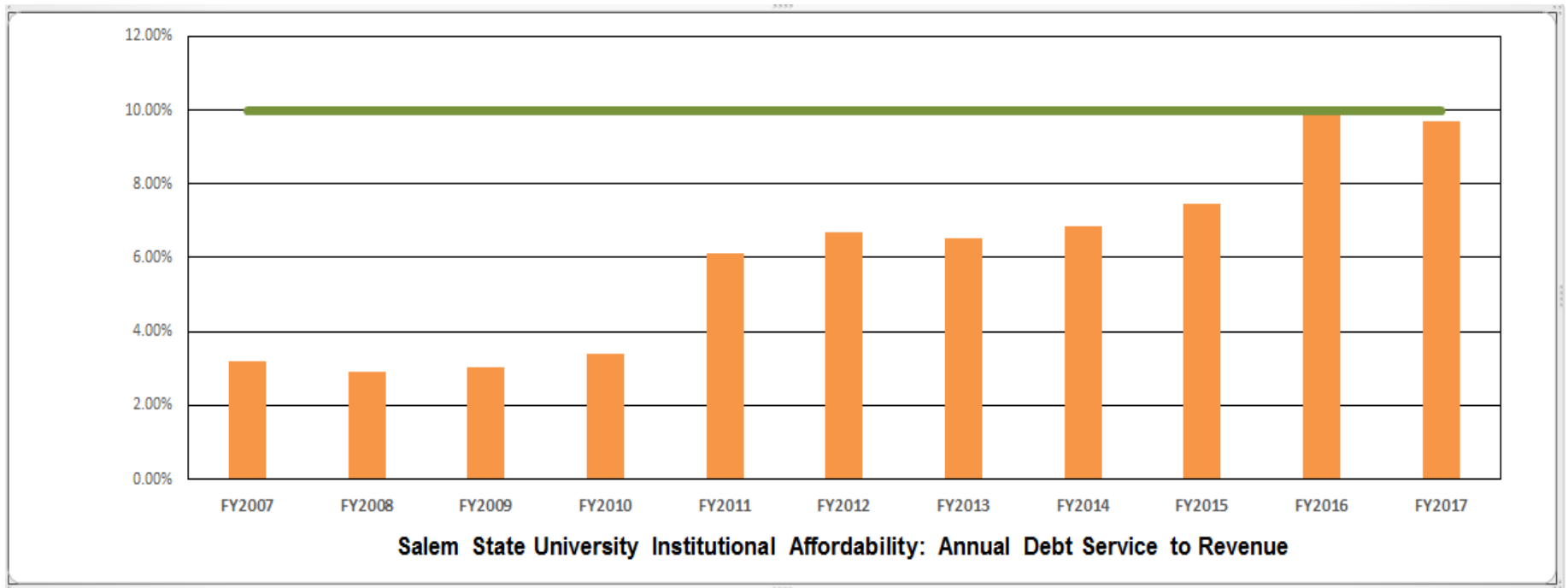
Introduction

- ❑ Calculations were prepared by PFM from FY2011 through FY2016. Salem State University prepared the calculations prior to FY2011 and for FY2017 based on audited figures.
- ❑ Calculations do not include the Foundation or Assistance Corporation units of Salem State University.
- ❑ Calculations are based on Moody's scorecard methodology.
- ❑ Calculations include all debt that is owed for both on and off (MSCBA) the University's books.
- ❑ Calculations that require operating revenues include appropriations which is in accordance with Moody's. Whereas, the University's operating revenues as disclosed in our financial statements exclude appropriations from operating revenues in accordance with Governmental Accounting Standards.

Annual Debt Service Burden (Debt Service to Revenue)

Measures the University's ability to repay its debt obligations from operating revenue. Calculated as Total Annual Debt Service divided by Total Operating Revenue. As a general guideline, this ratio should be no higher than 10%.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Annual Debt Service: Total | \$ 3,566,935 | \$ 3,524,053 | \$ 3,588,400 | \$ 4,054,113 | \$ 8,484,165 | \$ 8,974,656 | \$ 8,975,468 | \$ 9,900,620 | \$ 11,408,212 | \$ 15,936,951 | \$ 16,393,677 |
| Total Operating Revenue | \$ 112,321,869 | \$ 121,180,082 | \$ 118,083,680 | \$ 119,452,676 | \$ 138,594,588 | \$ 134,442,702 | \$ 137,672,616 | \$ 144,253,046 | \$ 152,503,412 | \$ 160,621,207 | \$ 169,062,145 |
| Debt Service to Reven | 3.18% | 2.91% | 3.04% | 3.39% | 6.12% | 6.68% | 6.52% | 6.86% | 7.48% | 9.92% | 9.70% |

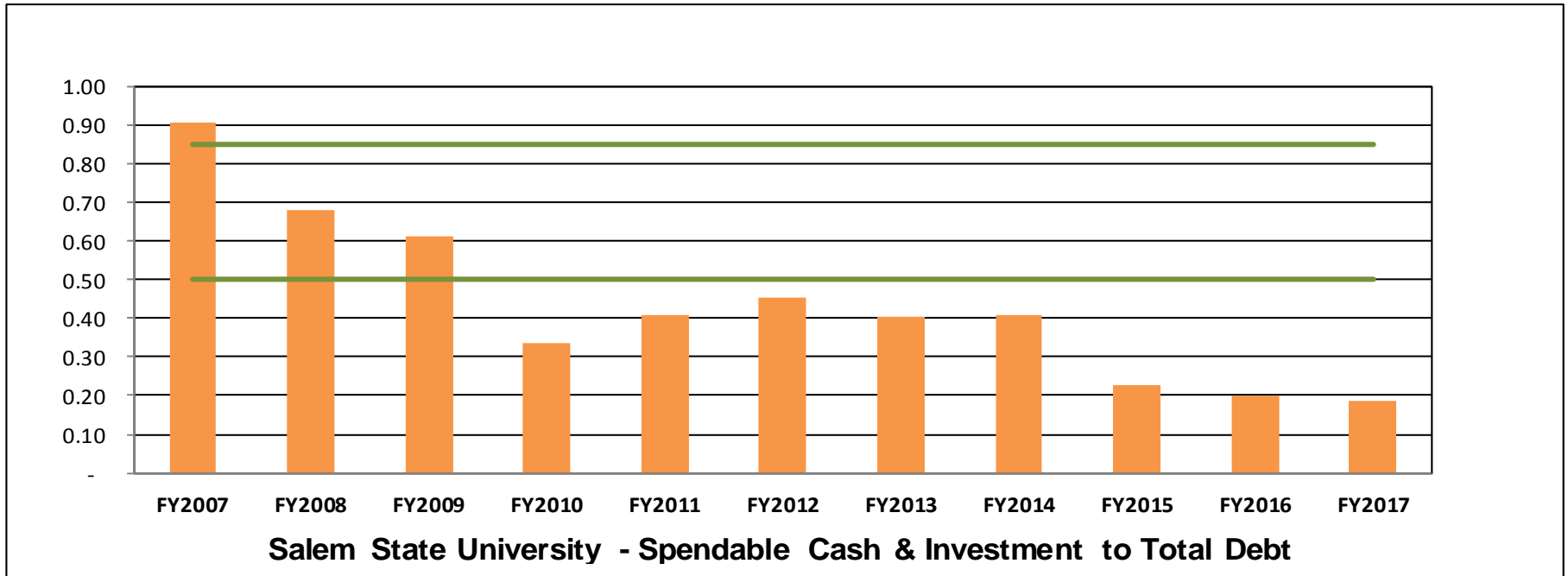


Note: Prior calculations of this measurement have been restated due to the prepayment of principal. These principal payments made in advance were in order to avoid a balloon payment that was due in the near future.

Spendable Cash & Investments to Total Debt

Measures the University's ability to repay its debt obligations from wealth that can be accessed over time or for a specific purpose. Calculated as cash and investments plus funds held in trust by others plus pledges receivable reported in permanently restricted net assets less funds permanently restricted by third parties (permanently restricted net assets) divided by total debt (principal) outstanding. This ratio should range between 0.50x and 0.85x as depicted by the green lines in the graph below.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Spendable Cash & Investments | \$ 65,271,718 | \$ 48,561,298 | \$ 43,290,532 | \$ 47,081,014 | \$ 58,757,295 | \$ 71,293,218 | \$ 62,171,400 | \$ 70,851,338 | \$ 57,020,184 | \$ 48,831,409 | \$ 44,860,975 |
| Total Debt Outstanding (Total Debt) | \$ 71,860,965 | \$ 71,408,650 | \$ 70,696,391 | \$ 139,514,233 | \$ 143,059,239 | \$ 156,832,951 | \$ 154,290,929 | \$ 173,292,405 | \$ 248,762,940 | \$ 244,277,530 | \$ 242,184,323 |
| Spendable Cash & Investments to Total Debt | 0.91 | 0.68 | 0.61 | 0.34 | 0.41 | 0.45 | 0.40 | 0.41 | 0.23 | 0.20 | 0.19 |

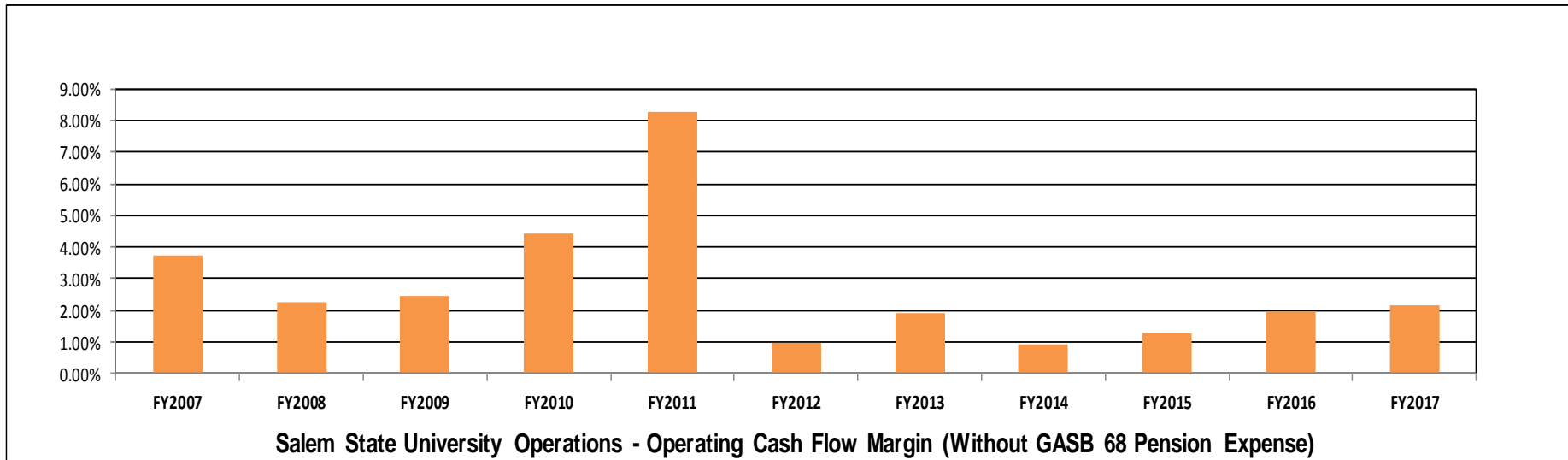


Note: Prior calculations of this measurement have been restated to exclude federal loans payable.

Operating Cash Flow Margin

Measures net income (before non-cash expenses) relative to operating revenue to indicate the amount of cash the University generates to support its strategic and capital investments. Calculated as operating revenue less operating expenses plus depreciation, and any additional, unusually large non-cash expenses (GASB 68 Pension Expense), divided by operating revenue. This ratio should show an improving, positive trend over the course of multi-year period.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Cash Flow | \$ 4,212,669 | \$ 2,746,754 | \$ 2,912,792 | \$ 5,317,622 | \$ 11,448,244 | \$ 1,312,231 | \$ 2,614,998 | \$ 1,359,426 | \$ 1,920,987 | \$ 3,162,927 | \$ 3,658,794 |
| Operating Revenue | \$ 112,321,869 | \$ 121,180,082 | \$ 118,083,680 | \$ 119,452,676 | \$ 138,594,588 | \$ 134,442,702 | \$ 137,672,616 | \$ 144,253,046 | \$ 152,503,412 | \$ 160,621,207 | \$ 169,062,145 |
| Operating Cash Flow Margin without GASB 68 | 3.75% | 2.27% | 2.47% | 4.45% | 8.26% | 0.98% | 1.90% | 0.94% | 1.26% | 1.97% | 2.16% |

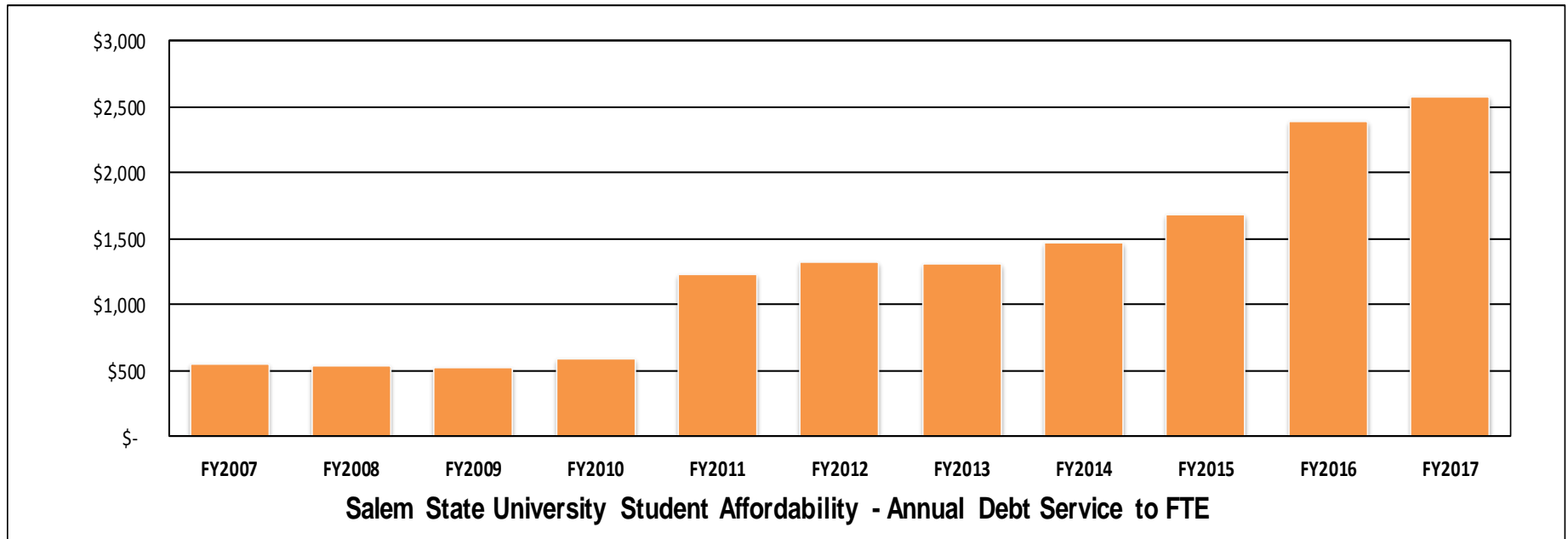


Note: The increases in FY2010 and FY2011 are primarily due to additional revenue from ARRA funding under a federal stimulus plan (\$3.9 million in FY2010 and \$7.4 million in FY2011). Additionally, during FY2011 the opening of Marsh Hall for the first time added 525 beds to the campus (\$4.2 million) and there was an increase in Appropriations (\$4.6 million) for FY2011.

Annual Debt Service to Full Time Equivalent (FTE) Undergraduate Enrollment

Measures the effective amount of the University's debt obligations that each undergraduate student is effectively covering in any given year. Calculated as Annual Debt Service divided by Undergraduate FTE.

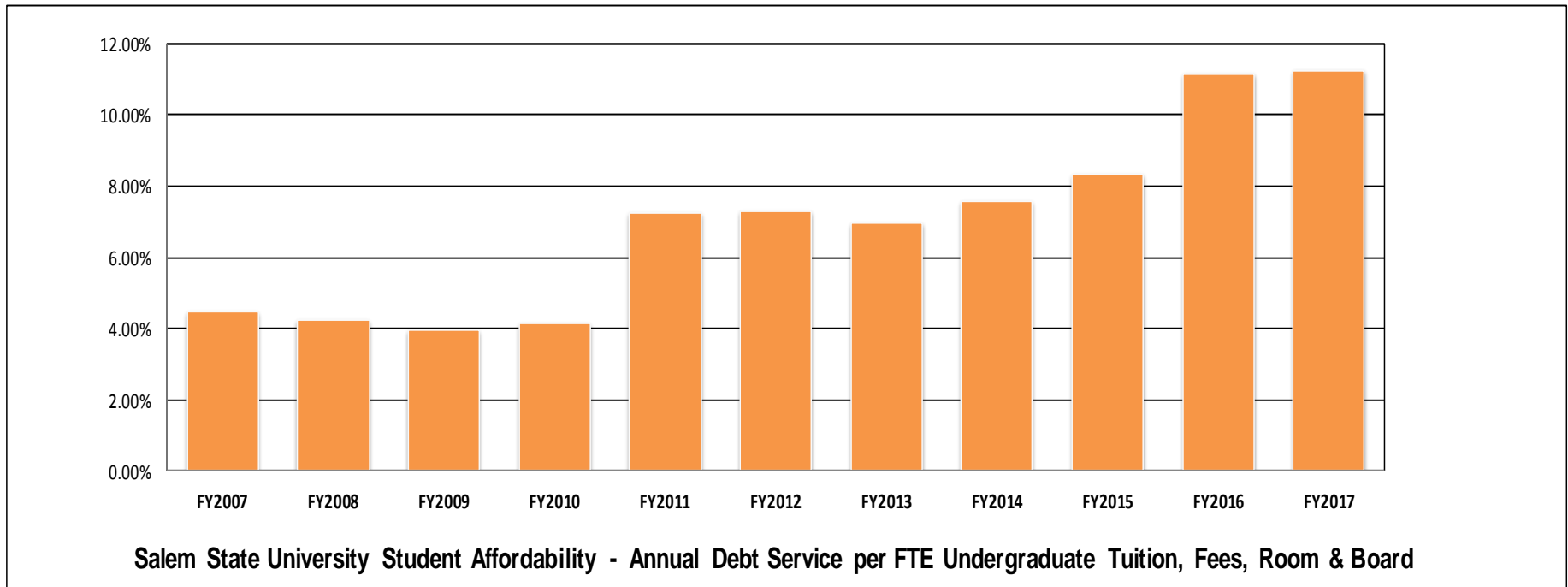
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Annual Debt Service (Total Debt) | \$ 3,566,935 | \$ 3,524,053 | \$ 3,588,400 | \$ 4,054,113 | \$ 8,484,165 | \$ 8,974,656 | \$ 8,975,468 | \$ 9,900,620 | \$11,408,212 | \$ 15,936,951 | \$ 16,393,677 |
| Annual FTE Undergraduate Enrollment | 6,528 | 6,561 | 6,797 | 6,887 | 6,865 | 6,773 | 6,870 | 6,753 | 6,757 | 6,674 | 6,358 |
| Debt Service per FTE Undergraduate | \$ 546 | \$ 537 | \$ 528 | \$ 589 | \$ 1,236 | \$ 1,325 | \$ 1,306 | \$ 1,466 | \$ 1,688 | \$ 2,388 | \$ 2,578 |



Annual Debt Service per FTE as related to Undergraduate Tuition & Fees

Measures the proportion of the annual debt service as a percentage of Undergraduate student rates.

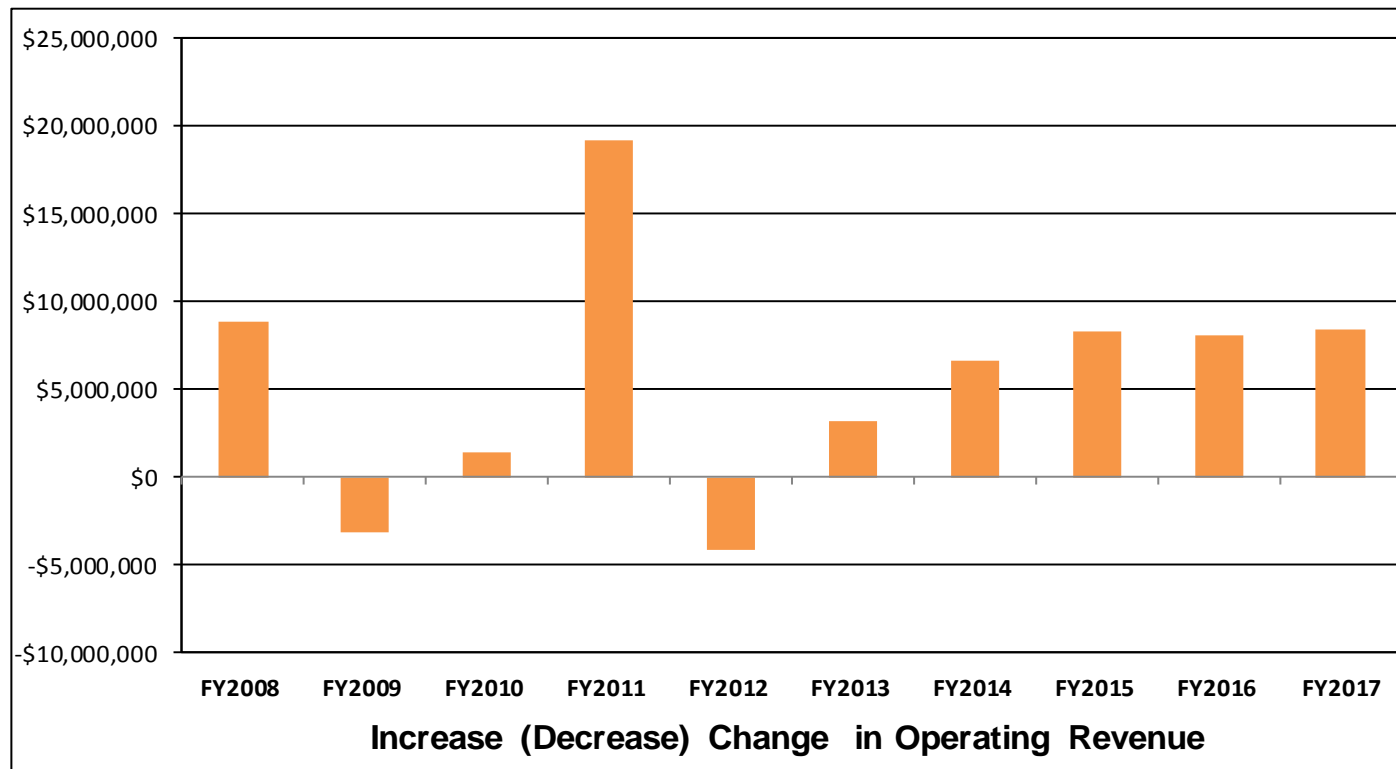
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Annual Debt Service per FTE Undergrad (Total Debt) | \$ 546 | \$ 537 | \$ 528 | \$ 589 | \$ 1,236 | \$ 1,325 | \$ 1,306 | \$ 1,466 | \$ 1,688 | \$ 2,388 | \$ 2,578 |
| Tuition + Mandatory Fees + Average Housing + Meal Rates | \$ 12,193 | \$ 12,571 | \$ 13,328 | \$ 14,220 | \$ 17,014 | \$ 18,116 | \$ 18,804 | \$ 19,294 | \$ 20,252 | \$ 21,391 | \$ 22,936 |
| Annual Debt Service per FTE Undergraduate | 4.48% | 4.27% | 3.96% | 4.14% | 7.26% | 7.31% | 6.95% | 7.60% | 8.34% | 11.16% | 11.24% |



Change in Operating Revenue

The increase or decrease in operating revenues from the prior year is depicted below.

| | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|--------------|----------------|--------------|---------------|----------------|--------------|--------------|--------------|--------------|--------------|
| Change in Operating Revenue from Prior Year | \$ 8,858,213 | \$ (3,096,402) | \$ 1,368,996 | \$ 19,141,912 | \$ (4,151,886) | \$ 3,229,914 | \$ 6,580,430 | \$ 8,250,366 | \$ 8,117,795 | \$ 8,440,938 |

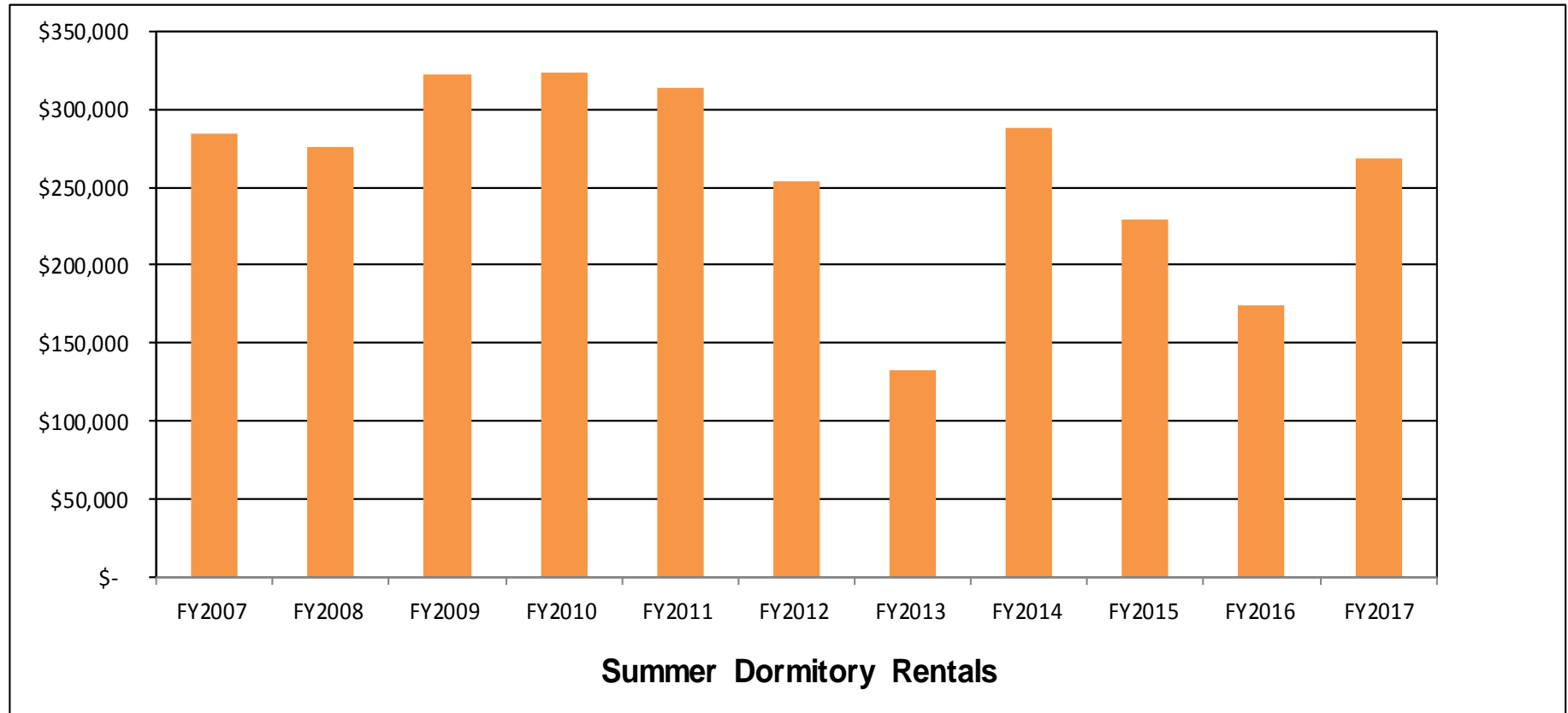


Note: The significant amount of operating revenue change from FY 2011 to FY 2012 of \$19.1 million is primarily due to ARRA funding under a federal stimulus plan (\$5.5 million) and the opening of Marsh Hall for the first time that added 525 beds to the campus (\$4.2 million).

Summer Dormitory Rental Revenue

The following information summarizes the summer dormitory rental revenue by year.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Summer Dormitory Rental | \$284,398 | \$275,831 | \$321,793 | \$323,515 | \$313,385 | \$253,911 | \$132,698 | \$287,951 | \$229,160 | \$173,607 | \$269,019 |



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2017

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Financial Statements

June 30, 2017 and 2016

TABLE OF CONTENTS

| | |
|--|-------|
| Independent Auditors' Report | 1-3 |
| Management's Discussion and Analysis (Unaudited) | 4-21 |
| Financial Statements: | |
| Statements of Net Position | 22 |
| Statements of Revenues, Expenses | 23 |
| Statements of Changes in Net Position | 24 |
| Statements of Cash Flows | 25-26 |
| Combining Statements of Net Position of Major Component Units | 27 |
| Combining Statements of Revenues and Expenses of Major Component Units | 28 |
| Notes to the Financial Statements: | |
| Note 1- Summary of Significant Accounting Policies | 29-39 |
| Note 2- Cash and Cash Equivalents and Deposits | 39-41 |
| Note 3- Cash Held by State Treasurer | 41 |
| Note 4- Investments | 42-46 |
| Note 5- Accounts, Grants and Other Receivables | 47 |
| Note 6- Pledges Receivable and Notes Receivable | 47-48 |
| Note 7- Loans Receivable and Payable | 48-49 |
| Note 8- Capital Assets | 50-53 |
| Note 9- Accounts Payable and Accrued Expenses | 54 |
| Note 10- Unearned Revenue | 54 |
| Note 11- Long- Term Liabilities | 55-62 |
| Note 12- Pensions | 62-68 |
| Note 13- Deferred Inflows of Resources | 69 |
| Note 14- Rental Income | 69 |

| | |
|--|-------|
| Note 15- Operating Lease Commitments | 70 |
| Note 16- Restricted Net Position | 70 |
| Note 17- Commitments and Contingencies | 71 |
| Note 18- Operating Expenses | 72 |
| Note 19- Fringe Benefit Program | 72-74 |
| Note 20- Massachusetts Management Accounting Reporting Reporting System (“MMARS”) | 74-75 |
| Note 21- Pass-Through Student Federal Loans | 75 |
| Note 22- Massachusetts State College Building Authority (“MSCBA”) | 76 |
| Required Supplementary Information: | |
| Schedules of Proportionate Share of Net Pension Liability (Unaudited) | 77 |
| Schedules of Contributions (Unaudited) | 78 |
| Notes to the Required Supplementary Information (Unaudited) | 79 |
| Supplementary Information: | |
| Schedules of Net Position – Dormitory Trust Fund Report (Unaudited) | 80 |
| Schedules of Revenues, Expenses, and Changes in Net Position – Dormitory Trust Fund Report (Unaudited) | 81 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 82-83 |



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Salem State University (an agency of the Commonwealth of Massachusetts, the "Commonwealth") (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We also audited the financial statements of Salem State University Foundation, Inc. (the "Foundation") and Salem State University Assistance Corporation (the "Assistance Corp.") as of June 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2017, and the changes in net position and cash flows, and combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Financial Statements as of June 30, 2016

The financial statements of Salem State University as of June 30, 2016 were audited by other auditors whose report dated November 16, 2016 expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 -21, the schedules of proportionate share of net pension liability on page 77, the schedules of contributions on page 78 and the notes to the required supplementary information on page 79 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 operational, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2017 financial statements that collectively comprise the University's basic financial statements. The Schedules of Net Position-Dormitory Trust Fund Report and Schedules of Revenues, Expenses and Changes in Net Position-Dormitory Trust Fund Report on pages 80-81 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These reports are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The dormitory trust funds report information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

O'Connor and Duen, P.C.

Certified Public Accountants
Braintree, Massachusetts
October 11, 2017

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

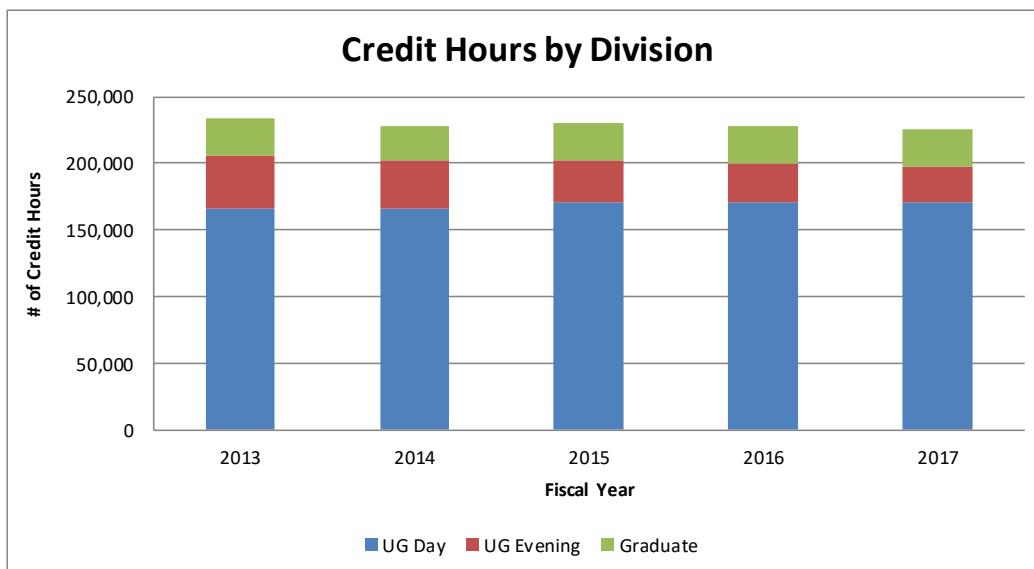
Management's Discussion and Analysis (Unaudited)

Introduction

Salem State University (the "University") offers readers this narrative overview and analysis of the financial statements and activities of the University for fiscal years ended June 30, 2017 and 2016. Readers are encouraged to consider the information presented here in conjunction with the financial statements and related footnotes. In accordance with Governmental Accounting Standards Board ("GASB") requirements, the University financial statements report the Salem State University Assistance Corporation ("Assistance Corporation") and Salem State University Foundation, Inc. ("Foundation") as component units.

Background

The University was founded in 1854 as the Salem Normal School, at which time it offered innovative, ground-breaking education for women pursuing careers in education. Today, the University thrives as a comprehensive institution of academic strength offering high quality, balanced education at the undergraduate and graduate levels. The 115 acre University is spread across six sites: North Campus, Central Campus, South Campus, School of Social Work & International Programs, Cat Cove and the O'Keefe Athletic Complex. The curriculum spans the arts, sciences and professional programs, contained within the College of Arts and Sciences, the Bertolon School of Business, the Maguire Meservey College of Health and Human Services, the School of Education, the School of Graduate Studies, and the School of Continuing and Professional Studies.. The undergraduate level has approximately 6,358 and the graduate level has approximately 878 Fall Full-Time Equivalent ("FTE") credit enrollment. The total credit hours by division for the past five years has been fairly stable as shown below:



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

University students are diverse, hailing from 28 states and 63 countries. Thirty-six percent of first year students (freshman and transfer) self-identified as students of color (fall semester 2016). The approximate gender breakdown is 36% male and 64% female.

In support of the University, there are two component units. The Assistance Corporation, formed in 1995 by the legislature, promotes the orderly growth and development of the University. The Foundation, a separate 501(c)(3) corporation is the primary recipient of endowments, alumni funds and various other donations made to benefit the University.

The University's mission and vision statements provide direction in the quest to provide the best education possible for its diverse student body and are as follows:

University Mission

Salem State's mission is to provide a high quality, student-centered education that prepares a diverse community of learners to contribute responsibly and creatively to a global society, and serve as a resource to advance the region's cultural, social and economic development.

University Vision

Salem State University will be a premier teaching university that engages students in an inspiring transformational educational experience:

- We put students first in all that we do and are committed to their success;
- We are a community of learners where all faculty, staff and students have the opportunity to grow as individuals;
- We are innovators, offering a unique brand of public higher education that inspires students to reach higher and achieve more;
- We remain true to our heritage as a liberal arts university while we prepare students for today's workforce;
- We serve the communities of the North Shore while we create an ever more globally aware and culturally diverse campus environment;

The mission and vision statements guide decisions by University management on campus and help to create an environment of student success and inclusive excellence. Civic engagement and community service form a large part of the Salem State University culture. Thousands of volunteer hours and resources benefit various groups such as Citizens for Adequate Housing, Beverly Historical Society, LifeBridge Homeless Shelter Kitchen, American Cancer Society, Haven for Hunger, North Shore ARC, Operation Troop Support and Horizons for Homeless Children.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management’s Discussion and Analysis - Continued
(Unaudited)

Accreditations

The University is accredited by the New England Association of Schools and Colleges (“NEASC”) and the next comprehensive review will occur in Spring 2021. In addition, many of the University’s programs are accredited by program-specific accrediting bodies.

Significant Events and Accomplishments

Comprehensive Capital Campaign

The 10,000 Reasons Campaign for Salem State University concluded on December 31, 2016 to great success with \$26.5 million raised against the goal of \$25 million. Forty-nine new scholarships have been created and funded by this campaign. Campaign priorities included Academic Programs, Faculty, Student Experience, Financial Assistance, Annual Support and Special Initiatives.

Leadership Change

Upon the conclusion of the comprehensive capital campaign, President Patricia Maguire Meservey announced her intention to retire in summer 2017. The Board of Trustees launched a nation-wide presidential search, which culminated in the appointment of John D. Keenan, JD, as the university’s 14th president effective August 7, 2017.

Planning Initiatives

The university began a strategic planning effort during FY17, developed a first-ever multi-year financial plan, and undertook a North Campus Precinct study. These efforts will guide the new president and the university in the years ahead.

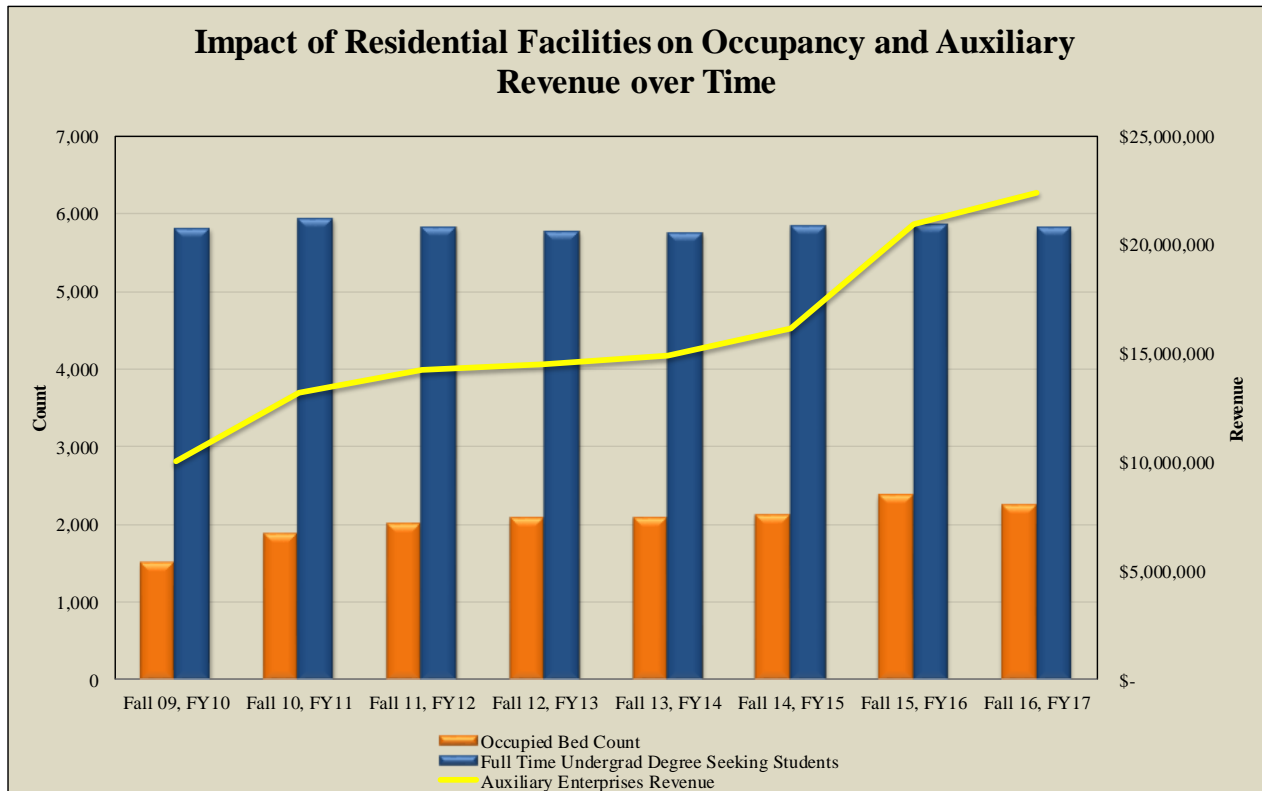
Focus on Inclusive Excellence

The university seeks to be an open, welcoming, and respectful community. In FY2017, a vice president was recruited and charged with leading efforts to create a university-wide diversity plan. She has begun to partner with members of the university and external communities on issues of diversity, inclusion, and social justice. This work is occurring under the Association of American Colleges & Universities’ framework of Inclusive Excellence in support of access, student success, and high-quality learning. A Campus Climate survey was undertaken during FY2017.

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Management’s Discussion and Analysis - Continued
(Unaudited)

The University has intentionally grown its housing capacity to aid in enrollment management and student success, working toward a goal of housing 50% of undergraduate students on campus. The chart below shows the relationship between undergraduate student enrollment, residential hall occupancy, and auxiliary revenues over the last eight years.



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Capital Projects

Sophia Gordon Center for Creative and Performing Arts

(Formerly known as the Main Stage Theatre Conversion Project)

During August 2014, construction commenced under the project management of the Division of Capital Asset Management and Maintenance (DCAMM) for the renovation of the Mainstage to become the Sophia Gordon Center for Creative and Performing Arts. Located on the North Campus, the project was completed during FY 2017 with a total cost of \$27.0 million. In April 2017, the state-of-the-art theatre held a grand opening with The Drowsy Chaperone, in a series of performances for the community, for donors, and for students, faculty, and staff. For the project, approximately \$13.3 million was funded by the University from the issuance of an MSCBA bond during January 2014, and additional cash funds of \$5.2 million was contributed by donors and the University in addition to capitalized interest of \$1.9 million recorded since FY 2015. DCAMM has funded \$6.6 million in capital grant funds as of June 30, 2017.

Clean Energy Investment Program (CEIP) - Phase III

During March 2016, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project - Phase III (the "project"). The project's goal is a comprehensive energy and water saving performance contract which includes ice rink renovations, lighting upgrades, and HVAC upgrades. Work was completed on this project during FY 2017. The total project cost amounted to \$5.5 million, of which the University will be responsible for \$2.8 million in bond debt.

Property Acquisition – Garage Bond

MSCBA held excess bond proceeds on behalf of the University for future real estate acquisitions. The Assistance Corporation is the legal entity that holds title to certain properties on behalf of the University. A portion of these bond proceeds were used during June 2017 for property acquisitions on behalf of the Assistance Corporation. As the liability is held by the University and the asset is held by the Assistance Corporation, these transactions were accounted for as a contribution (non-operating expense) of the University in these financial statements and are reflected in the Assistance Corporation's financial statements as an offsetting revenue.

North Campus Precinct Study

In conjunction with the Massachusetts State College Building Authority, the university undertook a study of the north campus to ensure that future facilities projects there would best support the university's mission. A goal of the North Campus Precinct study is to determine how to facilitate the relocation and consolidation of academic programs currently housed on south campus onto north campus. In partnership with the City of Salem, the university hopes to re-site the elementary school program currently housed in and known as the Horace Mann Elementary School to the academic building on south campus while relocating university academic programs to the north campus. Individual projects to be completed under the auspices of the precinct study will undergo the usual review, study, funding, and authorization processes prior to their inception.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

GASB No. 68 - Accounting and Financial Reporting for Pensions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, established standards for how governmental employers (and other entities) that contribute to state and local pension plans report liabilities and plan details on their financial statements. GASB 68 and its required disclosures were mandated to be implemented by the Commonwealth in its fiscal year 2015 financial reports. The table below shows the financial statement impact of GASB 68 in fiscal years 2017 and 2016:

| | FY 2017 | FY 2016 |
|--|-----------------------|----------------|
| | <i>(In Thousands)</i> | |
| Statement of Net Position (Balance Sheet) | | |
| Deferred Outflows (like an Asset) | \$ 19,627 | \$ 19,078 |
| Net pension liability (Non-Current Liability) | 46,974 | 44,297 |
| Deferred Inflows (like a Liability) | 3,891 | 1,308 |
| Net position | (31,238) | (26,527) |
| One-year Change | (4,711) | (4,368) |
| Statement of Revenues, Expenses & Changes in Net Position | | |
| Pension Expense (allocated in Operating Expense Categories)* | \$ 4,711 | \$ 4,368 |

* This pension expense amount is related solely to the GASB 68 adjustment

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

State Universities are required to record in their financial statements a proportionate amount of the State's net pension liability, recorded only on the Commonwealth's financial statements prior to FY2015. The recording of this pension liability on the financial statements of the University reduced the unrestricted net position as follows:

| Unrestricted Net Position Effected by GASB 68 | | | |
|--|----------------------------|-------------------------------|-------------------------|
| <i>(In Thousands)</i> | | | |
| | Without Pension | Pension Adjustment | With Pension |
| Unrestricted Net Position at June 30, 2015 | \$ 7,525 | \$ (22,159) | \$ (14,634) |
| Unrestricted net increase (decrease) for FY 2016 | 2,213 | (4,368) | (2,155) |
| Unrestricted Net Position at June 30, 2016 | 9,738 | (26,527) | (16,789) |
| Unrestricted net increase (decrease) for FY 2017 | (4,920) | (4,711) | (9,631) |
| Unrestricted Net Position at June 30, 2017 | \$ 4,818 | \$ (31,238) | \$ (26,420) |

The total net pension liability balance in the June 30, 2017 and 2016 financial statements amounted to approximately \$47.0 million and \$44.3 million, respectively.

Overview of University Financial Statements

Salem State University reports its activity as a business-type activity under GASB using the economic resources measurement focus and full accrual basis of accounting. The University is an agency of the Commonwealth of Massachusetts. Therefore, the results of the University's operations and non-operating activities, its net position and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements on an annual basis.

The financial statements, accompanying notes and supplemental information are presented separately from this discussion and analysis and will provide details not included in the below discussion.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Statement of Net Position Summary & Analysis

The Statement of Net Position presents information on the University's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the residual balance being reported as net position. The University's total net position for fiscal year 2017 declined by \$0.3 million or 0.3%. A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2017, 2016 and 2015 is as follows:

| <u>Assets</u> | <i>(In Thousands)</i> | | |
|--|-----------------------|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Current Assets | \$ 39,909 | \$ 46,113 | \$ 56,729 |
| Capital Assets (net) | 172,648 | 163,705 | 155,388 |
| Noncurrent Assets | <u>3,956</u> | <u>3,815</u> | <u>3,936</u> |
| Total Assets | <u>216,513</u> | <u>213,633</u> | <u>216,053</u> |
| Deferred Outflows of Resources | <u>19,627</u> | <u>19,078</u> | <u>4,231</u> |
| Total Assets and Deferred Outflows | <u>\$ 236,140</u> | <u>\$ 232,711</u> | <u>\$ 220,284</u> |
| | | | |
| <u>Liabilities</u> | | | |
| Current Liabilities | \$ 23,685 | \$ 26,552 | \$ 25,390 |
| Noncurrent Liabilities | <u>96,903</u> | <u>92,453</u> | <u>70,819</u> |
| Total Liabilities | <u>120,588</u> | <u>119,005</u> | <u>96,209</u> |
| Deferred Inflows of Resources | <u>4,888</u> | <u>2,726</u> | <u>5,170</u> |
| | | | |
| <u>Net Position</u> | | | |
| Net investment in capital assets | 131,099 | 122,165 | 128,378 |
| Restricted | 5,985 | 5,604 | 5,161 |
| Unrestricted | <u>(26,420)</u> | <u>(16,789)</u> | <u>(14,634)</u> |
| Total Net Position | <u>110,664</u> | <u>110,980</u> | <u>118,905</u> |
| | | | |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 236,140</u> | <u>\$ 232,711</u> | <u>\$ 220,284</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Total assets increased in FY 2017 by \$2.9 million or 1% over the prior year compared with a 1% decrease of \$2.4 million in FY 2016. Most of the changes within the asset categories are associated with completion of capital projects from cash generated by bonds or long-term contractual agreements. Total liabilities increased in FY 2017 by \$1.6 million or 1% over prior year. This is due to a decrease in current liabilities primarily due to the timing of billing Fall 2017 student revenue. At June 30, 2017 unearned revenue decreased approximately \$4.4 million due to students being billed for the Fall 2017 semester after June 30, 2017. Whereas, in the prior year, students were billed before June 30, 2016 for that Fall 2016 semester. This decrease was offset by an increase in noncurrent liabilities due primarily to the net pension liability increase of \$2.7 million and a net increase in debt of \$1.7 million related to capital assets.

For fiscal 2017, 2016 and 2015, total net position amounted to \$110.7 million, \$111.0 million and \$118.9 million, respectively. The University's net position in the investment in capital assets (e.g. land, buildings and equipment) less any related debt used to acquire those assets is the largest component of the total net position, which is consistent with prior years and is detailed below in the next section. The University uses its capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the University's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as room rents, auxiliary and other fees, since the capital assets themselves cannot be used to satisfy these liabilities.

Capital Assets

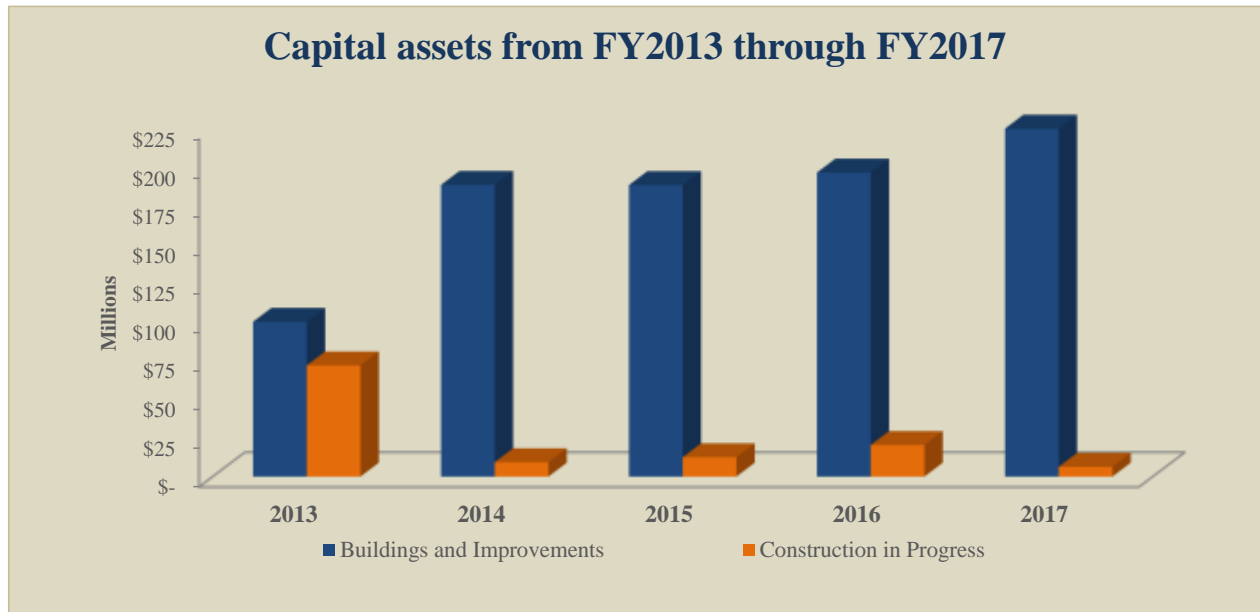
A summarized comparison of the University's capital assets categories at June 30, 2017, 2016 and 2015 is as follows:

| Capital Asset Summary | | | |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| | <i>(In Thousands)</i> | | |
| | 2017 | 2016 | 2015 |
| Building and improvements | \$ 227,079 | \$ 196,564 | \$ 188,503 |
| Construction in Progress | 6,372 | 20,361 | 12,456 |
| Land | 2,536 | 2,536 | 2,536 |
| Furniture and Equipment | 30,401 | 29,508 | 29,280 |
| Total | <u>266,388</u> | <u>248,969</u> | <u>232,775</u> |
| Less: accumulated depreciation | <u>(93,740)</u> | <u>(85,264)</u> | <u>(77,387)</u> |
| Total capital assets, net | <u><u>\$ 172,648</u></u> | <u><u>\$ 163,705</u></u> | <u><u>\$ 155,388</u></u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

The following graph shows the progression of capital project values over the last five years:



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Capital Assets Changes

The University's total capital asset changes as of June 30, 2017, 2016 and 2015 are depicted below:

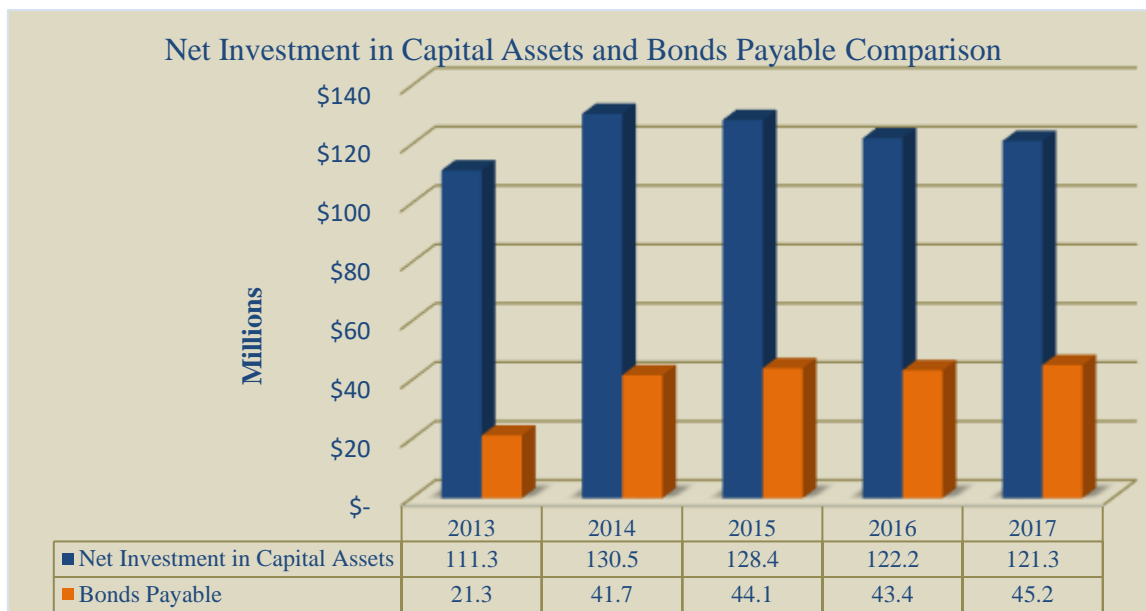
| Changes in Capital Assets | | | |
|--|-----------------------|-----------------|-----------------|
| | <i>(In Thousands)</i> | | |
| | 2017 | 2016 | 2015 |
| <u>Building and Land Improvements</u> | | | |
| Sophia Gordon Center | \$ 27,005 | \$ - | \$ - |
| Meier Hall Renovation | - | 321 | 1,244 |
| Library and Learning Commons Improvements | 272 | 521 | 1,005 |
| Administration Building Renovation | 1,736 | - | - |
| Steam Pipe Repairs | 366 | - | - |
| Furniture and Equipment for Social Work and ESL | 820 | - | - |
| Student Navigation Center (MSCBA Bonds) | - | 84 | 1,728 |
| Starbucks Leasehold Improvement (Viking Hall) | - | 514 | - |
| Public Safety Relocation (MSCBA Bonds) | - | - | 2,097 |
| Canal Street Parking (MSCBA Bonds) | - | 147 | 2,076 |
| Equipment purchases for IT and Biology Departments | - | 1,675 | 1,194 |
| Comprehensive Energy Performance Contract Project | 317 | 4,799 | - |
| Additions to Buildings, Equipment & Infrastructure | <u>30,516</u> | <u>8,061</u> | <u>9,344</u> |
| Disposal of Old Library & Former Police Station | - | - | (8,269) |
| Net Additions to Buildings and Improvements | <u>30,516</u> | <u>8,061</u> | <u>1,075</u> |
| <u>Construction in Progress</u> | | | |
| Sophia Gordon Center Theatre | 10,709 | 10,619 | 2,820 |
| Various Ongoing Renovation Projects | 1,161 | 2,073 | 5,500 |
| Comprehensive Energy Performance Contract Project | 3,920 | 1,208 | 1,208 |
| IT Projects | 1,178 | 774 | 1,135 |
| Capitalized Bond Interest | <u>452</u> | <u>554</u> | <u>782</u> |
| Additions to Construction in Progress | 17,420 | 15,228 | 11,445 |
| Transfer of Construction in Progress to Capital Assets | <u>(31,410)</u> | <u>(7,323)</u> | <u>(8,242)</u> |
| Net Additions to Construction in Progress | <u>(13,990)</u> | <u>7,905</u> | <u>3,203</u> |
| <u>Furniture & Equipment</u> | | | |
| Equipment Purchases for IT & Art Design | 642 | 228 | - |
| Maintenance Equipment | <u>252</u> | <u>-</u> | <u>-</u> |
| Net Additions to Furniture and Equipment | <u>894</u> | <u>228</u> | <u>-</u> |
| Total Net Asset Additions | <u>17,420</u> | <u>16,194</u> | <u>4,278</u> |
| Depreciation Expense for the Year | 8,477 | 7,877 | 7,655 |
| Write Off of Old Library & Former Police Station | <u>-</u> | <u>-</u> | <u>(7,328)</u> |
| Net Accumulated Depreciation | <u>8,477</u> | <u>7,877</u> | <u>327</u> |
| Net Change in Capital Assets | <u>\$ 8,943</u> | <u>\$ 8,317</u> | <u>\$ 3,951</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Net Investment in Capital Assets and Bonds Payable Comparison

The following graph displays long-term debt for Bond Payables and the Net Investment in Capital Assets balances for fiscal years ended 2013 through 2017:



It should be noted that the asset category “Capital assets, net” is not the same as the “Net Investment in Capital Assets” in the net position category. Net Investment in Capital Assets includes the same activity as the Capital Assets but also includes any related debt liabilities and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those capital assets.

Statements of Revenues and Expenses and Changes in Net Position Summary & Analysis

The Statement of Revenues, Expenses and Changes in Net Position Analysis shows how the University’s net position changed during the last three fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. the accrual for compensated absences).

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

A summarized comparison of the University's operating and non-operating revenues and expenses and the resulting increase or decrease in net position at June 30, 2017, 2016 and 2015 is as follows:

Statement of Revenues, Expenses, and Changes in Net Position Summary & Analysis

| | <i>(In Thousands)</i> | | |
|--|-----------------------|------------|------------|
| | 2017 | 2016 | 2015 |
| <u>Operating Revenues</u> | | | |
| Tuition and Fees, Net | \$ 66,893 | \$ 62,685 | \$ 58,890 |
| Federal, State, and Private Grants | 19,306 | 18,820 | 19,782 |
| Sales and Services | 1,333 | 1,426 | 1,255 |
| Auxiliary and Other | 22,762 | 21,274 | 18,134 |
| Total Operating Revenues | 110,294 | 104,205 | 98,061 |
| <u>Operating Expenses</u> | | | |
| Compensation and benefits | 118,273 | 112,436 | 107,510 |
| Supplies and services | 37,324 | 35,957 | 32,934 |
| Utilities | 4,179 | 4,276 | 4,337 |
| Depreciation | 8,477 | 7,877 | 7,655 |
| Scholarships | 5,627 | 4,789 | 5,801 |
| Change for GASB 68 pension activity | 4,711 | 4,368 | (473) |
| Total Operating Expense | 178,591 | 169,703 | 157,764 |
| <u>Non-Operating Revenues (Expenses)</u> | | | |
| State appropriations | 58,768 | 56,416 | 54,442 |
| Contribution to the Assistance Corporation | (897) | (911) | - |
| Gifts | 1,801 | 2,665 | 1,784 |
| Investment Income | 1,755 | (111) | 592 |
| Interest Expense | (1,157) | (1,269) | (985) |
| Total Non-Operating Revenues, Net | 60,270 | 56,790 | 55,833 |
| Capital Grants | 7,711 | 783 | 846 |
| Increase (Decrease) in Net Position | \$ (316) | \$ (7,925) | \$ (3,024) |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Highlights for Operating Revenues

The increase in total operating revenues of \$6.1 million (6%) for both fiscal years 2017 and 2016 over the prior year resulted primarily from the following changes:

Tuition and Fees, net: The tuition and fees, net of scholarships and fellowships improved by 7% in FY 2017 and 6% in FY 2016 (\$4.2 million in FY 2017 and \$3.8 million in FY 2016) over prior year due to increases in fee rates as well as new fees.

Federal, State and Private Grants: Federal, state and private grant revenues increased in FY 2017 by \$0.5 million (3%). This increase is primarily due to an increase in federal grants. State and private grants remained stable in 2017 compared to 2016. In 2016, grants decreased by \$0.8 million (5%) over 2015 primarily due to a decrease in state grant revenue.

Auxiliary Enterprises and Other: Auxiliary enterprises and other revenues increased in FY 2017 by \$1.5 million (7%) over prior year primarily due to increases in dormitory room revenue of \$0.8 million and student fees for permits, meals and ancillary revenue of \$0.7 million. In FY 2016, auxiliary and other revenues increased \$3.1 million (17%) over the prior year and was primarily attributable to increased dormitory room revenue associated with the opening of Viking Hall (\$2.3 million). Other increases were from vendor and commission revenues of \$0.8 million over FY 2015.

Highlights for Operating Expenses

The increase in total operating expenses of \$9.2 million (5%) and \$11.9 million (8%) in FY 2017 and FY 2016, respectively, over prior year resulted primarily from the following changes:

Compensation and Benefits: Compensation and benefits increased during FY 2017 by \$5.8 million (5%) and FY 2016 by \$4.9 million (5%) over prior year. This is primarily due to contractual salary increases, including retroactive salary increases in FY 2016, and fringe benefit rate increases in both years.

Supplies and Services: The \$1.4 million (4%) increase in supplies and services during FY 2017 over prior year is primarily due to a \$1.2 million increase in the MSCBA assessment. MSCBA charges the University an assessment to cover the cost of financing residence hall and garage facilities on the university campus.

Utilities: In FY 2017, there was a slight decrease of \$97 thousand (2%) in utility costs over prior year due to a decreases in electricity and water and sewer costs.

Depreciation: The \$600 thousand (8%) increase in depreciation expense in FY 2017 over prior year is due to the increase in depreciable buildings and building improvements. Projects that were previously included in construction in progress have been completed and have begun to be depreciated in fiscal 2017. For similar reasons during FY 2016, depreciation increased \$222 thousand (3%) over the prior year.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Change for GASB 68 Pension Activity: The third year of adoption of GASB 68 resulted in pension expense of \$4.7 million in FY 2017 and was an increase of \$343 thousand over the prior year. This is due to changes in salaries and in the discount rate utilized in calculating the pension liability, as provided by the Comptroller's Office.

Highlights for Non-Operating Revenues (Expenses)

The increase in non-operating revenues (expenses) in FY 2017 of \$3.5 million (6%) and the decrease in FY 2016 of \$1.0 million (2%) resulted primarily from the following net changes:

State Appropriations: State appropriations increased by \$2.4 million (4%) and \$2.0 million (4%) in FY 2017 and FY 2016, respectively, over prior year primarily to support employee payroll and related fringe benefit costs. General Appropriation Act (GAA) funding increased by 1% or \$455 thousand for FY 2017; the majority of the appropriations increase was related to fringe benefits for the approximately half of the University's payroll that is funded by the state operating appropriation.

Contributions to the Assistance Corporation: Property was purchased amounting to \$896 thousand and \$911 thousand in FY 2017 and FY 2016, respectively for the Assistance Corporation with bond proceeds owed by the University.

Gifts: Gift revenue is a variable source. During FY 2017, gifts decreased over the prior year by \$864 thousand (32%). During FY 2016 a large gift for capital purposes did not recur.

Investment Income: Investment income increased by \$1.9 million in 2017 compared to a decrease of \$703 thousand in FY 2016 and is attributable to improved market conditions.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Statement of Cash Flows

The Statement of Cash Flows is reported on the direct method. The direct method portrays net cash flows from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services).

A summarized comparison of the University's cash flows and the resulting decrease in cash at June 30, 2017, 2016 and 2015 follows. *It should be noted that for the presentation below, the appropriations are shown in Operating Activities rather than Non-Capital Financing Activities since the State appropriations are intended and used to support operations.* According to accounting standards, on the Cash Flow Statement of the Financial Statements, the appropriations are presented as required in Non-Capital Financing Activities. This summary demonstrates that the reason for the decline in cash during FY 2016 and FY 2017 is the use of bond proceeds held to undertake and complete the construction projects previously discussed.

Summary of Cash Flows

| | <i>(In Thousands)</i> | | |
|----------------------------------|-----------------------|-------------------|--------------------|
| | 2017 | 2016 | 2015 |
| Operating Activities | \$ 4,193 | \$ 5,502 | \$ (111) |
| Non Capital Financing Activities | (418) | 941 | 389 |
| Capital Financing Activities | (9,088) | (17,500) | (10,667) |
| Investing Activities | 539 | 1,239 | 273 |
| Net Decrease in Cash | <u>\$ (4,774)</u> | <u>\$ (9,818)</u> | <u>\$ (10,116)</u> |

Highlights for Cash Flows

The overall decrease in cash and cash equivalents for FY 2017 amounted to approximately \$4.8 million and is primarily associated with the payment of construction projects (i.e. Sophia Gordon Center for Creative and Performing Arts) and the repayment of bond principal and related interest costs partially offset by proceeds from bonds associated with new capital assets acquisitions. The bond for the Sophia Gordon Center was originally issued in FY 2014.

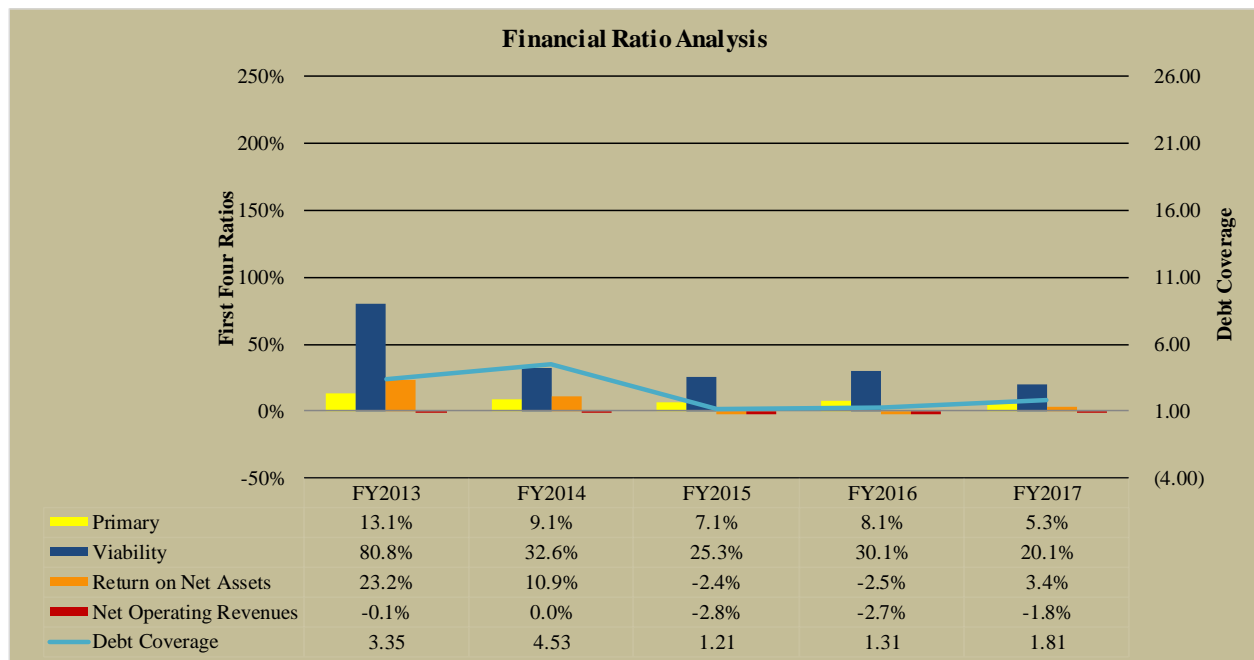
The overall decrease in cash and cash equivalents for FY 2016 and FY 2015 amounted to approximately \$9.8 million and \$10.1 million, respectively, is primarily associated with the purchase of capital assets and related bond activity.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Ratio Analysis

Ratio analysis is a management tool which indicates the University's effective use of its resources, its overall financial viability, its direction in achieving institutional strategic goals, and its ability to meet short and long-term obligations in a managed fashion. Ratios are also useful in analyzing trends of an institution over time. A one-year fluctuation in a ratio may be indicative of an aberration for that year or may indicate a relevant trend. The ratios presented here are calculated without the inclusion of the University's component units and without factoring in the effect of the implementation of GASB 68.



Comments on Ratio Trends

Primary

This ratio provides a snapshot of the University's financial strength and flexibility by indicating how long it may be able to operate using expendable reserves without relying on additional new assets generated by operation.

Viability

This ratio measures a university's management of resources, including debt, and the availability of expendable net assets (cash and other liquid assets) to pay off long-term debt.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Return on Net Assets

This ratio measures asset performance and management. By measuring total economic return, this ratio indicates whether a university's resources are growing, and if the university is better off financially than in previous years.

Debt Service Coverage

This ratio measures actual margin of protection for annual debt service payments from annual operations. The higher the number, the better able the institution can cover its debt obligations.

Looking Ahead to FY18

The university has a newly appointed President and there is great energy to continue moving forward. The university is working to secure funding for a science teaching lab addition to best educate students, in part to address the region and Commonwealth's workforce needs. With the expected completion of the Strategic Plan and receipt of the results of the Campus Climate study, the university's continuous improvement efforts are expected to continue the progression and contribute to future financial vitality.

Requests for Further Information

This financial report is designed to provide a general overview of Salem State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vice President for Finance and Facilities/CFO, 352 Lafayette Street, Salem, Massachusetts 01970-5353.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Statements of Net Position
June 30, 2017 and 2016

Assets and Deferred Outflows of Resources

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 14,010,653 | \$ 9,032,545 | \$ 1,840,935 | \$ 1,189,849 |
| Restricted cash and cash equivalents | 2,930,861 | 7,624,447 | 861,762 | 308,059 |
| Deposits held by State Treasurer | 1,751,316 | 2,333,595 | - | - |
| Cash held by State Treasurer | 969,059 | 781,242 | - | - |
| Deposits held by MSCBA and DCAMM | 792,862 | 5,456,628 | - | - |
| Investments | 12,867,542 | 11,760,256 | - | - |
| Accounts, grants and other receivable, net | 5,958,760 | 8,823,080 | 16,158 | 26,562 |
| Pledges receivable, net | - | - | 1,303,299 | 1,844,881 |
| Note receivable | - | - | 40,000 | 51,111 |
| Loans receivable | 221,611 | 264,430 | - | - |
| Other current assets | 406,681 | 37,166 | 2,407 | 26,998 |
| Total Current Assets | 39,909,345 | 46,113,389 | 4,064,561 | 3,447,460 |
| Non-Current Assets: | | | | |
| Investments | 676,501 | 599,771 | 29,486,822 | 26,559,559 |
| Loans receivable, net of current portion | 1,806,097 | 1,741,372 | - | - |
| Pledges receivable, net | - | - | 4,174,556 | 1,521,280 |
| Note receivable, net of current portion | - | - | 206,667 | 246,667 |
| Capital assets, net | 172,648,089 | 163,704,987 | 11,755,930 | 11,043,297 |
| Debt service reserve | 1,473,340 | 1,473,340 | - | - |
| Total Non-Current Assets | 176,604,027 | 167,519,470 | 45,623,975 | 39,370,803 |
| Total Assets | 216,513,372 | 213,632,859 | 49,688,536 | 42,818,263 |
| Deferred Outflow of Resources: | | | | |
| Deferred outflows for pensions | 19,626,524 | 19,078,090 | - | - |
| Total Deferred Outflows of Resources | 19,626,524 | 19,078,090 | - | - |
| Total Assets and Deferred Outflows of Resources | \$ 236,139,896 | \$ 232,710,949 | \$ 49,688,536 | \$ 42,818,263 |

See accompanying notes to the financial statements.

Liabilities, Deferred Inflows of Resources and Net Position

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 4,035,476 | \$ 3,401,781 | \$ 340,824 | \$ 349,502 |
| Accrued payroll | 7,711,373 | 7,294,496 | - | - |
| Accrued compensated absences | 6,120,020 | 6,029,533 | - | - |
| Accrued workers' compensation | 222,168 | 202,631 | - | - |
| Unearned revenues | 3,143,250 | 7,427,804 | - | 39,000 |
| Note payable | 81,546 | 73,887 | 70,135 | 86,424 |
| Bonds payable | 2,071,341 | 1,865,148 | 350,010 | 333,838 |
| Deposits | 299,677 | 256,620 | - | - |
| Total Current Liabilities | 23,684,851 | 26,551,900 | 760,969 | 808,764 |
| Non-Current Liabilities: | | | | |
| Accrued compensated absences | 3,640,196 | 3,528,230 | - | - |
| Accrued workers' compensation | 955,150 | 755,451 | - | - |
| Notes payable, net of current portion | 12,698 | 88,032 | 1,352,031 | 1,421,433 |
| Bond payable, net of current portion | 43,131,082 | 41,524,732 | 1,297,681 | 1,802,562 |
| Loans payable - Federal financial assistance programs | 2,190,173 | 2,259,532 | - | - |
| Net pension liability | 46,973,396 | 44,297,126 | - | - |
| Other non-current liabilities | - | - | 26,953 | 34,078 |
| Total Non-Current Liabilities | 96,902,695 | 92,453,103 | 2,676,665 | 3,258,073 |
| Total Liabilities | 120,587,546 | 119,005,003 | 3,437,634 | 4,066,837 |
| Deferred Inflows of Resources: | | | | |
| Service concession arrangements | 997,902 | 1,309,021 | - | - |
| Deferred gain on bond refunding | - | 109,970 | - | - |
| Deferred inflows for pensions | 3,890,105 | 1,306,921 | - | - |
| Total Deferred Inflows of Resources | 4,888,007 | 2,725,912 | - | - |
| Net Position: | | | | |
| Net investment in capital assets | 131,099,107 | 122,164,882 | 8,686,073 | 7,399,040 |
| Restricted: | | | | |
| Nonexpendable | 810,323 | 732,690 | 23,048,262 | 19,058,482 |
| Expendable | 5,174,752 | 4,871,719 | 12,580,873 | 11,033,273 |
| Unrestricted | (26,419,839) | (16,789,257) | 1,935,694 | 1,260,631 |
| Total Net Position | 110,664,343 | 110,980,034 | 46,250,902 | 38,751,426 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 236,139,896 | \$ 232,710,949 | \$ 49,688,536 | \$ 42,818,263 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues and Expenses

For the Years Ended June 30, 2017 and 2016

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|---------------------|---------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Operating Revenues: | | | | |
| Tuition and fees | \$ 84,587,147 | \$ 79,474,916 | \$ - | \$ - |
| Less: scholarships and fellowships | (17,694,347) | (16,790,060) | - | - |
| Net tuition and fees | 66,892,800 | 62,684,856 | - | - |
| Federal grants and contracts | 14,101,909 | 13,642,619 | - | - |
| State grants and contracts | 4,861,321 | 4,878,842 | - | - |
| Private grants and contracts | 342,932 | 298,808 | - | - |
| Gifts and contributions | - | - | 6,088,753 | 2,554,399 |
| Sales and services of educational departments | 1,333,282 | 1,426,136 | - | - |
| Auxiliary enterprises | 22,398,146 | 20,976,201 | 860,594 | 1,468,387 |
| Other operating revenues | 364,117 | 297,565 | 116,443 | 199,219 |
| Total Operating Revenues | 110,294,507 | 104,205,027 | 7,065,790 | 4,222,005 |
| Operating Expenses: | | | | |
| Educational and general: | | | | |
| Instruction | 64,462,316 | 62,105,259 | - | - |
| Public service | 1,755,239 | 1,640,439 | 1,888,100 | 1,663,933 |
| Academic support | 16,898,704 | 15,796,526 | - | - |
| Student services | 19,222,838 | 19,277,618 | - | - |
| Institutional support | 27,765,194 | 25,968,389 | 335,854 | 1,360,763 |
| Operation and maintenance of plant | 15,599,380 | 14,129,763 | - | - |
| Scholarships | 5,626,549 | 4,788,910 | 445,941 | 380,449 |
| Depreciation | 8,476,817 | 7,876,670 | 165,798 | 169,365 |
| Auxiliary enterprises | 18,784,153 | 18,060,244 | 1,452,665 | 1,150,288 |
| Total Operating Expenses | 178,591,190 | 169,643,818 | 4,288,358 | 4,724,798 |
| Net Operating Income (Loss) | (68,296,683) | (65,438,791) | 2,777,432 | (502,793) |
| Non-Operating Revenues (Expenses): | | | | |
| State appropriations, net | 58,767,638 | 56,416,180 | 1,194,450 | 1,249,979 |
| Contribution to the Assistance Corporation | (896,488) | (910,824) | 896,488 | 910,824 |
| Gifts | 1,800,982 | 2,665,232 | - | - |
| Investment income | 1,755,476 | (169,963) | 2,757,774 | (258,049) |
| Other non-operating revenue | - | - | 3,600 | 3,600 |
| Interest expense | (1,157,237) | (1,269,370) | (130,268) | (151,319) |
| Net Non-Operating Revenues | 60,270,371 | 56,731,255 | 4,722,044 | 1,755,035 |
| Increase (Decrease) in Net Position Before Capital Grants | (8,026,312) | (8,707,536) | 7,499,476 | 1,252,242 |
| Capital grants | 7,710,621 | 782,865 | - | - |
| Total Increase (Decrease) in Net Position | \$ (315,691) | \$ (7,924,671) | \$ 7,499,476 | \$ 1,252,242 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Changes in Net Position

For the Years Ended June 30, 2017 and 2016

| | University | | | | Total |
|----------------------------------|--|-----------------------------|--------------------------|------------------------|-----------------------|
| | Net Investment in Capital Assets | Restricted Nonexpendable | Restricted Expendable | Unrestricted | |
| Balance at June 30, 2015 | \$ 128,377,738 | \$ 739,323 | \$ 4,421,649 | \$ (14,634,005) | \$ 118,904,705 |
| Changes in net position for 2016 | (6,212,856) | (6,633) | 450,070 | (2,155,252) | (7,924,671) |
| Balance, June 30, 2016 | 122,164,882 | 732,690 | 4,871,719 | (16,789,257) | 110,980,034 |
| Changes in net position for 2017 | 8,934,225 | 77,633 | 303,033 | (9,630,582) | (315,691) |
| Balance, June 30, 2017 | \$ 131,099,107 | \$ 810,323 | \$ 5,174,752 | \$ (26,419,839) | \$ 110,664,343 |

| | Component Units | | | | Total |
|----------------------------------|--|-----------------------------|--------------------------|---------------------|----------------------|
| | Net Investment in Capital Assets | Restricted Nonexpendable | Restricted Expendable | Unrestricted | |
| Balance at June 30, 2015 | \$ 6,045,737 | \$ 18,481,983 | \$ 12,996,408 | \$ 885,880 | \$ 38,410,008 |
| Changes in net position for 2016 | 1,353,303 | 576,499 | (1,963,135) | 374,751 | 341,418 |
| Balance, June 30, 2016 | 7,399,040 | 19,058,482 | 11,033,273 | 1,260,631 | 38,751,426 |
| Changes in net position for 2017 | 1,287,033 | 3,989,780 | 1,547,600 | 675,063 | 7,499,476 |
| Balance, June 30, 2017 | \$ 8,686,073 | \$ 23,048,262 | \$ 12,580,873 | \$ 1,935,694 | \$ 46,250,902 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

| | Primary Government | |
|--|-----------------------|----------------------|
| | 2017 | 2016 |
| | University | University |
| Cash Flows from Operating Activities: | | |
| Tuition and fees | \$ 66,908,026 | \$ 61,098,611 |
| Grants and contracts | 19,403,996 | 19,710,059 |
| Payments to suppliers and vendors | (41,637,267) | (40,252,712) |
| Payments to employees | (91,278,270) | (88,898,871) |
| Payments for benefits | (11,390,707) | (9,691,870) |
| Payments to students | (5,626,549) | (4,788,910) |
| Loans issued to students | (443,455) | (209,871) |
| Collection of loans to students | 410,001 | 376,083 |
| Auxiliary enterprises receipts | 20,931,923 | 21,988,607 |
| Sales and services of educational departments | 1,552,996 | 1,463,111 |
| Other | 426,508 | 163,411 |
| Net Cash Used in Operating Activities | <u>(40,742,798)</u> | <u>(39,042,352)</u> |
| Cash Flows from Non-Capital Financing Activities: | | |
| State appropriations | 44,935,945 | 44,543,834 |
| Tuition remitted to State | (934,234) | (905,670) |
| Student interest received (paid) | (56,355) | (1,764) |
| Contributions to the Assistance Corporation | (896,488) | (910,824) |
| Gifts | 1,468,970 | 2,758,963 |
| Net Cash Provided by Non-Capital Financing Activities | <u>44,517,838</u> | <u>45,484,539</u> |
| Cash Flows from Capital Financing Activities: | | |
| Purchases of capital assets | (9,141,741) | (14,855,786) |
| Principal paid on bonds payable and notes payable | (1,776,053) | (1,679,263) |
| Interest paid on bonds payable | (1,965,733) | (1,987,751) |
| Proceeds from bond financing | 3,795,907 | 1,090,000 |
| Debt service reserve funding | - | (66,505) |
| Net Cash Used in Capital Financing Activities | <u>(9,087,620)</u> | <u>(17,499,305)</u> |
| Cash Flows from Investing Activities: | | |
| Investment income | 410,114 | 457,197 |
| Proceeds from sale of investments | 6,132,241 | 4,456,576 |
| Purchase of investments | (6,003,481) | (3,675,102) |
| Net Cash Provided by Investing Activities | <u>538,874</u> | <u>1,238,671</u> |
| Net Decrease in Cash and Equivalents | (4,773,706) | (9,818,447) |
| Cash and Cash Equivalents, Beginning of the Year | <u>25,228,457</u> | <u>35,046,904</u> |
| Cash and Cash Equivalents, End of the Year | \$ 20,454,751 | \$ 25,228,457 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended June 30, 2017 and 2016

| | Primary Government | |
|--|------------------------|------------------------|
| | 2017 University | 2016 University |
| Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities: | | |
| Net operating loss | \$ (68,296,683) | \$ (65,438,791) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | |
| Depreciation | 8,476,817 | 7,876,670 |
| Bad debts | 446,812 | 237,522 |
| Fringe benefits provided by State | 14,765,927 | 12,778,016 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 2,611,309 | (859,740) |
| Accounts payable and accrued liabilities | 489,678 | 331,537 |
| Accrued payroll and benefits | 838,565 | 1,067,693 |
| Other assets | (369,514) | 70,090 |
| Loans to/from students | (21,905) | 182,799 |
| Deposits | 43,057 | (886,706) |
| Unearned revenues | (4,016,794) | 481,042 |
| Deferred inflows | 2,162,097 | (2,443,749) |
| Deferred outflows | (548,434) | (14,846,829) |
| Net pension activity | 2,676,270 | 22,408,094 |
| Net Cash Used in Operating Activities | <u>\$ (40,742,798)</u> | <u>\$ (39,042,352)</u> |

Cash Flow Information

| | Primary Government | |
|--|-----------------------|----------------------|
| | 2017 University | 2016 University |
| For purposes of the statement of cash flows, cash and equivalents are comprised of the following at June 30: | | |
| Cash and equivalents | 14,010,653 | 9,032,545 |
| Deposits held by State Treasurer | 1,751,316 | 2,333,595 |
| Cash held by State Treasurer | 969,059 | 781,242 |
| Deposits held by MSCBA and DCAMM | 792,862 | 5,456,628 |
| Restricted cash and equivalents | 2,930,861 | 7,624,447 |
| | <u>\$ 20,454,751</u> | <u>\$ 25,228,457</u> |

Schedule of noncash investing and financing activities

| | Primary Government | |
|---|-----------------------|----------------------|
| | 2017 University | 2016 University |
| Acquisition of capital assets | \$ 17,419,919 | \$ 16,193,497 |
| Accounts payable beginning of year | - | - |
| Accounts payable end of year | (115,077) | - |
| Payments made by DCAMM | (7,710,621) | (782,865) |
| Interest capitalized in CIP | (452,480) | (554,846) |
| Cash payments for capital assets | <u>\$ 9,141,741</u> | <u>\$ 14,855,786</u> |
| Unrealized gain (loss) on marketable securities | <u>\$ 737,752</u> | <u>\$ (486,942)</u> |
| Fringe benefits paid by the Commonwealth of Massachusetts | <u>\$ 14,765,927</u> | <u>\$ 12,778,016</u> |

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Combining Statements of Net Position of Major Component Units

June 30, 2017 and 2016

| | <u>Assets</u> | | | | | |
|--|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | | | 2016 | | |
| | Foundation | Assistance Corp. | Combined | Foundation | Assistance Corp. | Combined |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 1,412,112 | \$ 428,823 | \$ 1,840,935 | \$ 804,044 | \$ 385,805 | \$ 1,189,849 |
| Restricted cash and cash equivalents | 861,762 | - | 861,762 | 308,059 | - | 308,059 |
| Accounts, grants and other receivable, net | - | 16,158 | 16,158 | - | 26,562 | 26,562 |
| Pledges receivable, net | 1,303,299 | - | 1,303,299 | 1,844,881 | - | 1,844,881 |
| Note receivable | 40,000 | - | 40,000 | 51,111 | - | 51,111 |
| Other current assets | 2,407 | - | 2,407 | 26,998 | - | 26,998 |
| Total Current Assets | 3,619,580 | 444,981 | 4,064,561 | 3,035,093 | 412,367 | 3,447,460 |
| Non-Current Assets: | | | | | | |
| Investments securities | 29,486,822 | - | 29,486,822 | 26,559,559 | - | 26,559,559 |
| Pledges receivable, net of current portion | 4,174,556 | - | 4,174,556 | 1,521,280 | - | 1,521,280 |
| Note receivables, net of current portion | 206,667 | - | 206,667 | 246,667 | - | 246,667 |
| Capital assets, net | - | 11,755,930 | 11,755,930 | - | 11,043,297 | 11,043,297 |
| Total Non-Current Assets | 33,868,045 | 11,755,930 | 45,623,975 | 28,327,506 | 11,043,297 | 39,370,803 |
| Total Assets | \$ 37,487,625 | \$ 12,200,911 | \$ 49,688,536 | \$ 31,362,599 | \$ 11,455,664 | \$ 42,818,263 |
| | | | | | | |
| | <u>Liabilities and Net Position</u> | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 298,981 | \$ 41,843 | \$ 340,824 | \$ 311,587 | \$ 37,915 | \$ 349,502 |
| Unearned revenues | - | - | - | 39,000 | - | 39,000 |
| Note payable | - | 70,135 | 70,135 | - | 86,424 | 86,424 |
| Bond payable | - | 350,010 | 350,010 | - | 333,838 | 333,838 |
| Total Current Liabilities | 298,981 | 461,988 | 760,969 | 350,587 | 458,177 | 808,764 |
| Non-Current Liabilities: | | | | | | |
| Note payable, net of current portion | - | 1,352,031 | 1,352,031 | - | 1,421,433 | 1,421,433 |
| Bond payable, net of current portion | - | 1,297,681 | 1,297,681 | - | 1,802,562 | 1,802,562 |
| Other non-current liabilities | - | 26,953 | 26,953 | - | 34,078 | 34,078 |
| Total-Non Current Liabilities | - | 2,676,665 | 2,676,665 | - | 3,258,073 | 3,258,073 |
| Total Liabilities | 298,981 | 3,138,653 | 3,437,634 | 350,587 | 3,716,250 | 4,066,837 |
| Net Position: | | | | | | |
| Net investment in capital assets | - | 8,686,073 | 8,686,073 | - | 7,399,040 | 7,399,040 |
| Restricted: | | | | | | |
| Nonexpendable | 23,048,262 | - | 23,048,262 | 19,058,482 | - | 19,058,482 |
| Expendable | 12,580,873 | - | 12,580,873 | 11,033,273 | - | 11,033,273 |
| Unrestricted | 1,559,509 | 376,185 | 1,935,694 | 920,257 | 340,374 | 1,260,631 |
| Total Net Position | 37,188,644 | 9,062,258 | 46,250,902 | 31,012,012 | 7,739,414 | 38,751,426 |
| Total Liabilities and Net Position | \$ 37,487,625 | \$ 12,200,911 | \$ 49,688,536 | \$ 31,362,599 | \$ 11,455,664 | \$ 42,818,263 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)
Combining Statements of Revenues and Expenses
of Major Component Units

For the Years Ended June 30, 2017 and 2016

| | 2017 | | | 2016 | | |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | Foundation | Assistance Corp. | Combined | Foundation | Assistance Corp. | Combined |
| Operating Revenues: | | | | | | |
| Gifts and contributions | \$ 6,088,753 | \$ - | \$ 6,088,753 | \$ 2,554,399 | \$ - | \$ 2,554,399 |
| Auxiliary enterprises | - | 860,594 | 860,594 | - | 557,563 | 557,563 |
| Other operating revenues | - | 116,443 | 116,443 | - | 199,219 | 199,219 |
| Total Operating Revenues | 6,088,753 | 977,037 | 7,065,790 | 2,554,399 | 756,782 | 3,311,181 |
| Operating Expenses: | | | | | | |
| Educational and general: | | | | | | |
| Public service | 1,888,100 | - | 1,888,100 | 1,663,933 | - | 1,663,933 |
| Institutional support | 335,854 | - | 335,854 | 1,360,763 | - | 1,360,763 |
| Scholarships | 445,941 | - | 445,941 | 380,449 | - | 380,449 |
| Depreciation and amortization | - | 165,798 | 165,798 | - | 169,365 | 169,365 |
| Auxiliary enterprises | - | 1,452,665 | 1,452,665 | - | 1,150,288 | 1,150,288 |
| Total Operating Expenses | 2,669,895 | 1,618,463 | 4,288,358 | 3,405,145 | 1,319,653 | 4,724,798 |
| Net Operating Income | 3,418,858 | (641,426) | 2,777,432 | (850,746) | (562,871) | (1,413,617) |
| Non-Operating Revenues (Expenses): | | | | | | |
| State appropriations, net | - | 1,194,450 | 1,194,450 | - | 1,249,979 | 1,249,979 |
| Contribution to the Assistance Corporation | - | 896,488 | 896,488 | - | 910,824 | 910,824 |
| Investment income | 2,757,774 | - | 2,757,774 | (258,049) | - | (258,049) |
| Other non-operating revenue | - | 3,600 | 3,600 | - | 3,600 | 3,600 |
| Interest expense | - | (130,268) | (130,268) | - | (151,319) | (151,319) |
| Net Non-Operating Revenues | 2,757,774 | 1,964,270 | 4,722,044 | (258,049) | 2,013,084 | 1,755,035 |
| Total Increase (Decrease) in Net Position | 6,176,632 | 1,322,844 | 7,499,476 | (1,108,795) | 1,450,213 | 341,418 |
| Net Position, Beginning of Year | 31,012,012 | 7,739,414 | 38,751,426 | 32,120,807 | 6,289,201 | 38,410,008 |
| Net Position, End of Year | \$ 37,188,644 | \$ 9,062,258 | \$ 46,250,902 | \$ 31,012,012 | \$ 7,739,414 | \$ 38,751,426 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies**

Organization

Salem State University (the “University”) is a public, State-supported, comprehensive four-year university, located in Salem, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and master’s degrees in education, business and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Association of Schools and Colleges.

Basis of Presentation and Accounting

The University is an agency 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 units. 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.

The following discretely presented component units have been aggregated into a single combined column:

The Salem State University Foundation, Inc. (the “Foundation”) was formed in 1977 to render financial assistance and support to the educational programs and development of the University. The Foundation is legally separate from the University, and the University is not financially accountable for the Foundation. The Foundation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Foundation’s administrative offices in Salem, Massachusetts.

In 1995, Salem State University Assistance Corporation (the “Assistance Corporation”) was formed as a result of legislation established by the Commonwealth of Massachusetts. The Assistance Corporation was created to promote the orderly growth and development of the University and to assist the University in securing physical and financial resources necessary for the acquisition and development of a site formerly known as the GTE Sylvania plant. In June 2012, legislation was approved further defining the parameters of this “site” to include other such properties determined by the Assistance Corporation to fulfill its mission.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

The Assistance Corporation owns and operates commercial rental properties at this site in Salem, Massachusetts and is legally separate from the University, and the University is not financially accountable for the Assistance Corporation. The Assistance Corporation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Assistance Corporation's administrative offices in Salem, Massachusetts.

During the years ended June 30, 2017 and 2016, the Foundation distributed scholarships in the amount of \$445,941 and \$380,449, respectively, directly to students of the University. Complete financial statements for the Foundation and the Assistance Corporation can be obtained from the Office of the Vice President for Finance and Business, Salem State University, 352 Lafayette Street, Salem, MA 01970.

The University has determined that it functions as a business-type activity, as defined by the Governmental Accounting Standards Board ("GASB"). The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues and expenses, changes in net position and cash flows on a combined University-wide basis.

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 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.

Salem State University 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 the Foundation's financial information in the University's financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

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

The accompanying statements of revenues and expenses demonstrate the degree to which the direct expenses of a given function are offset by programs revenues. Direct expenses are those that are 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.

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

Net Position

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three 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 by the University is subject to externally-imposed stipulations that can be fulfilled by the actions of the University pursuant to those stipulations or that expire by the passage of time.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

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

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.

Cash and Cash Equivalents and Deposits

The University's cash and cash equivalents are considered cash on hand, cash deposits held with the Commonwealth's State Treasurer and Receiver-General, Massachusetts State College Building Authority ("MSCBA") and the Division of Capital Asset Management and Maintenance ("DCAMM"), which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. Provisions for losses on accounts receivables are determined on the basis of loss experience, known and inherent risks in the loan and receivable portfolio, the estimated value of underlying collateral and current economic conditions.

Pledges Receivable - Foundation

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected or paid in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received or paid. Amortization of the discounts is included in contribution revenue or expenses. Conditional promises to give are not included in support or expenses until the conditions are substantially met.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - Continued

Investments

Investments held with the Commonwealth's State Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are reported at amortized cost. The MMDT is an investment pool for political subdivisions in the Commonwealth that 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 money market instruments. The MMDT, an instrumentality of the State Treasurer, is not a bank, savings institution or financial institution, and is not subject to FDIC insurance. MMDT operates as a qualifying external investment pool and is valued by MMDT's management on an amortized cost where the net asset value is \$1 per share.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in non-operating 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 Statement of Revenues and Expenses. 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 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Investments - continued

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 the 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 Salem 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's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair value. 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. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

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 loan programs provided by the federal government is refundable to the federal government upon ending (liquidation) of the University's participation in the programs. The amount due to the federal government upon liquidation is included as a noncurrent liability in the accompanying financial statements.

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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

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, construction in process, buildings, building and land improvements and furniture and equipment, are reported in the statement of net position at cost or fair market value, if donated. 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.

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 which range from 3 to 40 years.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms and can be extended at the end of these terms for additional 10-year periods each.

The University, in accordance with a management and services agreement between the MSCBA and the 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. The revenue assessment amounts are included in the residential life auxiliary enterprises in the accompanying statements of revenue and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

The Assistance Corporation does not maintain a formal capitalization policy. However, purchases of property and equipment exceeding \$200 are generally deemed capitalizable. Purchased property and equipment is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Contributions - Foundation

In-kind rent and services contributed are recorded as contributions in revenues and other support at their fair market values on the date of receipt. The related expenses or assets are also recorded depending on the form of benefits received.

Deposits Held by Other State Agencies

Funds held by the MSCBA and the DCAMM are primarily for ongoing construction projects and are from bond proceeds and University sources.

Pensions

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fringe Benefits

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

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30th each year. Compensated sick leave represents 20% of amounts earned by those employees with ten or more years of state service at the end of each year. Upon termination of employment, these employees are entitled to receive payment for this accrued balance.

Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue when earned.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Other scholarships or financial aid in excess of tuition and fees are generally reflected as expenses.

Interest Costs 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 2017 and 2016, total interest costs incurred were approximately \$1,684,000 and \$1,825,000, respectively. During 2017 and 2016, total interest costs capitalized were approximately \$453,000 and \$555,000, respectively.

Tax Status

The University is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

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 about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, net position classification, and determining the net pension liability.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements

GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for periods beginning after June 15, 2017. This Statement replaces Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of Statement 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (“OPEB”). It also requires additional information by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures.

GASB 75 also identifies the assumptions and methods that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service for defined benefit OPEB. As discussed in Note 19, management anticipates this standard will require the restatement of balances as of July 1, 2017.

GASB Statement 83 – *Certain Asset Retirement Obligations* (“AROs”) is effective for periods beginning after June 15, 2018. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs and requires that recognition occur when the liability is both incurred and reasonably estimable. Management has not completed its review of the requirements of this Statement and its applicability.

GASB Statement 84 – *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to establish criteria for identifying fiduciary activities. Activity meeting the established criteria would then be presented in a statement of net position and a statement of changes in net position. Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds would be reported, as applicable, according to this Statement. Information of component units of a primary government would be shown in the aggregate with the fiduciary funds of the primary government. Under this Statement, a liability could be recognized to the beneficiaries in a fiduciary fund if the government has been compelled to disburse fiduciary resources. Management has not yet evaluated the effects of the implementation of this Statement.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - continued

GASB Statement 85 – *Omnibus 2017* is effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Management has not completed its review of the requirements of this Statement and its applicability.

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2019. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Statement. Management is in the process of evaluating this Statement and has not yet determined its impact on the financial statements.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Note 2 - **Cash and Cash Equivalents and Deposits**

The carrying amounts of the University's cash and cash equivalents and deposits, net of amounts in transit at June 30, 2017 and 2016 were \$16,941,514 and \$16,656,992 respectively. This includes amounts held in deposit at MMDT of \$11,672,504 and \$11,975,615, as of June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the University had deposits of \$5,026,475 and \$5,016,890, respectively, held in a money market account which was insured by a third party up to a maximum of \$5 million.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 2 - **Cash and Cash Equivalents and Deposits - Continued**

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. The occurrence of such an event would limit the University's recovery of funds deposited with the institution to those amounts covered by the Federal Deposit Insurance Corporation ("FDIC") and other third-party insurance in effect at the time of the failure. The University's goal is to mitigate as much custodial risk associated with its cash assets as possible. Deposits in the bank in excess of the insured amounts are uninsured and uncollateralized.

The University places funds with the MMDT, which is an instrumentality of the Treasurer of the Commonwealth and therefore is not covered by FDIC insurance and its political sub-divisions. It is designed as a legal means to temporarily invest available cash in safe, liquid and high yield investment vehicles by offering participation in a diversified portfolio of high quality money market instruments.

The University does not have a formal policy with respect to the custodial credit risk. Custodial credit risk is that, in the event of a failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Amounts remaining that may be exposed to custodial risk at June 30, 2017 and 2016 were \$541,734 and \$300,356, respectively, which are primarily maintained as part of the University's investment portfolio.

The University maintains a \$50,000 target balance in its clearing account which is fully covered under FDIC limits. Any amounts greater than the target balance are transferred based on an overnight purchase agreement. The investments in these agreements are U.S. agency issued securities fully backed by the U.S. Government.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 2 - **Cash and Cash Equivalents and Deposits - Continued**

Credit Risk

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, 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; and return on investment. The University's investment policy generally limits the maturities of investments to not more than seven years. 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.

As of June 30, 2017, and 2016, the fair values of the University's deposits held at the Massachusetts Municipal Depository Trust were \$11,672,504 and \$11,975,615, respectively. At June 30, 2017, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 59% at 30 days or less; 25% at 31-90 days; 14% at 91-180 days; and 2% at 181 days or more. At June 30, 2016, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 54% at 30 days or less; 29% at 31-90 days; 11% at 91-180 days; and 6% at 181 days or more.

Note 3 - **Cash Held By State Treasurer**

Cash forwarded by the University to and held by the State Treasurer for payment of so-called "non-appropriated" liabilities at June 30, 2017 and 2016 through Massachusetts Management Accounting Reporting System ("MMARS") were recorded in the sums of \$1,751,316 and \$2,333,595, respectively.

Liabilities to be funded by state appropriations at June 30, 2017 and 2016 were \$969,059 and \$781,242, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments**

The University investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. The Foundation follows similar guidance in accordance with Financial Accounting Standards Codification ASC 820-10 which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for an asset or liability.

Mutual funds and common stock are valued at daily closing prices as reported by the fund while common stocks and corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. The stock and mutual funds are classified as Level 1 are deemed to be actively traded. U.S. Government obligations are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs.

University

The University's investments at fair value measurement are as follows at June 30, 2017:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 792,724 | \$ - | \$ - | \$ 792,724 |
| U.S. equities | 1,195,212 | - | - | 1,195,212 |
| Corporate bonds | 465,470 | - | - | 465,470 |
| U.S. Treasuries | 455,276 | - | - | 455,276 |
| International emerging | 252,038 | | | 252,038 |
| Mid Cap equities | 273,741 | | | 273,741 |
| Short-term fixed income | 182,090 | - | - | 182,090 |
| Total mutual funds | <u>3,616,551</u> | - | - | <u>3,616,551</u> |
| Common stocks | 6,407,622 | - | - | 6,407,622 |
| Corporate bonds | - | 3,494,845 | - | 3,494,845 |
| U.S. Government obligations | - | 25,025 | - | 25,025 |
| Total investment assets | <u>\$10,024,173</u> | <u>\$ 3,519,870</u> | <u>\$ -</u> | <u>\$ 13,544,043</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

The University's investments at fair value measurement are as follows at June 30, 2016:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 1,120,268 | \$ - | \$ - | \$ 1,120,268 |
| U.S. equities | 739,655 | - | - | 739,655 |
| Corporate bonds | 696,139 | - | - | 696,139 |
| U.S. Treasuries | 283,172 | - | - | 283,172 |
| Short-term fixed income | 119,413 | - | - | 119,413 |
| Total mutual funds | 2,958,647 | - | - | 2,958,647 |
| Common stocks | 6,324,554 | - | - | 6,324,554 |
| Corporate bonds | - | 2,821,655 | - | 2,821,655 |
| U.S. Government obligations | - | 255,171 | - | 255,171 |
| Total investment assets | <u>\$ 9,283,201</u> | <u>\$ 3,076,826</u> | <u>\$ -</u> | <u>\$ 12,360,027</u> |

Foundation

The Foundation's investments at fair value measurement are as follows at June 30, 2017:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 2,996,051 | \$ - | \$ - | \$ 2,996,051 |
| U.S. equities | 2,216,383 | - | - | 2,216,383 |
| Large cap equities | 1,019,785 | - | - | 1,019,785 |
| Small and mid-cap equities | 737,405 | - | - | 737,405 |
| International bonds | 632,583 | - | - | 632,583 |
| Hard assets | 629,337 | - | - | 629,337 |
| International emerging | 619,887 | - | - | 619,887 |
| Short-term fixed income | 545,401 | - | - | 545,401 |
| Corporate bonds | 475,171 | - | - | 475,171 |
| Fixed income | 421,279 | - | - | 421,279 |
| Other | 328,971 | - | - | 328,971 |
| U.S. bonds and notes | 197,975 | - | - | 197,975 |
| Total mutual funds | 10,820,228 | - | - | 10,820,228 |
| Common stocks | 9,228,960 | - | - | 9,228,960 |
| Corporate bonds | - | 5,999,953 | - | 5,999,953 |
| Money market | 2,670,673 | - | - | 2,670,673 |
| U.S. Government obligations | 649,922 | - | - | 649,922 |
| Certificates of deposits | - | 116,586 | - | 116,586 |
| Other | 500 | - | - | 500 |
| Total investment assets | <u>\$ 23,370,283</u> | <u>\$ 6,116,539</u> | <u>\$ -</u> | <u>\$ 29,486,822</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

Foundation - continued

The Foundation's investments at fair value measurement are as follows at June 30, 2016:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------------------|---------------------|-------------|----------------------|
| Mututal funds: | | | | |
| International equities | \$ 3,166,921 | \$ - | \$ - | \$ 3,166,921 |
| U.S. equities | 1,877,814 | - | - | 1,877,814 |
| Large cap equities | 990,665 | - | - | 990,665 |
| Corporate bonds | 973,455 | - | - | 973,455 |
| Hard assets | 680,620 | - | - | 680,620 |
| International bonds | 621,547 | - | - | 621,547 |
| U.S. bonds and notes | 417,472 | - | - | 417,472 |
| Small and mid-cap equities | 196,298 | - | - | 196,298 |
| Short-term fixed income | 163,452 | - | - | 163,452 |
| Total mutual funds | 9,088,244 | - | - | 9,088,244 |
| Common stocks | 8,305,369 | - | - | 8,305,369 |
| Corporate bonds | - | 5,362,503 | - | 5,362,503 |
| Money market | 3,066,192 | - | - | 3,066,192 |
| U.S. Government obligations | 620,165 | - | - | 620,165 |
| Certificates of deposits | - | 116,586 | - | 116,586 |
| Other | 500 | - | - | 500 |
| Total investment assets | <u>\$ 21,080,470</u> | <u>\$ 5,479,089</u> | <u>\$ -</u> | <u>\$ 26,559,559</u> |

University

The University categorizes short-term investments according to the level of risk assumed by the University. At June 30, 2017 and 2016, investments totaled \$13,544,043 and \$12,360,027, respectively. These holdings represent investments that are insured, registered and held by the University's investment agent in the University's name. At June 30, 2017 and 2016, there were no individual investments that represented 5% or more of the University's portfolio. The University currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal policies approved by the University's Board of Trustees.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

Investments of the University are exposed to interest rate and market risk. They are stated at fair market value and consist of the following:

| June 30, 2017 Investment Maturity in Years | | | | |
|--|---------------|-------------|--------------|--------------|
| Investment Type: | Fair Value | Less than 1 | 1-5 | 6-10 |
| Corporate bonds | \$ 3,494,845 | \$ - | \$ 2,076,238 | \$ 1,418,607 |
| Corporate bond funds | 465,470 | - | 221,602 | 243,868 |
| U.S. Government obligations | 25,025 | - | 25,025 | - |
| Short-term fixed income | 182,090 | 182,090 | - | - |
| U.S. Treasuries | 455,276 | - | 48,058 | 407,218 |
| Total fixed income | 4,622,706 | \$ 182,090 | \$ 2,370,923 | \$ 2,069,693 |
| Equity securities | 8,921,337 | | | |
| Total investments | \$ 13,544,043 | | | |

| June 30, 2016 Investment Maturity in Years | | | | |
|--|---------------|-------------|--------------|------------|
| Investment Type: | Fair Value | Less than 1 | 1-5 | 6-10 |
| Corporate bonds | \$ 2,821,655 | \$ 497,450 | \$ 2,298,117 | \$ 26,088 |
| Corporate bond funds | 696,139 | - | 437,552 | 258,587 |
| U.S. Government obligations | 255,171 | 25,106 | 230,065 | - |
| Short-term fixed income | 119,413 | 119,413 | - | - |
| U.S. Treasuries | 283,172 | - | - | 283,172 |
| Total fixed income | 4,175,550 | \$ 641,969 | \$ 2,965,734 | \$ 567,847 |
| Equity securities | 8,184,477 | | | |
| Total investments | \$ 12,360,027 | | | |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

The following table summarizes the quality ratings of the University's debt investments at June 30, 2017:

| | Quality Ratings | | | | | | | | |
|-----------------------------|-----------------|------------|--------------|--------------|------------|------------|------------|------------|------------|
| | Fair Value | Ba2 | Baa1 | Baa2 | A1 | A2 | A3 | AGCY | Not Rated |
| Corporate bonds | \$ 3,494,845 | \$ 147,185 | \$ 1,034,966 | \$ 1,008,232 | \$ 231,042 | \$ 354,301 | \$ 719,119 | \$ - | \$ - |
| Corporate bond funds | 465,470 | - | - | - | - | - | - | - | 465,470 |
| U.S. Government obligations | 25,025 | - | - | - | - | - | - | 25,025 | - |
| Short-term fixed income | 182,090 | - | - | - | - | - | - | - | 182,090 |
| U.S. Treasuries | 455,276 | - | - | - | - | - | - | 455,276 | - |
| Totals | \$ 4,622,706 | \$ 147,185 | \$ 1,034,966 | \$ 1,008,232 | \$ 231,042 | \$ 354,301 | \$ 719,119 | \$ 480,301 | \$ 647,560 |

The following table summarizes the quality ratings of the University's debt investments at June 30, 2016:

| | Quality Ratings | | | | | | | | | |
|-----------------------------|-----------------|-----------|------------|------------|--------------|------------|------------|------------|------------|--------------|
| | Fair Value | Ba1 | Baa1 | Baa2 | A1 | A2 | A3 | Aa1 | AGCY | Not Rated |
| Corporate bonds | \$ 2,821,655 | \$ 97,810 | \$ 224,834 | \$ 150,609 | \$ 1,058,957 | \$ 668,677 | \$ 440,737 | \$ 180,031 | \$ - | \$ - |
| Corporate bond funds | 696,139 | - | - | - | - | - | - | - | - | 696,139 |
| U.S. Government obligations | 255,171 | - | - | - | - | - | - | - | 255,171 | - |
| Short-term fixed income | 119,413 | - | - | - | - | - | - | - | - | 119,413 |
| U.S. Treasuries | 283,172 | - | - | - | - | - | - | - | - | 283,172 |
| Totals | \$ 4,175,550 | \$ 97,810 | \$ 224,834 | \$ 150,609 | \$ 1,058,957 | \$ 668,677 | \$ 440,737 | \$ 180,031 | \$ 255,171 | \$ 1,098,724 |

Investment Income (Loss)

The following schedule summarizes the investment income (loss) in the statements of revenues and expenses for the University and Foundation for the years ended June 30:

| | University 2017 | University 2016 | Foundation 2017 | Foundation 2016 |
|--|---------------------|---------------------|---------------------|---------------------|
| Interest and dividends | \$ 502,758 | \$ 373,089 | \$ 598,409 | \$ 599,381 |
| Net realized and unrealized gains and (losses) | 1,312,778 | (484,011) | 2,254,172 | (733,394) |
| Investment fees | (60,060) | (59,041) | (94,807) | (124,036) |
| Total investment income (loss) | <u>\$ 1,755,476</u> | <u>\$ (169,963)</u> | <u>\$ 2,757,774</u> | <u>\$ (258,049)</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 5 - **Accounts, Grants and Other Receivables**

The accounts, grants and other receivables balances were comprised of the following at June 30:

| | 2017 | 2016 |
|---|---------------|---------------|
| Student accounts | \$ 11,452,495 | \$ 14,366,931 |
| Grants | 620,278 | 581,952 |
| Other | 1,067,392 | 788,296 |
| Total gross receivables | 13,140,165 | 15,737,179 |
| Less: allowance for doubtful accounts | (7,181,405) | (6,914,099) |
| Total accounts, grants and other receivables, net | \$ 5,958,760 | \$ 8,823,080 |

Note 6 - **Pledges Receivable and Notes Receivable**

Pledges Receivable - Foundation

Pledges receivable for the Foundation consisted of the following as of June 30 and are expected to be realized as follows:

| | 2017 | 2016 |
|-------------------------------------|--------------|--------------|
| Within one year | \$ 1,303,299 | \$ 1,844,881 |
| Between one to five years | 4,696,662 | 1,646,793 |
| More than five years | 103,417 | 210,217 |
| Total pledges receivables | 6,103,378 | 3,701,891 |
| Less: | | |
| Allowance for doubtful accounts | (85,000) | (85,000) |
| Discount to net present value at 3% | (540,523) | (250,730) |
| Pledges receivable, net | 5,477,855 | 3,366,161 |
| Less: current portion of receivable | (1,303,299) | (1,844,881) |
| Long-term pledges receivable, net | \$ 4,174,556 | \$ 1,521,280 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 6 - **Pledges Receivable and Notes Receivable - Continued**

Notes Receivable - Foundation

During 2014, the Foundation provided a loan of \$600,000 to the Assistance Corporation to be used to purchase a property that was then leased to the University. The loan consisted of two notes: the first in the amount of \$200,000, requiring monthly principal payments of \$5,556 plus interest at 1.25%, maturing in August 2016; the second in the amount of \$400,000, requiring monthly principal payments of \$3,333 plus interest at 6.98% through August 2018, at which point the interest will be adjusted to the Federal Home Loan Bank of Boston Classic Rate for five-year maturities (2.28% and 1.57% at June 30, 2017 and 2016, respectively) plus 475 basis points. This note matures in August 2023. Funding was provided from the Foundation's investment portfolios and all repayments, including principal and interest, will be reinvested therein.

Future minimum maturities of the notes receivable for years subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | |
|--------------------------|-------------------|
| 2018 | 40,000 |
| 2019 | 40,000 |
| 2020 | 40,000 |
| 2021 | 40,000 |
| 2022 | 40,000 |
| Thereafter | 46,667 |
| Total | <u>\$ 246,667</u> |

Note 7 - **Loans Receivable and Payable**

Loans receivable and payable consist primarily of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Loan Program ("NSL"). The Federal Government originally provided the majority of the funds to support these programs. Under certain conditions loan payments from students made under those programs may be re-loaned after collection. The portion of the Perkins and NSL Programs provided by the Federal Government is refundable to the Federal Government upon the ending ("liquidation") of the University's participation in the programs.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 7 - **Loans Receivable and Payable - Continued**

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 lack of collectability and have been accepted (assigned) by the Department of Education. 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.

Loans receivable from students include the following at June 30,:

| | 2017 | 2016 |
|------------------------------|--------------|--------------|
| Perkins | \$ 1,433,891 | \$ 1,368,007 |
| Nursing | 573,197 | 615,411 |
| Other | 20,620 | 22,384 |
| Total loans receivable | 2,027,708 | 2,005,802 |
| Less: amount due in one year | (221,611) | (264,430) |
| Long-term loan receivables | \$ 1,806,097 | \$ 1,741,372 |

Amounts that would have to be repaid to the Federal Government upon liquidation by the University at June 30 are as follows:

| | 2017 | 2016 |
|---------------------|--------------|--------------|
| Perkins | \$ 1,425,966 | \$ 1,507,927 |
| Nursing | 764,207 | 751,605 |
| Total loans payable | \$ 2,190,173 | \$ 2,259,532 |

The Federal Perkins Loan Program Extension Act of 2015 (the "Extension Act"), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. Students that received a fall semester Perkins loan disbursement before October 1, 2017 can receive a spring semester Perkins loan disbursement. The University is currently evaluating alternative methods of financial aid for students affected by the Extension Act for the 2018-19 academic year.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets**

University

Capital asset activity for the University for the year ended June 30, 2017 is as follows:

| | Beginning Balance | Additions | Transfer to Capital Assets | Ending Balance |
|--------------------------------------|-----------------------|---------------------|-------------------------------|-----------------------|
| Capital assets not depreciated: | | | | |
| Land | \$ 2,536,173 | \$ - | \$ - | \$ 2,536,173 |
| Construction in process | 20,361,280 | 17,167,580 | (31,157,344) | 6,371,516 |
| Total capital assets not depreciated | <u>22,897,453</u> | <u>17,167,580</u> | <u>(31,157,344)</u> | <u>8,907,689</u> |
| Capital assets depreciated: | | | | |
| Buildings | 90,129,935 | - | - | 90,129,935 |
| Buildings and land improvements | 106,433,382 | - | 30,516,182 | 136,949,564 |
| Furniture and equipment | 29,507,734 | 252,339 | 641,162 | 30,401,235 |
| Total capital assets depreciated | <u>226,071,051</u> | <u>252,339</u> | <u>31,157,344</u> | <u>257,480,734</u> |
| Total capital assets | <u>248,968,504</u> | <u>17,419,919</u> | <u>-</u> | <u>266,388,423</u> |
| Less: accumulated depreciation: | | | | |
| Buildings | 24,897,058 | 1,928,972 | - | 26,826,030 |
| Building improvements | 35,878,971 | 5,181,620 | - | 41,060,591 |
| Furniture and equipment | 24,487,488 | 1,366,225 | - | 25,853,713 |
| Total accumulated depreciation | <u>85,263,517</u> | <u>8,476,817</u> | <u>-</u> | <u>93,740,334</u> |
| Capital assets, net | <u>\$ 163,704,987</u> | <u>\$ 8,943,102</u> | <u>\$ -</u> | <u>\$ 172,648,089</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

University - continued

Capital asset activity for the University for the year ended June 30, 2016 is as follows:

| | Beginning Balance | Additions | Transfer to Capital Assets | Ending Balance |
|--------------------------------------|-----------------------|---------------------|-------------------------------|-----------------------|
| Capital assets not depreciated: | | | | |
| Land | \$ 2,536,173 | \$ - | \$ - | \$ 2,536,173 |
| Construction in process | 12,455,886 | 15,228,683 | (7,323,289) | 20,361,280 |
| Total capital assets not depreciated | <u>14,992,059</u> | <u>15,228,683</u> | <u>(7,323,289)</u> | <u>22,897,453</u> |
| Capital assets depreciated: | | | | |
| Buildings | 90,129,935 | - | - | 90,129,935 |
| Buildings and land improvements | 98,373,297 | 862,795 | 7,197,290 | 106,433,382 |
| Furniture and equipment | 29,279,716 | 102,019 | 125,999 | 29,507,734 |
| Total capital assets depreciated | <u>217,782,948</u> | <u>964,814</u> | <u>7,323,289</u> | <u>226,071,051</u> |
| Total capital assets | <u>232,775,007</u> | <u>16,193,497</u> | <u>-</u> | <u>248,968,504</u> |
| Less: accumulated depreciation: | | | | |
| Buildings | 22,968,084 | 1,928,974 | - | 24,897,058 |
| Building improvements | 31,576,762 | 4,302,209 | - | 35,878,971 |
| Furniture and equipment | 22,842,001 | 1,645,487 | - | 24,487,488 |
| Total accumulated depreciation | <u>77,386,847</u> | <u>7,876,670</u> | <u>-</u> | <u>85,263,517</u> |
| Capital assets, net | <u>\$ 155,388,160</u> | <u>\$ 8,316,827</u> | <u>\$ -</u> | <u>\$ 163,704,987</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

Assistance Corporation

Capital asset activity of the Assistance Corporation for the year ended June 30, 2017 was as follows:

| | Beginning Balance | Additions | Ending Balance |
|--------------------------------------|----------------------|-------------------|----------------------|
| Capital assets not depreciated: | | | |
| Land | \$ 7,621,892 | \$ 539,590 | \$ 8,161,482 |
| Total capital assets not depreciated | <u>7,621,892</u> | <u>539,590</u> | <u>8,161,482</u> |
| Capital assets depreciated: | | | |
| Buildings | 1,446,719 | 338,841 | 1,785,560 |
| Building improvements | 4,214,941 | - | 4,214,941 |
| Furniture and equipment | 191,112 | - | 191,112 |
| Total capital assets depreciated | <u>5,852,772</u> | <u>338,841</u> | <u>6,191,613</u> |
| Total capital assets | <u>13,474,664</u> | <u>878,431</u> | <u>14,353,095</u> |
| Less accumulated depreciation: | | | |
| Buildings | 533,213 | 36,168 | 569,381 |
| Buildings improvements | 1,723,433 | 120,123 | 1,843,556 |
| Furniture and equipment | 174,721 | 9,507 | 184,228 |
| Total accumulated depreciation | <u>2,431,367</u> | <u>165,798</u> | <u>2,597,165</u> |
| Capital assets, net | <u>\$ 11,043,297</u> | <u>\$ 712,633</u> | <u>\$ 11,755,930</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

Assistance Corporation - continued

Capital asset activity of the Assistance Corporation for the year ended June 30, 2016 was as follows:

| | Beginning Balance | Additions | Ending Balance |
|--------------------------------------|----------------------|-------------------|----------------------|
| Capital assets not depreciated: | | | |
| Land | \$ 6,987,769 | \$ 634,123 | \$ 7,621,892 |
| Total capital assets not depreciated | <u>6,987,769</u> | <u>634,123</u> | <u>7,621,892</u> |
| Capital assets depreciated: | | | |
| Buildings | 1,170,018 | 276,701 | 1,446,719 |
| Building improvements | 4,214,941 | - | 4,214,941 |
| Furniture and equipment | 191,112 | - | 191,112 |
| Total capital assets depreciated | <u>5,576,071</u> | <u>276,701</u> | <u>5,852,772</u> |
| Total capital assets | <u>12,563,840</u> | <u>910,824</u> | <u>13,474,664</u> |
| Less accumulated depreciation: | | | |
| Buildings | 498,275 | 34,938 | 533,213 |
| Buildings improvements | 1,598,515 | 124,918 | 1,723,433 |
| Furniture and equipment | 165,212 | 9,509 | 174,721 |
| Total accumulated depreciation | <u>2,262,002</u> | <u>169,365</u> | <u>2,431,367</u> |
| Capital assets, net | <u>\$ 10,301,838</u> | <u>\$ 741,459</u> | <u>\$ 11,043,297</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 9 - **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses include the following at June 30, 2017 and 2016:

| | 2017 | 2016 |
|---|--------------|--------------|
| Accounts payable - trade | \$ 2,230,457 | \$ 1,884,259 |
| Accrued interest payable | 391,022 | 362,094 |
| Tuition due to state | 77,450 | 76,817 |
| Other | 1,336,547 | 1,078,611 |
| Total accounts payable and accrued expenses | \$ 4,035,476 | \$ 3,401,781 |

Note 10 - **Unearned Revenues**

Unearned revenues include tuition received in advance from students for courses commencing after June 30 primarily for summer and fall semesters (FY 2018) and grant funds received in advance. Unearned revenues of the University include the following at June 30,:

| | 2017 | 2016 |
|------------------------|--------------|--------------|
| Tuition and fees | \$ 2,726,159 | \$ 7,079,442 |
| Grants | 415,797 | 328,324 |
| Other | 1,294 | 20,038 |
| Total unearned revenue | \$ 3,143,250 | \$ 7,427,804 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities**

Long-term liabilities of the University at June 30, 2017 consist of:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| Bond, loans and note payable: | | | | | |
| Bonds payable | \$ 39,806,037 | \$ 3,795,907 | \$ 1,782,461 | \$ 41,819,483 | \$ 1,870,449 |
| Bond premiums | 3,583,843 | - | 200,903 | 3,382,940 | 200,892 |
| Loans payable | 2,259,532 | - | 69,359 | 2,190,173 | - |
| Note payable | 161,919 | - | 67,675 | 94,244 | 81,546 |
| Total bonds, loans and note payable | <u>45,811,331</u> | <u>3,795,907</u> | <u>2,120,398</u> | <u>47,486,840</u> | <u>2,152,887</u> |
| Other long-term liabilities: | | | | | |
| Accrued compensated absences | 9,557,763 | 202,453 | - | 9,760,216 | 6,120,020 |
| Workers' compensaton | 958,082 | 219,236 | - | 1,177,318 | 222,168 |
| Net pension liability | 44,297,126 | 2,676,270 | - | 46,973,396 | - |
| Total other long-term liabilities | <u>54,812,971</u> | <u>3,097,959</u> | <u>-</u> | <u>57,910,930</u> | <u>6,342,188</u> |
| Total long-term liabilities | <u>\$ 100,624,302</u> | <u>\$ 6,893,866</u> | <u>\$ 2,120,398</u> | <u>\$ 105,397,770</u> | <u>\$ 8,495,075</u> |

Long-term liabilities of the University at June 30, 2016 consist of:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|----------------------|----------------------|---------------------|-----------------------|---------------------|
| Bond, loans and note payable: | | | | | |
| Bonds payable | \$ 40,322,832 | \$ 1,090,000 | \$ 1,606,795 | \$ 39,806,037 | \$ 1,664,256 |
| Bond premiums | 3,730,972 | 53,758 | 200,887 | 3,583,843 | 200,892 |
| Loans payable | 2,290,470 | - | 30,938 | 2,259,532 | - |
| Note payable | 234,388 | - | 72,469 | 161,919 | 73,887 |
| Total bonds, loans and note payable | <u>46,578,662</u> | <u>1,143,758</u> | <u>1,911,089</u> | <u>45,811,331</u> | <u>1,939,035</u> |
| Other long-term liabilities: | | | | | |
| Accrued compensated absences | 9,202,884 | 354,879 | - | 9,557,763 | 6,029,533 |
| Workers' compensaton | 1,176,844 | - | 218,762 | 958,082 | 202,631 |
| Net pension liability | 21,889,032 | 22,408,094 | - | 44,297,126 | - |
| Total other long-term liabilities | <u>32,268,760</u> | <u>22,762,973</u> | <u>218,762</u> | <u>54,812,971</u> | <u>6,232,164</u> |
| Total long-term liabilities | <u>\$ 78,847,422</u> | <u>\$ 23,906,731</u> | <u>\$ 2,129,851</u> | <u>\$ 100,624,302</u> | <u>\$ 8,171,199</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable - University

Over the past 11 years, the University, in association with the MSCBA, DCAMM and the Massachusetts Development Finance Agency (“MDFA”), has entered into financing and construction agreements for various campus projects. The projects are as follows:

O’Keefe Athletic Complex Fields

During fiscal year 2005, the University entered into an agreement with the MSCBA to initiate a construction project to upgrade the University’s athletic field at the O’Keefe Athletic Complex. The scope of the services provided by MSCBA included planning and design as well as project management and construction. The project was completed during fiscal year 2006. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A via First Albany Capital, Public Finance).

Through its agreement with MSCBA, the University has an agreement to re-pay this debt in semi-annual installments, which started June 30, 2005 and ends June 30, 2025 at an annual variable coupon rate averaging approximately 4.25%. The outstanding balance of this obligation including unamortized bond premium was \$1,600,839 and \$1,746,756 at June 30, 2017 and 2016, respectively.

Central Campus Athletic Field and Tennis Court

During fiscal year 2006, the MSCBA issued Project 2006A bonds to support a project for the construction of a multi-purpose athletic field and tennis courts on the Central Campus of the University. The University has an agreement with the MSCBA to re-pay this debt in semi-annual installments, which started May 1, 2006 and ends May 1, 2026, at an annual coupon rate of approximately 4.26%. The outstanding balance of this obligation including unamortized bond premium was \$1,989,833 and \$2,150,153 at June 30, 2017 and 2016, respectively.

Clean Renewable Energy Initiatives

During fiscal year 2008, the MDFA issued Clean Renewable Energy Bonds totaling \$214,500 on behalf of the University. The proceeds from this issue were used to install solar panels on various buildings on campus. Through its agreement with MDFA, the University agreed to re-pay this interest free debt with annual principal installments of \$14,300. The term of the issue is from December 31, 2007 to December 31, 2020. The outstanding balance of this obligation was \$71,500 and \$85,800 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

In September 2010, the Commonwealth of Massachusetts issued Clean Renewable Energy Bonds (“CREBS”) at 3.5%. From this bond issue, the University received \$289,995 for the purpose of acquiring and installing solar panels on the O’Keefe Center. The University makes semi-annual payments of interest and principal. The bond holder is Century Bank. The term of the bond extends to May 2027. The outstanding balance of the obligation was \$170,585 and \$187,643 at June 30, 2017 and 2016, respectively.

Harold E. and Marilyn J. Gassett Fitness & Recreation Center at the O’Keefe Athletic Complex

In January of 2012, the MSCBA issued 2012A Project Bonds. The University was allotted \$16,028,603 for the construction of a Fitness Center as part of the O’Keefe Athletic Complex. The University’s portion of this issue consisted of principal of \$14,230,000 with a premium of \$1,798,603. The term of this debt extends to June 30, 2036 with a true interest cost (“TIC”) of 3.94%. The outstanding balance of this obligation including unamortized bond premium was \$14,114,243 and \$14,592,610 at June 30, 2017 and 2016, respectively.

With this issue, the 2005 and 2006 bond issues were refinanced at the lower TIC. This resulted in lower interest payments on both the 2005 and 2006 bond issues starting with the MSCBA 2012 spring assessment until the respective maturity date of each bond. The Debt Service Reserve for the 2005 bond was also reduced by approximately \$159,000 leaving a balance of \$88,612. A debt service reserve remains for the 2006 bond in the amount of \$245,737, which is unchanged from FY 2012.

Sophia Gordon Center for Creative and Performing Arts Theatre and Other Projects

During January 2014, the MSCBA issued 2014 project bonds on behalf of the University. These bond proceeds along with other University funds are being used to fund the construction of various projects on campus. These projects include the creation of the Student Navigation Center, comprehensive renovations to the Sophia Gordon Center for Creative and Performing Arts Theatre, relocation of the Public Safety station and the development and creation of a parking lot on Assistance Corporation owned land. These bonds consist of principal in the amount of \$19,030,000, issued at a premium of \$2,243,187. The average annual coupon rate is approximately 4.0% over the life of the issue, and the term of this debt extends to June 30, 2033. The outstanding balance of this obligation including unamortized bond premium was \$19,108,461 and \$19,923,996 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Land Acquisition Bond

In addition to the MSCBA issued 2014 project bonds, the MSCBA held additional bond proceeds for the University to use for future land acquisitions. These bond proceeds were used for land acquisitions on behalf of the Assistance Corporation during the 2016 fiscal year and have been included as a contribution (expense) to the Assistance Corporation in these financial statements under Non-Operating Revenues (Expenses). This bond amount consists of principal in the amount of \$1,090,000, issued at a premium of \$53,758. The average annual coupon rate is approximately 4.8% over the life of the issue, and the term of this debt extends to June 30, 2048. The outstanding balance of this obligation including unamortized bond premium was \$1,110,500 and \$1,127,129 at June 30, 2017 and 2016, respectively.

Clean Energy Investment Program

During July 2013, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project – Phase 1 (the project). In addition, during February 2014, the University entered into a second Memorandum of Agreement with DCAMM related to the same project but known as Phase 2. The project's goal is to upgrade the University campus wide lighting and lighting controls, water conservation and vending machine controls, motors, steam traps, pipe insulation, kitchen hood controls, energy management system upgrades, high efficiency gas boilers and HVAC modifications.

During March 2016, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project - Phase 3 (the project). The project's goal is a comprehensive energy and water saving performance contract which includes ice rink renovations, lighting upgrades, EMS and HVAC upgrades.

The total project cost for Phase 1 is \$1,694,560 and is to be repaid over 15 years at 4.0% interest per annum. Annual payments of principal and interest for Phase 1 in the amount of \$152,411 commenced in January 2015. The total project cost for Phase 2 is \$2,291,402 and is to be repaid over 15 years at 3.75% interest per annum. Annual payments of principal and interest for Phase 2 in the amount of \$202,505 commenced in January 2015. The total project cost for the University for Phase 3 is \$2,801,950 and will be repaid over 20 years at 3.0% interest per annum commencing on January 1, 2018. The annual payments of principal and interest for Phase 3 amount to \$188,335 per annum. The outstanding balance of the obligations for Phase 1, 2 and 3 was \$6,160,724 and \$3,575,793 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Property Acquisition – Garage Bond

MSCBA held excess bond proceeds on behalf of the University for future real estate acquisitions. These bond proceeds were used for property acquisitions on behalf of the Assistance Corporation during June 2017 and have been included as a contribution (expense) to the Assistance Corporation in these financial statements under Non-Operating Revenues (Expenses). This bond amount consists of principal in the amount of \$875,738 as of June 30, 2017. The average annual coupon rate is approximately 5.0% over the life of the issue, and the term of this debt extends to June 30, 2044.

Debt Service Reserves

Total debt service reserves held by the MSCBA for past bond issuances amount to \$1,473,340 at June 30, 2017 and 2016.

Bond Payable Maturities

Maturities of the bonds payable subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | Principal | Amortization of Premium | Interest | Total |
|--------------------------|----------------------|----------------------------|----------------------|----------------------|
| 2018 | \$ 1,870,449 | \$ 200,892 | \$ 1,903,314 | \$ 3,974,655 |
| 2019 | 2,000,775 | 200,892 | 1,959,121 | 4,160,788 |
| 2020 | 2,065,608 | 200,892 | 1,785,157 | 4,051,657 |
| 2021 | 2,155,281 | 200,892 | 1,693,582 | 4,049,755 |
| 2022 | 2,244,670 | 200,892 | 1,597,494 | 4,043,056 |
| 2023-2027 | 12,092,668 | 990,675 | 6,323,603 | 19,406,946 |
| 2028-2032 | 11,996,496 | 952,690 | 3,491,407 | 16,440,593 |
| 2033-2037 | 6,488,383 | 417,205 | 863,076 | 7,768,664 |
| 2038-2042 | 450,834 | 8,145 | 176,201 | 635,180 |
| 2043-2048 | 454,319 | 9,765 | 64,991 | 529,075 |
| Total | <u>\$ 41,819,483</u> | <u>\$ 3,382,940</u> | <u>\$ 19,857,946</u> | <u>\$ 65,060,369</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Note Payable University

During September 2013, a note payable was acquired for \$363,653 to purchase various equipment for use in the Gasset Fitness Center. The note payable term is for five years, requires monthly payments of \$6,364, has an average interest rate of 2% and is payable through August 2018. The annual principal payments on this note are as follows:

| Years Ending June 30, | |
|--------------------------|------------------|
| 2018 | \$ 81,546 |
| 2019 | 12,698 |
| Total | <u>\$ 94,244</u> |

Long-term Liabilities - Assistance Corporation

Long-term liabilities for the Assistance Corporation at June 30, 2017 consisted of:

| | <u>Beginning Balance</u> | <u>Increases (Reductions)</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Non-Current Portion</u> |
|---------------|------------------------------|-----------------------------------|---------------------------|----------------------------|--------------------------------|
| Notes payable | \$ 1,507,857 | \$ (85,691) | \$ 1,422,166 | \$ 70,135 | \$ 1,352,031 |
| Bonds payable | 2,136,400 | (488,709) | 1,647,691 | 350,010 | 1,297,681 |
| Other notes | 34,078 | (7,125) | 26,953 | - | 26,953 |
| Total | <u>\$ 3,678,335</u> | <u>\$ (581,525)</u> | <u>\$ 3,096,810</u> | <u>\$ 420,145</u> | <u>\$ 2,676,665</u> |

Long-term liabilities for the Assistance Corporation at June 30, 2016 consisted of:

| | <u>Beginning Balance</u> | <u>Increases (Reductions)</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Non-Current Portion</u> |
|---------------|------------------------------|-----------------------------------|---------------------------|----------------------------|--------------------------------|
| Notes payable | \$ 1,647,058 | \$ (139,201) | \$ 1,507,857 | \$ 86,424 | \$ 1,421,433 |
| Bonds payable | 2,609,043 | (472,643) | 2,136,400 | 333,838 | 1,802,562 |
| Other notes | 31,630 | 2,448 | 34,078.00 | - | 34,078 |
| Total | <u>\$ 4,287,731</u> | <u>\$ (609,396)</u> | <u>\$ 3,678,335</u> | <u>\$ 420,262</u> | <u>\$ 3,258,073</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Notes Payable Assistance Corporation

The Assistance Corporation has two promissory notes outstanding with the Salem State University Foundation. Under the terms of the first promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$400,000 plus interest accruing at 6.98% per annum. Principal payments in the amount of \$3,333 plus interest are due monthly. Under the agreement, the interest rate will be adjusted so that it is equal to 475 basis points above the Federal Home Loan Bank of Boston Classic rate for 5 year maturities. The entire outstanding principal balance of the note along with any accrued interest is due on August 2023. Under the terms of the second promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$200,000 plus interest accruing at 1.25% per annum. Principal payments in the amount of \$5,556 plus interest are due monthly. The entire outstanding principal balance of the note along with any accrued interest was paid during the year ended June 30, 2017.

Notes Payable Assistance Corporation - continued

The Assistance Corporation maintains a loan with a bank. The loan is a five year adjustable rate mortgage due September 2022 with a 25-year amortization. Payments in the amount of \$6,856, including principal and interest at 3.95% are due monthly through August 2017 at which time the interest rate will be adjusted to 4.625% for the remainder of the term. A final balloon payment representing the outstanding balance is due in September 2022. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

The annual debt service requirements to maturity for the note payable are as follows:

| Years Ending | Principal | Interest |
|--------------|---------------------|-------------------|
| June 30, | | |
| 2018 | \$ 70,135 | \$ 68,187 |
| 2019 | 70,187 | 65,420 |
| 2020 | 71,613 | 61,199 |
| 2021 | 73,107 | 56,893 |
| 2022 | 74,671 | 52,517 |
| Thereafter | 1,062,453 | 13,724 |
| Total | <u>\$ 1,422,166</u> | <u>\$ 317,940</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities – Continued**

Bonds Payable Assistance Corporation

In August 2010, HEFA issued Revenue Bonds, Salem State University Assistance Corporation Issue, Series 2010A bearing interest at 3.26% with a maturity date of September 15, 2020 in the amount of \$4,700,000. HEFA sold the bonds to TD Bank and loaned the proceeds to the Assistance Corporation.

The loan proceeds were used to acquire additional rental property that would be leased to the University for approximately \$4,500,000 and to pay for associated financial and closing costs. This property is currently being leased under an agreement with Salem State University. Subsequent to June 30, 2017, principal and interest payments on the revenue bond payable for the next five years are as follows:

| Years Ending June 30, | Principal | Interest |
|--------------------------|---------------------|-------------------|
| 2018 | \$ 350,010 | \$ 48,516 |
| 2019 | 361,592 | 36,933 |
| 2020 | 373,558 | 24,968 |
| 2021 | 562,531 | 4,326 |
| Total | <u>\$ 1,647,691</u> | <u>\$ 114,743</u> |

Note 12 - **Pensions**

Defined Benefit Plan Description

The University makes contributions for employees paid by state appropriations through a benefit charge assessed by the Commonwealth. Such pension expense amounted to \$7,462,847 and \$6,866,271 for the years ended June 30, 2017 and 2016, respectively. Employees, who contribute a percentage of their regular compensation, fund the annuity portion of the retirement System. Annual covered payroll was approximately 68% and 70% of total related payroll for fiscal years end June 30, 2017, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Defined Benefit Plan Description - continued

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit-pension plan – the Massachusetts State Employees’ Retirement System (“SERS”) – administered by the Massachusetts State Board of Retirement (the “Board”), which is a public employee retirement system (“PERS”). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers’ payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees’ Retirement System does not issue a stand-alone financial statement.

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (“MGL”) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 are not eligible for retirement until they have reached age 60.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Contributions

The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets. Member contributions for SERS vary depending on the most recent date of membership:

| <u>Hire Date</u> | <u>Percent of Compensation</u> |
|---------------------|---|
| Prior to 1975 | 5% of regular compensation |
| 1975 - 1983 | 7% of regular compensation |
| 1984 to 6/30/1996 | 8% of regular compensation |
| 7/1/1996 to present | 9% of regular compensation except for State Police which is 12% of regular compensation |
| 1979 to present | An additional 2% of regular compensation in excess of \$30,000 |

The University is required to contribute at an actuarially determined rate; the rate was 9.95% and 9.45% of annual covered payroll for the fiscal years ended June 30, 2017 and 2016, respectively. The University contributed \$2,716,688 and \$2,446,187 for the fiscal years ended June 30, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 and 2016, the University reported a liability of \$46,973,396 and \$44,297,126, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2017, the reporting date, was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. The net pension liability as of June 30, 2016, the reporting date, was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. The University's proportion of the net pension liability was based on its share of the Commonwealth's collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2016 and 2015, respectively. The University's proportionate share was based on actual employer contributions to the SERS for fiscal years 2016 and 2015 relative to total contributions of all participating employers for the fiscal years. At June 30, 2016 and 2015, the University's proportion was 0.341% and 0.389%, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

For the years ended June 30, 2017 and 2016, the University recognized pension expense of \$4,746,159 and \$4,420,084, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| <u>Deferred Outflows of Resources</u> | | |
| Difference between expected and actual experience | \$ 2,231,111 | \$ 875,604 |
| Net differences between projected and actual earnings on pension plan investments | 3,153,237 | - |
| Change in plan actuarial assumptions, net | 5,209,037 | 7,671,355 |
| Changes in proportion from Commonwealth | 104,648 | - |
| Changes in proportion due to internal allocation | 6,211,803 | 8,084,944 |
| Contributions subsequent to the measurement date | <u>2,716,688</u> | <u>2,446,187</u> |
| Total deferred outflows related to pension | <u>\$19,626,524</u> | <u>\$19,078,090</u> |
| <u>Deferred Inflows of Resources</u> | | |
| Net differences between projected and actual earnings on pension plan investments | \$ - | \$ 1,272,915 |
| Changes in proportion from Commonwealth | 22,631 | 34,006 |
| Changes in proportion due to internal allocation | <u>3,867,474</u> | <u>-</u> |
| Total deferred inflows related to pension | <u>\$ 3,890,105</u> | <u>\$ 1,306,921</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12- **Pensions - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

The University's contributions of \$2,716,677 and \$2,446,187 made during the fiscal years ending 2017 and 2016, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

| Years Ending <u>June 30,</u> | |
|---------------------------------|---------------------|
| 2018 | \$ 2,947,461 |
| 2019 | 2,947,461 |
| 2020 | 4,213,615 |
| 2021 | 2,680,542 |
| 2022 | <u>230,652</u> |
| | <u>\$13,019,731</u> |

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Measurement date | June 30, 2017 | June 30, 2016 |
|--|----------------|----------------|
| Inflation | 3.00% | 3.00% |
| Salary increases | 4.00% to 9.00% | 3.50% to 9.00% |
| Investment rate of return | 7.50% | 7.50% |
| Interest rate credited to annuity savings fund | 3.50% | 3.50% |

For measurement dates June 30, 2016 and 2015, mortality rates were based on:

- Pre-retirement - reflects RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement - reflects RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability - the mortality rate is assumed to be in accordance with the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions – Continued**

Actuarial Assumptions - continued

The actuarial assumptions used in the January 1, 2016 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of the actuarial experience study performed as of January 1, 2016.

The actuarial assumptions used in the January 1, 2015 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of the actuarial experience study performed as of January 1, 2015.

Investment assets of SERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, are summarized in the following table:

| Asset Class | 2016 | | 2015 | |
|---------------------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-term expected real rate of return | Target Allocation | Long-term expected real rate of return |
| Global Equity | 40% | 6.90% | 40% | 6.90% |
| Core Fixed Income | 13% | 1.60% | 13% | 2.40% |
| Hedge Funds | 9% | 4.00% | 9% | 5.80% |
| Private Equity | 10% | 8.70% | 10% | 8.50% |
| Real Estate | 10% | 4.60% | 10% | 6.50% |
| Portfolio Completion Strategies | 4% | 3.60% | 4% | 5.50% |
| Value Added Fixed Income | 10% | 4.80% | 10% | 5.80% |
| Timber/Natural Resources | 4% | 5.40% | 4% | 6.60% |
| | 100% | | 100% | |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Discount Rate

The discount rate used to measure the total pension liability was 7.5% at both June 30, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

| June 30, 2017 | | |
|---------------------------|--------------------------|---------------------------|
| Current | | |
| 1.00% Decrease (6.50%) | Discount Rate (7.50%) | 1.00% Increase (8.50%) |
| \$ 61,213,612 | \$46,973,396 | \$ 34,904,261 |
| | | |
| June 30, 2016 | | |
| Current | | |
| 1.00% Decrease (6.50%) | Discount Rate (7.50%) | 1.00% Increase (8.50%) |
| \$ 60,214,065 | \$44,297,126 | \$ 30,568,182 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 13 - **Deferred Inflows of Resources**

Service Concession Arrangements

Deferred inflows of resources include contributions made by certain vendors. The University's food service operations are managed under an agreement by an outside party. In accordance with an agreement and subsequent amendments, the vendor has made several contributions over the period from January 2002 through October 2015 totaling \$4,380,000.

The term of the agreement was extended until 2022, and the amortization tables were adjusted accordingly. Either party may terminate this agreement at any time, without cause, by providing sixty days written notice. In the event of termination, the unamortized portion is to be returned. At June 30, 2017 and 2016, the unamortized portion of these contributions approximated \$658,000 and \$867,000, respectively.

Amounts related to agreements with other vendors at June 30, 2017 and 2016 approximated \$340,000 and \$442,000, respectively.

Note 14 - **Rental Income**

Assistance Corporation

The Assistance Corporation has long-term operating leases with lessees, including Salem State University. Minimum future rentals under the non-cancellable operating leases subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | Amount |
|--------------------------|----------------------|
| 2018 | \$ 1,616,463 |
| 2019 | 1,271,363 |
| 2020 | 1,181,767 |
| 2021 | 1,365,607 |
| 2022 | 814,716 |
| Thereafter | 19,143,754 |
| Total | <u>\$ 25,393,670</u> |

The base rent under one of the lease agreements with the University is equal to the monthly debt service on the debt held by TD Bank. The terms of the lease agreement require the University to remit monthly rent directly to TD Bank. The University, at its discretion, may make additional rent payments to be applied to the outstanding debt balance.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 15 - **Operating Lease Commitments**

The University has numerous operating leases for property at various locations from the Assistance Corporation and for equipment from outside vendors. These leases contain options to extend from one to five years, and contain escalation clauses for increases in base rent. These leases expire in various years through 2040. Future minimum payments related to these leases are as follows:

| <u>Years Ending June 30,</u> | <u>Assistance Corporation</u> | <u>Outside Vendors</u> | <u>Total</u> |
|----------------------------------|-----------------------------------|----------------------------|---------------------|
| 2018 | \$ 1,771,183 | \$ 364,676 | \$ 2,135,859 |
| 2019 | 1,523,468 | 72,171 | 1,595,639 |
| 2020 | 1,004,923 | 10,539 | 1,015,462 |
| 2021 | 800,748 | 10,539 | 811,287 |
| 2022 | 820,825 | 2,635 | 823,460 |
| Thereafter | <u>19,043,321</u> | <u>-</u> | <u>19,043,321</u> |
| Total | <u>\$24,964,468</u> | <u>\$ 460,560</u> | <u>\$25,425,028</u> |

The rent expense on these leases amounted to approximately \$1,423,000 and \$1,501,000 for fiscal years 2017 and 2016, respectively.

Note 16 - **Restricted Net Position**

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30,:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| Restricted - nonexpendable: | | |
| Scholarship and fellowship | <u>\$ 810,323</u> | <u>\$ 732,690</u> |
| Restricted - expendable: | | |
| Scholarship, fellowship loans, research grants and contracts | <u>\$5,174,752</u> | <u>\$4,871,719</u> |

The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 17 - **Commitments and Contingencies**

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.

Various lawsuits are pending or threatened against the University which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened which would materially affect the University's financial position.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits becomes a liability of the University. In the opinion of management, such adjustments, 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 (the "Program"). This Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, 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 standard tuition rates in effect at the time of the individual's enrollment at the University. The effect of the program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The U.S. Environmental Protection Agency ("EPA") notified the University in August 1998 that it is a potential responsible party with respect to environmental impacts resulting from contaminated soil upon the removal of underground oil tanks in 1991. The EPA has not closed out their investigation. During fiscal year 2017 and 2016, the University paid no remediation costs and received no communication from federal or state agencies. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

Several of the employee union labor contracts have recently expired, including the Association of Professional Administrators ("APA") contract which expired on December 31, 2016. Negotiations are currently underway and may result in a retroactive payment of salaries. This payroll amount, along with its related fringe benefits is estimated to range between \$100,000 and \$225,000 and would be expected to be paid out during fiscal year 2018.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 18 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

| | 2017 | 2016 |
|------------------------------|----------------|----------------|
| Compensation and benefits | \$ 122,984,490 | \$ 116,804,359 |
| Supplies and services | 37,324,136 | 35,897,786 |
| Utilities | 4,179,198 | 4,276,343 |
| Depreciation | 8,476,817 | 7,876,670 |
| Scholarships and fellowships | 5,626,549 | 4,788,660 |
| Total operating expenses | \$ 178,591,190 | \$ 169,643,818 |

Note 19 - **Fringe Benefit Program**

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 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, as are any effects on net assets and the results of current year operations, due to the adoption of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The overall fringe benefit charge increased from 30.82% in 2016 to 35.16% in 2017 which includes 1.65% and 1.66% in payroll taxes, respectively. The retirement portion of the fringe benefit charge increased from 9.45% in 2016 to 9.95% in 2017. 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 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 19 - **Fringe Benefit Program - Continued**

The amount of funding by the University related to benefits other than pensions for the years ended June 30, 2017, 2016, and 2015 were \$6,528,137, \$5,202,742, and \$3,995,322, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program.

As discussed in Note 1, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal 2018 and is applicable for employees participating in a cost-sharing multiple employer plan such as the State Retirement Benefits Trust Fund. The University will be required to restate beginning net position as of July 1, 2017 to recognize the employer's proportionate share of the plan's net other postemployment benefit ("OPEB") obligation. OPEB expense reported in the University's financial statements will reflect the change in the net OPEB liability for the fiscal year.

Insurance

The 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, retirees, their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities and retired municipal employees and teachers in certain governmental units.

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations ("PPO"), an Exclusive Provider Organization ("EPO") and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its UniCare State indemnity and active employee Tufts Health plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the indemnity plans.

For active state employees only, the GIC offers a long-term disability ("LTD") program, two pre-tax employee programs - Health Care Spending Account ("HCSA") and Dependent Care Assistance Program ("DCAP"), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for Commonwealth retirees.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 19 - **Fringe Benefit Program - Continued**

Insurance – continued

The GIC administers a plan included within the State Retiree 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 11-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 June 30, 2017 and 2016, 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).

Note 20 - **Massachusetts Management Accounting Reporting System ("MMARS")**

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, MMARS, using 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 20 - **Massachusetts Management Accounting Reporting System (“MMARS”) – Continued**

The University’s state appropriations are composed of the following at June 30,:

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|
| General Appropriations | \$ 43,997,174 | \$ 43,541,763 |
| Other Appropriations | <u>938,772</u> | <u>1,002,071</u> |
| Total Appropriations | <u>\$ 44,935,946</u> | <u>\$ 44,543,834</u> |
| <u>Add:</u> | | |
| Fringe benefits for benefited employees on the state payroll | 14,765,927 | 12,778,016 |
| <u>Less:</u> | | |
| Day school tuition remitted to the state and included in tuition and fee revenue | <u>(934,235)</u> | <u>(905,670)</u> |
| Total unrestricted appropriations | <u><u>\$ 58,767,638</u></u> | <u><u>\$ 56,416,180</u></u> |

A reconciliation between the University and MMARS fund 901 activity as of June 30 is as follows (unaudited):

| | <u>2017</u> | <u>2016</u> |
|------------------------|-------------------|-------------------|
| Revenue per MMARS | \$ 67,280,576 | \$ 67,384,750 |
| Revenue per University | <u>67,280,576</u> | <u>67,384,750</u> |
| Difference | <u>\$ -</u> | <u>\$ -</u> |

Note 21 - **Pass-Through Student Federal Loans**

The University distributed approximately \$48,492,000 and \$47,580,000 for the years ended June 30, 2017 and 2016, for student loans through the William D. Ford Federal Direct Lending Program. These distributions and related funding sources are not included in the accompanying financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 22 - **Massachusetts State College Building Authority (“MSCBA”)**

The MSCBA was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and other facilities for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses. The residence halls are leased from the MSCBA for various terms, allowing for periods of up to 10 years.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. 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, as well as other major construction performed on campus, which has included athletic field construction and repair.

The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for residence halls, related maintenance, insurance, other costs, historical pooled obligations and other major renovations and improvements for the University for the years ended June 30, 2017 and 2016 were \$14,049,442 and \$12,857,064, respectively, and are included in auxiliary enterprises and operation and maintenance of plant in the accompanying statements of revenues and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

| Year ended | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|--|-----------------|-----------------|-----------------|
| Measurement date | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Valuation date | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Proportion of the collective net pension liability | 0.341% | 0.389% | 0.295% |
| Proportionate share of the collective net pension liability | \$ 46,973,396 | \$ 44,297,126 | \$ 21,889,023 |
| College's covered-employee payroll | \$ 25,885,577 | \$ 23,448,807 | \$ 21,870,164 |
| College's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 181.47% | 188.91% | 100.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 63.48% | 67.87% | 76.32% |

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|
| Statutorily required contribution | \$ 2,716,688 | \$ 2,446,187 | \$ 2,436,331 |
| Contributions in relation to the statutorily required contribution | <u>(2,716,688)</u> | <u>(2,446,187)</u> | <u>(2,436,331)</u> |
| Contribution excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 27,303,397 | \$ 25,885,577 | \$ 23,448,807 |
| Contribution as a percentage of covered-employee payroll | 9.95% | 9.45% | 10.39% |

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information (Unaudited)

For the Years Ended June 30, 2017, 2016 and 2015

Note 1 - **Change in Assumptions**

Changes in assumptions about the discount rate from 8.0% to 7.50%, using different scales within mortality tables, and other inputs resulted in additional plan wide pension expense of \$2.33 billion dollars to be charged to income over an amortization period of 5.5 years beginning during the fiscal year ended June 30, 2016. Previously, changes in assumptions about future economic or demographic factors and inputs resulted in additional plan wide pension expense of \$102 million dollars to be charged to income over an amortization period of 5.5 years beginning during the fiscal year ended June 30, 2015. The unamortized portion of the change is reported as a deferred outflow of resources in the statements of net position. The University's proportionate share of the net pension liability and the results of changes in assumptions is 0.341%, 0.389% and 0.295%, respectively, as shown on the Schedules of Proportionate Share of Net Pension Liability, and represents the relationship of contributions made by the University to total contributions by all participating State Agencies.

**SUPPLEMENTARY
INFORMATION**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)

June 30, 2017 and 2016

| | <u>Assets</u> | |
|---|-------------------------------------|-----------------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets: | | |
| Cash and equivalents | \$ 1,608,759 | \$ 1,391,316 |
| Accounts receivable, net | 169,855 | 202,233 |
| Other receivables, net | - | 33,240 |
| | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 1,778,614</u> | <u>\$ 1,626,789</u> |
| | | |
| | <u>Liabilities and Net Position</u> | |
| Liabilities: | | |
| Accounts payable | \$ 78,756 | \$ 16,074 |
| Accrued payroll and fringe benefits | 139,944 | 106,132 |
| Accrued compensated absences | 260,155 | 260,789 |
| | <u> </u> | <u> </u> |
| Total Liabilities | 478,855 | 382,995 |
| | | |
| Net Position | <u>1,299,759</u> | <u>1,243,794</u> |
| | | |
| Total Liabilities and Net Position | <u>\$ 1,778,614</u> | <u>\$ 1,626,789</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Revenues, Expenses, and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)

For the Years Ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Revenues: | | |
| Student fees | \$ 18,929,872 | \$ 18,351,760 |
| Less: scholarships and fellowships | (1,007,558) | (978,675) |
| Commissions | 269,019 | 57,893 |
| Rentals | <u>55,501</u> | <u>173,607</u> |
| Total Revenues | <u>18,246,834</u> | <u>17,604,585</u> |
| Expenses: | | |
| Regular employee compensation | 2,419,958 | 2,211,497 |
| Regular employee related expenses | 259 | 271 |
| Special employee compensation | 821,780 | 778,265 |
| Pension and insurance related | 831,956 | 694,857 |
| Administrative | 279,957 | 62,327 |
| Facility operational | 182,046 | 89,758 |
| Energy and space rental | 1,465,616 | 1,556,511 |
| Operational services | 33,681 | 60,425 |
| Equipment purchase | 22,232 | 47,253 |
| Equipment maintenance | 726,971 | 811,179 |
| Loans and special payments | 11,848,929 | 11,576,973 |
| Information technology | <u>8,047</u> | <u>18,859</u> |
| Total Expenses | <u>18,641,432</u> | <u>17,908,175</u> |
| Excess of Expenses over Revenues Before Transfers | (394,598) | (303,590) |
| Net Transfers | <u>450,563</u> | <u>457,537</u> |
| Total Increase (Decrease) in Net Position | <u>55,965</u> | <u>153,947</u> |
| Net Position, Beginning of Year | <u>1,243,794</u> | <u>1,089,847</u> |
| Net Position, End of Year | <u>\$ 1,299,759</u> | <u>\$ 1,243,794</u> |

**Independent Auditors' 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***



INDEPENDENT AUDITORS' 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
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, the combining statements of net position of major component units, and combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated October 11, 2017. We also performed the audit of the Salem State University Foundation and the Salem State University Alumni Association's financial statements, as of and for the year ended June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor and Duen, P.C.

Certified Public Accountants
Braintree, Massachusetts
October 11, 2017

Salem State University
Interim Financial Review through the First Quarter (Q1) of FY18 (9/30/17)
Commentary

Introduction – The attached package includes the unaudited Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position by Natural Classification, Statement of Cash Flows and Financial Statement by Trust Fund for the three months ending September 30, 2017 (FY18). This information is for the University without the inclusion of the Assistance Corporation and Foundation and is derived from the financial system of record (PeopleSoft) as the numbers stood when the month of September for the applicable year was closed. FY17 yearend financial data is per the audited financial statements. The Statements of Net Position and related analysis presented in this package compares the June 30, 2017 fiscal year end to the three months ending September 30, 2017 in order to focus on what changed through the first quarter of FY18. The Statements of Revenues, Expenses and Changes in Net Position compare the changes for the three months ended September 30 for each fiscal year. The Statement of Cash Flows is presented for the first quarter of FY18 and shows the change in cash from June 30, 2017.

Summary – For the three months ending September 30, 2017 (FY18), Salem State’s net position increased by \$33.6 million which is \$1.2 million or 3.5% less than the same period in FY17 (*see chart below*). Cash position increased by \$0.8 million from the June 30, 2017 balance. At September 30, 2017, the accounts receivable balance stood at \$40.0 million, which is comparable to the first quarter of the previous year. In October, \$31.0 million in financial aid was disbursed and recorded, and resulted in a decrease in the accounts receivable balance and an increase in the University’s cash position after the close of the quarter.

For the three months ended September 30, 2017 (FY18), tuition and fee revenue net of scholarships and fellowships was 4.1% or \$1.7 million more than for the same period in FY17. This is predominately due to the increase in University and Differential fee rates. Auxiliary enterprise revenue was 5.7% or \$0.6 million higher than the prior year’s first quarter due to increased student housing fees. Operating expenses were \$4.9 million or 15.3% more due to the timing of an additional payroll and the associated fringe benefits in FY18 as compared to FY17.

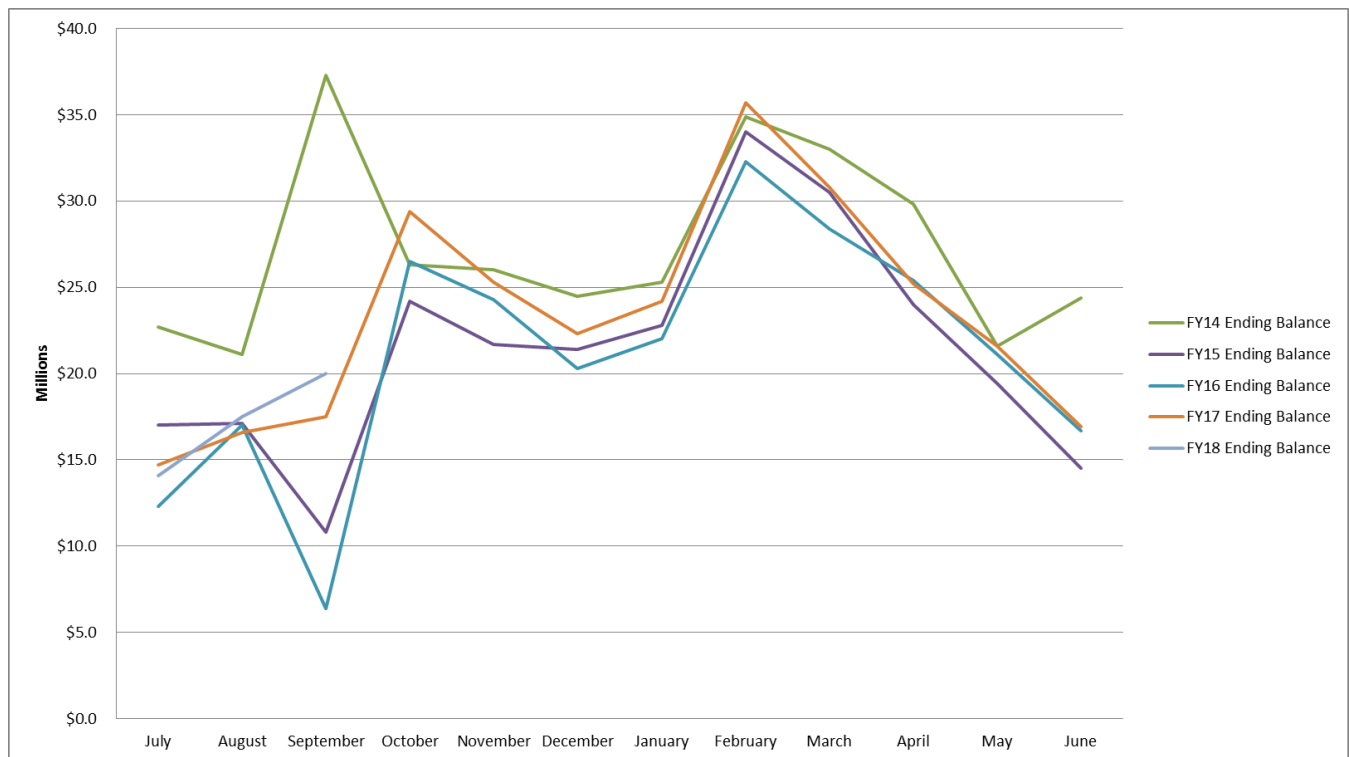
| | <i>(In Thousands)</i> | | | | Projection FY18 |
|---|-----------------------|-----------------|-----------------|--------------|--------------------|
| | FY17Q1 | FY18Q1 | \$ Change | % Change | |
| Total Operating Revenues | \$53,734 | \$55,162 | \$1,428 | 2.7% | \$114,224 |
| Total Operating Expenses | 32,350 | 37,286 | 4,936 | 15.3% | 183,260 |
| Net Increase/(Decrease) from Operations | 21,384 | 17,876 | -3,508 | -16.4% | -69,036 |
| Net Non-Operating Revenues/(Expenses) | 13,413 | 15,700 | 2,287 | 17.1% | 60,177 |
| Capital grants | - | - | - | - | 3,400 |
| Total Increase/(Decrease) in Net Position | <u>\$34,797</u> | <u>\$33,576</u> | <u>-\$1,221</u> | <u>-3.5%</u> | <u>-\$5,459</u> |

Changes in Non-Operating Revenues and Expenses – First quarter FY18 non-operating revenues net of non-operating expenses, which include State appropriations, gifts, investment income and interest expense were \$2.3 million higher than for the first quarter last year. State appropriations were \$2.7 million higher, primarily due to impact of payroll timing in FY18 as compared to FY17. (Certain payroll expenses generate state appropriation revenue to cover fringe benefits.) Gift revenue was lower due to timing of the receipt of scholarship monies from the Foundation. Capital grants are recorded during fiscal year end when the University receives the necessary information from DCAMM.

Looking Forward, FY18 Projection vs FY18 Budget – The forecast for the full fiscal year FY18 is a decrease in net position of \$5.5 million, which is an improvement over the budgeted \$6.4 million decrease. Significant FY18 budget variances are discussed below:

- An unfavorable variance of \$2.1 million in tuition and fees is anticipated, caused by reductions in Undergraduate headcount and Graduate and Continuing Education credit hours compared to the budget.
- An unfavorable variance of \$0.4 million in State appropriations is caused by the Commonwealth’s decision not to include formula based performance funding in its FY18 budget.
- Projected compensation and benefits expenses are projected \$0.3 million higher than the budget, primarily due to fringe benefit costs.
- Due to timing differences, the projection includes a \$3.4 million favorable variance in capital grant revenue associated with the Sophia Gordon Performing Arts Center and the CEIP III projects (DCAMM.)
- As is the university’s practice, neither the budget nor the projection includes a calculation of the impact of GASB 68 pension liability adjustments for FY18. This information is received from the Commonwealth as the books are being closed for the fiscal year.

Cash Operating Balances FY14 through FY18 (September) – Operating cash flows are cyclical as depicted below, especially after October. MSCBA assessments and financial aid receipts have fallen on various sides of September 30. During the Spring semester, both the MSCBA assessment and financial aid processing occur during February. To improve cash position going forward, the University will continually seek to grow revenues, contain expenses and process financial aid earlier. The chart below depicts cash balances by month (excludes cash with State and other agencies).



Financial reports and information herein are hereby certified by the President or designee (VP Karen House) that all records were maintained in accordance with proper procedures, including documentation of receipts, disbursements and bank accounts, and that all expenditures were made to advance Salem State University's mission.

Statements of Net Position
(*\$ In Thousands*)

| | FY 2017 | FY 2018 YTD | Change | |
|--|-------------------|---------------------|------------------|--------------|
| | Year End | September 30 | \$ | % |
| Assets: | | | | |
| Cash | \$ 16,941 | \$ 20,041 | \$ 3,100 | 18.3% |
| Cash with State and other agencies | 3,514 | 1,165 | -2,349 | -66.8% |
| Accounts and other receivables | 5,959 | 40,003 | 34,044 | 571.3% |
| Capital assets | 172,648 | 170,749 | -1,899 | -1.1% |
| Investments | 13,544 | 13,951 | 407 | 3.0% |
| Loans receivable, net | 2,028 | 1,960 | -68 | -3.4% |
| Debt Service Reserve | 1,473 | 1,473 | - | 0.0% |
| Other Assets | 406 | 13 | -393 | -96.8% |
| Total Assets | 216,513 | 249,355 | 32,842 | 15.2% |
| Deferred Outflows | 19,627 | 19,627 | - | 0.0% |
| Total Assets and Deferred Outflows of Resources | \$ 236,140 | \$ 268,982 | \$ 32,842 | 13.9% |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 4,036 | \$ 8,313 | \$ 4,277 | 106.0% |
| Accrued Payroll | 7,711 | 5,156 | -2,555 | -33.1% |
| Bonds and notes payable | 45,297 | 45,207 | -90 | -0.2% |
| Compensated absences | 9,760 | 9,760 | - | 0.0% |
| Loan payable, federal financial assistance programs | 2,190 | 2,190 | - | 0.0% |
| Other liabilities | 4,621 | 2,320 | -2,301 | -49.8% |
| Net Pension Liability | 46,973 | 46,973 | - | 0.0% |
| Total Liabilities | 120,588 | 119,919 | -669 | -0.6% |
| Deferred Inflows | 4,888 | 4,823 | -65 | -1.3% |
| Total Liabilities and Deferred Inflows of Resources | 125,476 | 124,742 | -734 | -0.6% |
| Net Position: | | | | |
| Invested in capital assets | 131,099 | 128,836 | -2,263 | -1.7% |
| Restricted | 5,985 | 15,428 | 9,443 | 157.8% |
| Unrestricted | -26,420 | -24 | 26,396 | -99.9% |
| Total Net Position | 110,664 | 144,240 | 33,576 | 30.3% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 236,140 | \$ 268,982 | \$ 32,842 | 13.9% |

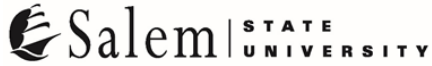


Statements of Cash Flows
(\$ In Thousands)

| | YTD 09/30/17 FY 2018 |
|--|-------------------------------------|
| | <u> </u> |
| Cash flow from operating activities: | |
| Tuition and fees (net) | \$ 18,748 |
| Grants and contracts | 520 |
| Payments to vendors, employees and students | -30,462 |
| Auxiliary and other receipts | <u>400</u> |
| Net cash used in operating activities | <u>-10,794</u> |
| Cash flow from non-operating activities: | |
| State appropriations (net) | 11,472 |
| Gifts, investment and other sources | <u>428</u> |
| Net cash provided by non-operating activities | <u>11,900</u> |
| Cash flow from capital, financing and investing activities: | |
| Purchases of capital assets | -446 |
| Debt service payments on bond payables | -40 |
| Investment activities (net) | <u>131</u> |
| Net cash used in capital financing, and investing activities | <u>-355</u> |
| Net increase in cash and cash equivalents | 751 |
| Cash and cash equivalents at beginning of period | 20,455 |
| Cash and cash equivalents at end of period | <u><u>\$ 21,206</u></u> |

Statements of Revenues, Expenses and Changes in Net Position by Natural Classification
(\$ In Thousands)

| | Year to Date thru September 30 | | | | Full Fiscal Year | | |
|--|--------------------------------|------------------|-------------------|--------------|------------------|-------------------|-------------------|
| | FY 2017 | FY2018 | \$ | % | FY 2017 | FY2018 | FY2018 |
| | Actual | Actual | | | Actual | Budget | Projection |
| Operating Revenues: | | | | | | | |
| Tuition and fees | \$ 42,180 | \$ 43,807 | \$ 1,627 | 3.9% | \$ 84,587 | \$ 90,295 | \$ 88,146 |
| Less: scholarships and fellowships | -777 | -725 | 52 | -6.7% | -17,694 | -17,204 | -17,200 |
| Net tuition and fees | 41,403 | 43,082 | 1,679 | 4.1% | 66,893 | 73,091 | 70,946 |
| Federal, state and private grants | 1,408 | 546 | -862 | -61.2% | 19,306 | 18,533 | 18,613 |
| Sales and services of educational departments | 330 | 332 | 2 | 0.6% | 1,333 | 1,275 | 1,275 |
| Auxiliary enterprises | 10,583 | 11,191 | 608 | 5.7% | 22,398 | 23,176 | 23,199 |
| Other operating revenues | 10 | 11 | 1 | 10.0% | 365 | 191 | 191 |
| Total Operating Revenues | 53,734 | 55,162 | 1,428 | 2.7% | 110,295 | 116,266 | 114,224 |
| Operating Expenses: | | | | | | | |
| Compensation and benefits | 22,851 | 28,196 | 5,345 | 23.4% | 122,984 | 123,992 | 124,262 |
| Supplies and services | 6,698 | 6,283 | -415 | -6.2% | 37,325 | 39,224 | 38,865 |
| Utilities | 606 | 510 | -96 | -15.8% | 4,179 | 4,421 | 4,407 |
| Depreciation | 2,081 | 2,229 | 148 | 7.1% | 8,477 | 9,326 | 9,326 |
| Scholarships and fellowships | 114 | 68 | -46 | -40.4% | 5,627 | 6,414 | 6,400 |
| Total Operating Expenses | 32,350 | 37,286 | 4,936 | 15.3% | 178,592 | 183,377 | 183,260 |
| Non-Operating Revenues/Expenses: | | | | | | | |
| State appropriations, net | 12,270 | 14,996 | 2,726 | 22.2% | 58,767 | 60,339 | 59,898 |
| Gifts | 1,061 | 591 | -470 | -44.3% | 1,801 | 2,139 | 2,056 |
| Investment income | 368 | 561 | 193 | -52.4% | 1,755 | 125 | 125 |
| Interest expense on bonds & other debt | -286 | -448 | -162 | 56.6% | -1,157 | -1,902 | -1,902 |
| Other non-operating expenses | - | - | - | - | -896 | - | - |
| Net Non-Operating Revenues/Expenses | 13,413 | 15,700 | 2,287 | 17.1% | 60,270 | 60,701 | 60,177 |
| Capital grants | - | - | - | - | 7,711 | - | 3,400 |
| Total Increase (Decrease) in Net Position | \$ 34,797 | \$ 33,576 | \$ (1,221) | -3.5% | \$ (316) | \$ (6,410) | \$ (5,459) |



EXE034 - Financial Statements by

FY 2018 / 1st Qtr / Fund_L3 (Trust Fund)

Run on: 11/22/2017 10:17:01 AM / Data as of: 11/22/2017 10:00 AM

| Account Description | FY 2017 Year End (\$K) | Unrestricted Auxiliaries | Educational & General Funds | Grants | Gifts | Residence Halls | Restricted Other | Total Restricted Endowments | Net Invested in Capital Assets | FY 2018 1st Qtr (\$K) |
|---|------------------------------|-----------------------------|--------------------------------|----------------|--------------|--------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Operating Revenue: | | | | | | | | | | |
| Net Tuition and Fees | \$66,893 | | \$43,132 | (\$67) | \$2 | (\$298) | \$313 | | | \$43,082 |
| Federal, State, Private Grants | 19,306 | | | 546 | | | | | | 546 |
| Sales & Svcs Education Depts | 1,333 | \$61 | 224 | 6 | | | 41 | | | 332 |
| Auxiliary Enterprises | 22,398 | 648 | 185 | | | 10,236 | 122 | | | 11,191 |
| Other Operating Revenues | 365 | | 11 | | | | | | | 11 |
| Total Operating Revenue | 110,295 | 709 | 43,552 | 485 | 2 | 9,938 | 476 | 0 | 0 | 55,162 |
| Operating Expenses: | | | | | | | | | | |
| Compensation | 118,273 | 25 | 26,705 | 450 | 12 | 975 | 29 | | | 28,196 |
| Support | 23,276 | 14 | 5,751 | 281 | 52 | 98 | 102 | | | 6,298 |
| Utilities | 4,179 | | 347 | | | 163 | | | | 510 |
| Depreciation and Amortization | 8,477 | | | | | | | | \$2,229 | 2,229 |
| MSCBA Assessment | 14,049 | | -15 | | | | | | | -15 |
| Scholarships and Fellowships | 5,627 | | 54 | 12 | 2 | | | | | 68 |
| GASB 68 Pension | 4,711 | | | | | | | | | 0 |
| Total Operating Expenses | 178,592 | 39 | 32,842 | 743 | 66 | 1,236 | 131 | 0 | 2,229 | 37,286 |
| Non-Operating Revenue/Expenses: | | | | | | | | | | |
| State General Appropriations | 58,768 | | 14,964 | 31 | | | | | | 14,995 |
| Gifts | 1,801 | | 35 | | 487 | | 70 | | | 592 |
| Investment Income | 1,755 | | 512 | 25 | | | | \$24 | | 561 |
| Contributions to SSUAC | -896 | | | | | | | | | |
| Interest Expense | -1,157 | | -18 | | | | | | -430 | -448 |
| Capital Grants | 7,710 | | | | | | | | | |
| Net Non-Operating Revenue/Expenses | 67,981 | 0 | 15,493 | 56 | 487 | 0 | 70 | 24 | -430 | 15,700 |
| Inter-Fund Transfers: | | | | | | | | | | |
| Inter-Fund Transfers | 0 | 0 | 461 | 0 | -1 | -65 | 1 | 0 | -396 | 0 |
| Inter-Fund Transfers | 0 | 0 | 461 | 0 | -1 | -65 | 1 | 0 | -396 | 0 |
| Total Increase in Net Position | (\$316) | \$670 | \$25,742 | (\$202) | \$424 | \$8,767 | \$414 | \$24 | (\$2,263) | \$33,576 |

Salem State University BOT Finance and Facilities Committee Business Model Discussion: Financial Aid

Jan. 24, 2018

Karen House

Vice President, Finance & Facilities

Scott James

Executive Vice President

From our 9/27 business model conversation...

Components of our business model to consider

- From whom do we obtain our **funding**?
- Who do we serve?
 - What *products* do we offer?
 - How do we **price** our offerings?
 - How do we *deliver* our product?
- What capital investments are necessary for future service delivery?
- What control over costs do we have?
 - Constraints?

Financial aid is a significant source of the university's **funding** and it also has an impact on the **net price** of our offerings

What is Financial Aid?

Money supplied by a source other than the family to assist with postsecondary education costs.



Categories of Financial Aid

Need-based aid

- The student must demonstrate financial need. Financial need is determined by analyzing the student's and his or her family's financial situation.

Non-need-based aid, aka merit aid

- Financial need is not considered. Aid is often given in recognition of special skills, talents, or abilities. Some forms of aid (primarily loans) may replace expected family contribution (EFC).

Types of aid



Scholarships and grant

This is free money or gift aid. Scholarships and grants generally do not have to be repaid or earned.

Loans

This is self-help aid. Loans must be repaid, unless the loan carries provisions allowing all or a part of it to be canceled or forgiven if the borrower fulfills certain requirements.

Employment

This is self-help aid. Employment provides compensation for work performed.

Funding Sources, eligibility & key program examples

- Federal (FAFSA, Need equation)
 - Pell
 - SEOG
 - Federal Work Study
- State
 - Mass Grant
- Private, including through SSU Foundation
- Institutional (operating budget)
 - Policies and practices

Financial Aid – FY2017

(In Thousands)
Funding Source

| Type of Aid | Federal | State | SSU** | Total | Pct |
|-----------------------------|------------------|-----------------|-----------------|------------------|-------------|
| Grants/Scholarships/Waivers | \$ 12,012 | \$ 6,398 | \$ 4,412 | \$ 22,822 | 32% |
| Loans | 48,937 | 117 | - | 49,054 | 68% |
| Employment | 421 | - | - | 421 | 1% |
| Total | \$ 61,370 | \$ 6,515 | \$ 4,412 | \$ 72,297 | 100% |
| Pct | 85% | 9% | 6% | 100% | |

** SSU includes Foundation + Operating Budget

Federal Need Equation

$$\text{COA} - \text{EFC} = \text{Financial Need}$$



- **Cost of Attendance minus Expected Family Contribution = Financial Need**
- **Costs of Attendance, aka student aid budget, includes Transportation, Supplies, Misc. expenses, Personal expenses + Billed charges for Tuition & Fees, Room & Board**

Reading (in packet)

AGB article FINANCIAL AID and ENROLLMENT *Questions for Boards to Consider* by Sandy Baum

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Questions for Boards to Consider (selected)

- Why do institutions charge different students different prices?
- Would it be better to simplify the pricing structure by lowering the sticker price and reducing the number and value of the discounts offered?
- How does financial aid affect students' enrollment decisions?
- What is the difference between need-based aid and non-need based or “merit-based” aid? Do these types of aid have different impacts on enrollment?



FINANCIAL AID and ENROLLMENT

Questions for Boards to Consider

Sandy Baum

About AGB

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country's unique form of institutional governance through its research, services, and advocacy. Serving more than 1,300 member boards, 1,900 institutions, and 36,000 individuals, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and institutionally related foundations with resources that enhance their effectiveness.

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About The Looking Under the Hood: Institutional Aid Benchmarking Tool

The *Looking Under the Hood: Institutional Aid Benchmarking Tool* was developed in collaboration with the Association of Governing Boards of Universities and Colleges (AGB) and the National Association of College and University Business Officers (NACUBO) and is supported by the Robert W. Woodruff Foundation. This new tool is for governing boards, chief executives, and chief business officers looking to review their institutional aid policies. It enables them to view and benchmark their institutional aid policies against a customized set of peers. The initial set of metrics included in the tool is based on financial data collected by IPEDS and the College Board's Annual Survey of Colleges.

This paper was written as part of this project to spur further conversations among board members about institutional student aid. Many of the questions posed for board members throughout this report can be addressed by using the *Looking Under the Hood: Institutional Aid Benchmarking Tool*. For more information about this project and the tool, please visit: <http://agb.org/determining-institutional-student-aid-policy>.

Financial Aid and Enrollment: Questions for Boards to Consider

As we emerge from the extreme financial pressures of the Great Recession, it is time for board members to take a step back and think about long-term strategies for ensuring that financial aid policies are consistent with institutional mission at the same time that they serve fiscal and enrollment goals.

All boards are aware that enrollment numbers are critical to the institution's long-term stability. It is common to ask whether small increases or decreases in the number of students might improve future prospects. Perhaps a lower enrollment goal would increase academic quality and selectivity and put less pressure on the financial aid budget. Perhaps a higher enrollment goal would bring in needed additional revenues. But there is no doubt that the number of students—and particularly the number of tuition-paying students—is a vital variable to monitor.

Financial aid policies may be more obscure to many board members. By now it should be understood that because of the discounts offered to students, net tuition revenues are lower than gross tuition revenues—and it is only the net revenues that can fund the activities of the institution. But the nuances of financial aid policy and its relationship to mission and enrollment goals are less transparent. The discussion that follows highlights some key concepts, trade-offs, and questions with which college and university administrators are grappling. While board members can determine these policies only at the broadest level, it is important that they understand the issues, provide constructive guidance, and clarify institutional priorities.

About two-thirds of full-time undergraduates attending private, nonprofit, four-year institutions and over one-quarter of those enrolled in public four-year institutions receive institutional grant aid.¹ Whether viewed as an expenditure category or as a discount from tuition, the impact on institutional budgets is significant and growing.

What is the relationship between tuition and financial aid?

When institutions raise their tuition prices, they are likely to spend more on need-based financial aid because of the larger gap created between ability to pay and sticker price. They may also spend more on non-need-based aid, designed to encourage students with particular characteristics to enroll.

Institutional grant aid creates a gap between the sticker price and the net price students actually pay to institutions, as well as a gap between gross tuition revenue (tuition times number of students) and the net tuition revenue the institution actually receives. Increases in institutional grant aid may reduce net revenues by simply lowering the prices students pay, or it may increase net revenues by bringing in more students.

Of critical importance, increases in financial aid accompanying tuition increases are sometimes so large that the institution does not generate any new net tuition revenue. It is net tuition revenue—not the amount of financial aid or the percentage of gross tuition dedicated to financial aid—that determines financial strength.

Questions Board Members Should Ask

How do trends in tuition prices and net tuition revenues compare over time at your institution?

How has the percentage of students receiving institutional grant aid and the average aid they receive changed in recent years?

Is there evidence that financial aid is bringing in desirable students who would not otherwise enroll?

Why do institutions charge different students different prices?

The awarding of institutional grant aid leads to different students paying different prices. Some students pay less because their financial circumstances make it difficult for them to pay. Others pay less—although they could pay the full price—because the institution is providing a discount in an effort to influence their decision about where to enroll.

This is a pricing pattern that economists call “price discrimination.” Movie theaters price discriminate when they charge lower prices for children or senior citizens. Airlines do this when they charge different prices depending on when and where you buy your ticket and how long you plan to stay. Car dealers price discriminate when they bargain differently depending on their sense of how much you are willing to pay.

¹ NCES (National Center for Education Statistics), National Postsecondary Student Aid Study, Power Stats calculations. <http://nces.ed.gov/datalab/>

Price discrimination is not a bad thing. Some students can easily afford the sticker price, and would be able and willing to pay even more. In most cases, they are paying less than the cost of their education because even the full sticker prices incorporates subsidies from the endowment, annual giving, state appropriations, or other sources. They are not being cheated, and lower prices would not necessarily change their opportunities or their choices. Other students are not able or willing to pay the current sticker price. Charging them a lower price makes it possible and desirable for them to enroll.

Financial aid is an expenditure made to shape the student body.

Some institutions have long waiting lists of students willing to pay their sticker prices. Most of these are highly selective, nationally known, private institutions or flagship public universities. These institutions discount their prices to attract different students than those who would enroll without financial aid. They want the best students they can get, and many of those students simply cannot pay on their own. They may also want students with particular capabilities who will be drawn in by financial aid. For those institutions, financial aid is an expenditure made to shape the student body.

Many other institutions would have empty seats if they did not discount so generously. If they lowered the sticker price enough to fill the class, their total revenues would be too low to operate. But if they can draw in some full-pay students, while charging others a lower price—something close to the maximum each student is willing and able to pay—they can fill their classes while taking in adequate net revenues. The full-pay students are no worse off because of the presence of other students who are there only because of the lower net prices they were offered. In fact, those students who are paying lower net prices probably increase the quality of the education that all students at the institution receive.

Questions Board Members Should Ask

How are the prices different students are asked to pay determined at your institution?

How do net tuition prices differ across students with different characteristics?

Is the institution transparent about how it determines the aid students in different circumstances and with different characteristics will receive?

Would it be better to simplify the pricing structure by lowering the sticker price and reducing the number and value of the discounts offered?

Many board members (and many other interested parties) are frustrated by the complexity of the pricing structure at colleges and universities and would like to know if there is a better model available. Some of the alternatives to consider might be:

- Lower the sticker price for all students and reduce financial aid;
- Raise the sticker price and increase financial aid;
- Promise students that the sticker price will stay the same for four years;
- Promise students that the sticker price will rise by the increase in the Consumer Price Index (CPI) or by CPI + 1 percent or + 2 percent every year;
- Promise need-based aid recipients the net price they pay will stay the same for four years (or increase by the CPI).

Some colleges and universities have implemented one or more of these strategies, but there are no magic bullets. Each institution must carefully examine its circumstances to find the optimal path. Institutions that discount for almost all students are more likely than others to seriously consider lowering the sticker price. Institutions facing uncertain non-tuition funding streams face greater risk if they make promises about future tuition levels.

Questions Board Members Should Ask

How do tuition and fees at your institution compare to the national average for your sector?
For your type of institution within the sector?

Have you looked at alternative pricing models to be sure yours is most appropriate for your circumstances?

Would lowering your sticker price end up subsidizing affluent students more and placing added strains on your need-based aid budget?

Can increasing efficiency and lowering costs solve the tuition problem?

Offering a quality college experience requires considerable resources. Every institution could find efficiencies that lower its costs, and it is vital that we find ways to make higher education more affordable, but the solutions are not likely to be simple. Despite impressions to the contrary, institutional expenditures have not, in most cases, been rising rapidly. The explanation for the rate of increase in tuition lies more with declines in non-tuition revenue sources (particularly at public colleges and universities) and a growing gap between sticker prices and the net prices students actually pay after discounts from institutional grant aid (particularly at private institutions).

There is reason to be optimistic that technology will facilitate declines in instructional costs, but to date, most high-quality online learning has not been cost saving. All institutions should be exploring this area, in addition to examining administrative structures, purchasing patterns, and potential collaboration with other institutions for potential efficiencies.

Some of the expenditure patterns to which colleges and universities have grown accustomed, such as the practice of adding new programs while rarely eliminating old ones, should change. Board members must ask hard questions about innovation and efficiency, but should remember that too much focus on cost cutting can erode the quality of education offered.

QUESTIONS BOARD MEMBERS SHOULD ASK

Has the administration carefully reviewed the budget with openness to making changes that would increase efficiency while maintaining quality?

How has the size and cost of the administrative structure changed over the past decade?

What is the attitude on campus toward using technology to lower instructional costs and toward cooperation with other institutions that might reduce duplicative efforts?

How does financial aid affect students' enrollment decisions?

Price affects the enrollment decisions of some students more than others. Not surprisingly, there is considerable evidence indicating that lower-income students are more sensitive to price differences than more affluent students are. It's easy to imagine a family with little discretionary income struggling to piece together the funds for college and seeing no choice other than allowing a \$5,000 price differential to be the deciding factor. In contrast, a family with an income of \$300,000 might well encourage their child to enroll in the best school she can get into—the one that feels most appropriate, regardless of price. And a \$150,000-a-year family will fall somewhere in between. Price will matter, but it will take bigger price differences to sway a decision away from a first-choice institution.

Some students and parents may react differently to a scholarship that provides a discount from a high price than they would to the same price without that appealing incentive. This may be because the high sticker price conveys a sense of quality, or it may be because the scholarship makes them feel that the institution particularly values their student.

It's not always easy to know how much of a discount particular students require to be convinced to enroll. Inquiries about better aid packages may not provide clear evidence, since low-income and first generation families are less likely to be assertive. Moreover, the factors distinguishing families with the ability to pay who are really likely to opt for the "best deal" from those who, while wanting to be sure to not to leave money on the table, don't have price at the top of their lists of deciding factors, are not obvious.

Many institutions rely on enrollment management consultants to guide decisions about allocating financial aid. These consultants can bring valuable expertise and experience, but they should not be making the decisions on their own. Their craft is not a science, and their priorities may not be identical to those of the institution. The widespread influence of this industry has almost certainly increased competitive expenditures on "merit" awards.

Questions Board Members Should Ask

Has the institution experimented with alternative-aid strategies and evaluated the effectiveness of both need-based and non-need-based aid?

Is the institution carefully monitoring the models and advice provided by external consultants?

Which students are most likely to be sensitive to changes in financial aid awards and which students would be more likely to respond to other efforts to attract them to the institution?

What is the difference between need-based aid and non-need-based or “merit-based” aid? Do these types of aid have different impacts on enrollment?

The term “merit aid” is frequently used to apply to any institutional aid that is not based on financial need. Sometimes it really is merit aid and is limited to the students with the strongest academic credentials. But sometimes it is just “non-need-based” aid, going to all or most accepted candidates.

The line between need-based aid and non-need-based aid is not so clear. Some institutions, particularly the most selective ones, allocate all of their institutional grants on the basis of financial need. Students with the most limited incomes and assets get the most generous aid packages, and those deemed able to pay the full price on their own are expected to do so. With relatively small percentages of applicants accepted, the reward for merit is the acceptance itself. These schools do compete with each other, but large percentages of accepted candidates choose to enroll, budgets are sound, and the purpose of financial aid is to ensure that the most-qualified class possible can be enrolled.

At other institutions, while supporting students who cannot afford to pay on their own is the primary purpose of financial aid, institutional grants are also used to increase the probability that students who can pay will choose to enroll. There may be merit awards for those with the highest test scores, for those with particular leadership skills, or for musicians.

Another model, which is increasingly common, is to give institutional grants—or discounts—to the vast majority, or even to all of those who are accepted. These “merit” awards are not really based on merit. They are just bargaining chips designed to increase enrollment.

Institutions that give the most generous grants to students with the highest test scores or the best high school GPAs may be heavily subsidizing relatively wealthy students, while leaving lower-income students to fend for themselves. But many non-need-based awards go to students who actually do have financial need. So if we ask what percentage of the aid budget is allocated based on criteria other than need, the answer is a larger number than if we ask what percentage of the aid dollars go to students who could afford to pay without assistance.

This is an important distinction. Some “merit aid” helps to meet financial need. Other “merit aid” takes dollars away from meeting need and from other parts of the budget in an attempt to increase the enrollment of students who can pay. Sometimes this merit aid diminishes the ability of the institution to address other priorities. But in some cases, if it is really effective, it can attract extra students and extra dollars and increase the net revenues available to meet those other priorities, such as adding courses, increasing faculty salaries, or providing more aid to low- and moderate-income students.

Questions Board Members Should Ask

How much of the financial aid at your institution is allocated on the basis of financial need and how much is allocated on the basis of academic, athletic, or other characteristics?

How much of the financial aid at your institution that is not need-based goes to students who have financial need?

Has there been careful thought given on your campus to the pros and cons of subsidizing students who can afford to pay the full sticker price?

How do we prioritize certain enrollment targets over others?

Financial aid serves multiple purposes, and it is important that boards discuss priorities, principles, and strategies with college and university administrators and other members of the community. There is frequently tension over the balance between need-based aid and “merit” aid, athletic aid, or other forms of aid designed to attract particular students.

Financial aid is sometimes required to fill seats. But on every campus, it is an important tool for shaping the class. Few institutions are satisfied with a student body that is homogeneous in terms of race/ethnicity or socioeconomic status. Without need-based institutional grant aid, enrolling low- and moderate-income students, black and Hispanic students, and others with particularly limited resources is not realistic. On the other hand, many institutions are dependent on net tuition revenues to fund their programs and do not think they can afford to focus on supporting access and diversity at the expense of attracting students with resources. It seems contradictory to speak of offering discounts in order to enroll full-pay students, since they are obviously not paying the full price under these circumstances. Rather, the issue is that a \$10,000 discount from a \$50,000 price yields much more net revenue than a \$30,000 award to a lower-income student.

On every campus, there should be conversations about institutional values and priorities. It is important to recognize that the financial aid budget can support multiple goals. That said, the tradeoffs are real, and institutions that emphasize increasing the test scores of their incoming students and use their financial aid budgets for this purpose are likely to be sacrificing access and socioeconomic diversity.

Questions Board Members Should Ask

Is the institution satisfied with the size and characteristics of the student body?

If the goal is to raise the level of the academic credentials students bring, what is the motivation for this goal?

What are the trade-offs involved in enrolling a class with more students who cannot afford to pay the full sticker price?

Should “need-blind admissions” and “meeting need” be goals for most institutions?

Over half of the four-year colleges and universities in the U.S. accept at least 75 percent of their applicants, so the question of whether or not financial circumstances should affect a student’s probability of admission is relevant for a limited number of institutions. However, for those colleges and universities in a position to use the admissions process to shape their classes, it is a very important question.

Many institutions find that they have more qualified applicants with financial need than their budgets will support.

The issue sounds straightforward. It’s hard to argue that it is fair or desirable that colleges and universities whose goal it is to provide educational opportunity to students who can make the most of the experience should turn away applicants because they can’t afford the tuition. Rather, financial aid should support these students. In fact, knowing the challenges of growing up in disadvantaged families, neighborhoods, and elementary/secondary schools, it would seem reasonable to be more favorable towards low-income

students than to those from more privileged backgrounds with the same grades and test scores.

But many institutions find that they have more qualified applicants with financial need than their budgets will support. Accepting candidates without meeting their financial need means either that they won’t be able to enroll, so the acceptance is not meaningful, or that they will enroll and face serious financial problems. It seems more responsible to turn them down. Most “need-aware” institutions accept most of their class without regard to financial need, but when they get to the marginal admits, they look for those who can pay. In other words, rather than using different admissions criteria overall for students who can pay the full price and those who cannot, they accept the most qualified students. However, because they have limited budgets for financial aid, at some point in the admissions process, they do pass over some students with financial need in favor of less qualified students who do not require financial aid. They may also grant admission to some applicants whose parents are alums and/or have made sizeable donations, even if those applicants are less qualified than some others who are not accepted.

Each institution facing the choice of committing to a need-blind admissions policy must carefully consider the pros and cons and ask the following questions:

- How many students are affected by the current policy?
- How are the students who gain admission because of the policy different from those who are rejected because of it?
- What impact would this commitment have on the budget?
- What would happen if another recession hit and many more applicants had more financial need?
- What priorities would lose out if the financial aid budget grew to support a need-blind admissions policy?

Institutions that do not have the necessary resources or are not willing to make the trade-offs involved in accepting all qualified low-income students in the pool and providing them with ample financial aid should acknowledge the constraints they face and be clear about their policies.

Questions Board Members Should Ask

Does ability to pay enter into admissions decisions at your institution and, if so, how many applicants are affected?

What would be the likely impact on the budget of ignoring financial circumstances in admissions decisions?

Is the institution meeting the financial need of the students who are accepted by packaging ample grant aid? Or are there significant gaps between the resources students need and those the institution can provide—gaps that would grow if more high-need students were admitted?

How are institutional enrollment and aid policies related to the growing concerns about student debt?

Press coverage of student debt is quite misleading. It is not uncommon to read about a student who borrowed \$80,000 or \$100,000 on the way to a bachelor's degree. Buried in the article might be a reference to the reality that among the 70 percent of bachelor's degree recipients who graduate with debt, the average amount borrowed is about \$30,000. Among 2011–12 bachelor's degree recipients, about 5 percent had accumulated as much as \$60,000 in debt. Less than one half of one percent borrowed \$100,000. ²

A key problem with many of the discussions of the impact of student debt is that they compare people with student debt to people with similar levels of education and similar incomes who don't have debt. Of course those whose parents were able to pay are better off. But the real question is: When students borrow money to enroll in your institution, do they end up better off than they would have been making another choice?

² NCES (National Center for Education Statistics), National Postsecondary Student Aid Study, Power Stats calculations. <http://nces.ed.gov/datalab/>

Too many students leave college without a degree.

If many students borrow and don't graduate, or if many students graduate with more than \$40,000 or \$50,000 in debt, the institution has some real soul searching to do. Why are students borrowing so much? Are they getting an education and a credential that makes it worth it? What could the institution do to mitigate this problem? It's not just that the Department of Education and Congress have started to look more closely at institutions with many

students who have high debt levels. It's also that some institutions may be leaving their students worse off than they found them. Higher education's mission certainly goes beyond increasing students' lifetime incomes, but it is irresponsible and unethical to put students in a situation where they pay so much for college that they never see financial benefits.

Questions Board Members Should Ask

How many of your students borrow to help finance their education, and what is the average debt level at graduation? How many students borrow much more than the average?

How have borrowing patterns at your institution changed over time?

Are there changes in your financial-aid policies that might reduce the extent to which your students have to rely on loans?

How should institutions think about the shift in the national conversation from college access to college success?

As recently as 10 years ago, people concerned with unequal access to higher education across demographic groups and the population's overall level of educational attainment devoted all of their attention to college access. The concern was that the price of a college education excluded too many people from disadvantaged backgrounds. Public and institutional policies, therefore, should do as much as possible to correct this problem by subsidizing these students and bringing prices within reach.

While the access question remains very real and quite challenging, attention has broadened to focus more on college success and degree completion. We have done a much better job of getting students from all backgrounds into college than we have of supporting them in achieving their goals. Too many students leave college without a degree, and the gaps in completion rates across income groups are larger than the gaps in enrollment rates.

Board members should pay attention to their institutions' retention and graduation rates and consider the causes and implications. It's not just that the federal government is focusing on this issue and making the information public. It's also that institutions are not accomplishing their mission if students are not leaving with credentials of value.

There is not only one standard for an acceptable completion rate. Institutions that enroll better-prepared students have higher graduation rates than those that accept students facing greater challenges. However, increasing selectivity is not the best approach to solving the completion problem. Rather, finding ways to better support students and help them overcome challenges should be the goal. Financial aid may well play a part, since money problems contribute to many students' inability to achieve their academic goals.

Questions Board Members Should Ask

What percentage of students who enroll at your institution complete associate degrees within two to three years, to bachelor's degrees within four to six years? Are the rates very different for students from different socioeconomic and racial/ethnic backgrounds?

How does your graduation rate compare to those at other institutions enrolling similar student bodies?

What kinds of academic, social, and personal support systems are in place to help students complete their degrees?

Do institutions have to choose between a commitment to equity and access or a focus on efficiency and fiscal stability?

If an institution succeeds in winning desirable applicants from peer institutions by offering non-need-based aid, the peer institutions are not likely to sit by idly. They will offer competitive packages. It is easy to see how competition for these students can lead to a price war, depleting institutional funds without bringing any more-qualified and well-heeled students into the applicant pool. Everyone will lose in the long run—except those lucky students who could have paid full price, but who now enjoy lower net prices than even students from the lowest-income families.

The issue of destructive competition that can lead to losses for all is frequently difficult for institutions to grasp. They look at short-term successes and can't see how it could be in their interest to sacrifice those successes for the greater good. But the reality is that if all institutions behave this way, those students without the ability to pay will simply drop out of the pool, and collectively the institutions will not be able to improve the quality of the students they enroll.

Increasing selectivity is not the best approach to solving the completion problem.

In fact, equity and efficiency frequently reinforce each other, both from society's perspective and for the individual college or university. Equity dictates that each institution provide the best possible education to the students who are qualified to enroll—regardless of ability to pay. That means making need-based aid a priority—possibly at the expense of institutional prestige, some campus amenities, programs, or other worthy expenditures.

Efficiency means making decisions that allow the institution to provide as much quality education at the lowest cost possible and ensuring that the institution has a strong bottom line in both the short term and the long term. Rising in the rankings might be a good way to attract more applicants. Providing discounts to students who could afford to enroll elsewhere to draw them to campus might increase net revenues. Ensuring financial strength is a pre-requisite to providing equitable opportunities. In other words, a focus on equity does not mean ignoring efficiency. And a focus on efficiency cannot exclude equity.

Recognizing that making ethical choices is not always straightforward does not diminish—and in some ways underscores—the importance of keeping ethics at the forefront of the decision-making process. There is no question that, in recent years, the pendulum in admissions and financial aid has swung too far from a focus on equity and access and toward a focus on improving the prestige or the bottom line of the institution. Campus decision makers should reject the notion that ethical priorities are a luxury they cannot afford.

Questions Board Members Should Ask

How do your institution's merit-aid awards compare to those of your competitors?

Is there a good balance between long-term and short-term goals for aid?

Do people tend to debate need-based versus merit-based aid or are they open to the idea that these policies may complement each other?

Conclusion

Institutional financial aid serves multiple purposes. Without this assistance, students from disadvantaged backgrounds, and even many from middle-class households, would be unable to enroll. If these students do enroll, but receive inadequate financial support, their chances of succeeding in college are reduced, and if they do graduate, they risk accruing excessive debt.

But financial aid is not just about supporting students who cannot afford to pay. Grants—or discounts—to students also influence the enrollment decisions of students with financial means and multiple options. Board members should be part of the conversation on campus that defines enrollment goals, priorities for financial aid, and the principles on which decisions about unavoidable tradeoffs should rest.

About The Author

Sandy Baum is a senior fellow at the Urban Institute and a research professor at the George Washington University Graduate School of Education and Human Development. Professor emerita of economics at Skidmore College, Dr. Baum earned her BA in sociology at Bryn Mawr College, where she is currently a member of the board of trustees, and her PhD in economics at Columbia University. She has written and spoken extensively on issues relating to college access, college pricing, student aid policy, student debt, affordability, and other aspects of higher education finance.

Dr. Baum has co-authored the College Board's annual publications *Trends in Student Aid* and *Trends in College Pricing* since 2002. She also co-authors *Education Pays: The Benefits of Higher Education for Individuals and Society*. She wrote the 2011 AGB publication, *Tuition and Financial Aid: Nine Points for Boards to Consider in Keeping College Affordable*. She chaired the College Board's Rethinking Student Aid study group, which issued comprehensive proposals for reform of the federal student aid system in 2008, and the Rethinking Pell Grants study group, which issued recommendations in April 2013. She chaired a Brookings Institution study group that issued its report, *Beyond Need and Merit: Strengthening State Grant Programs*, in May 2012. Recent work includes studies of how behavioral economics can inform student aid policy, a meaningful definition of college affordability, and tuition and financial aid strategies for broad access to public institutions. She is a member of the board of the National Student Clearinghouse.

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Perkins Loan Status

What are Perkins Loans?

Federal Perkins Loans are low-interest federal student loans for undergraduate and graduate students with exceptional financial need. The school is the lender, although it must comply with highly detailed federal regulations pertaining to the loans, and collects payments from borrowers via a loan servicer.

How has the Perkins program been funded?

At one time, the Federal government used to contribute funding, called Federal Capital Contribution (FCC) and it required a partial match from participating universities, called Institutional Capital Contribution (ICC). The Federal government has not made an FCC since 2004. New loans have been able to be issued to students from repayments made by past borrowers, as this is a revolving loan fund.

What is happening?

For several years, the Federal Government has worked to terminate the program; others who disagree have prevailed in authorizing extensions. Several different alternatives have been described regarding what would happen to the accumulated FCC, indicating a potential liability for institutions in addition to the ending of a program that has helped needy students. Political and regulatory guidance remains somewhat in flux but it is clear as of an October 2017 Department of Education letter to institutions that new loans may no longer be issued; no Perkins Loan disbursements are permitted after June 30, 2018 "under any circumstances." The Department intends to begin collecting its share from institutions following submission of the annual report due in October 2018. Institutions can continue servicing existing loans, which will allow the institution to retain its share of ICC advanced over the years; otherwise that money will also revert to the Federal government.

For Salem State, how much money are we talking about?

During the year ended June 30, 2017, \$381.5 thousand of new Perkins loans were advanced. As of June 30, 2017, the loan balance receivable under Perkins was \$1.4 million. The amount that would have to be returned to the Federal government upon liquidation by the university was calculated to be \$1.4 million and was included as a liability in the university's statement of net position (balance sheet) at June 30, 2017. The cumulative amount of Institutional Capital Contribution at June 30, 2017 was \$592 thousand.

For context, the amount of Federal Direct student loans issued during FY17 was \$48.5 million.



(<https://www.insidehighered.com>)



Likely end of Perkins Loans sets off scramble by aid administrators

Submitted by Andrew Kreighbaum on October 24, 2017 - 3:00am

When a student encounters a serious financial emergency midsemester, such as a family medical emergency or sudden loss of income, Heather Boutell has often turned to the Perkins Loans.

Boutell, director of financial aid at Bellarmine University, in Kentucky, said despite the additional debt, students are happy to find additional resources to keep them in college.

“It makes a difference for them to be able to stay in school,” she said.

Most other aid programs can't be tapped midsemester in the same way. But that flexibility -- and the ability to fill gaps in aid at the beginning of the year -- will likely vanish after this year, barring last-minute action by Congress. The Perkins program expired at the end of September, after a two-year extension in 2015. And despite broad support in both parties in the House and Senate for extending Perkins for another two years, the chances appear slim.

Senator Lamar Alexander, the Tennessee Republican who chairs the Senate education committee, is a longtime opponent of extending the Perkins program and has argued keeping it only maintains an overly complex financial aid system. Alexander blocked a Perkins extension bill from Senator Tammy Baldwin, a Wisconsin Democrat, from advancing last month.

But aid administrators who use Perkins, among a number of aid options, to meet student need say letting the program die outside a comprehensive overhaul of financial aid will make their jobs more difficult without leading to greater simplicity. Alexander has argued students would benefit from having one grant and one loan program. But critics note he has effectively killed Perkins without adding to existing aid programs.

Those administrators say should the program go away for good, as many increasingly expect, they will look to fill the gap with other campus-based grants or loans. At smaller institutions with fewer resources, they'll likely look to work with private loan companies to meet students' financial needs. That's less preferable to financial aid officials than keeping Perkins, because private loans lack many of the protections for borrowers of federal student loans.

Perkins is unique among federal financial aid programs because colleges and universities act as the lender and the servicer of the loans, which have a maximum value of \$5,500 for undergraduates. Congress hasn't paid into the program since 2004, so new lending is paid for

Attachment H

when colleges collect on existing loans. The loans are used to cover remaining gaps in the cost of attendance after a student is awarded federal aid. (While some colleges will likely transfer outstanding Perkins loans to the Department of Education in the event the program expires, others will opt to continue servicing the loans.)

Although critics have labeled Perkins as a program primarily of elite Northeast institutions, many of the roughly 1,400 participating colleges and universities -- like Bellarmine -- are located elsewhere and don't have the ability to cover the loss of the loans on their own.

Wrestling With Options On Campuses

At Bellarmine, the Perkins portfolio is about \$100,000, with a typical loan size of \$1,000, Boutell said. Emergency Perkins loans are much smaller.

"We're not a big player, obviously. Some of your larger publics -- it's going to mean more to them," Boutell said. "But that \$1,000, while it may not seem like a lot, it makes a difference for students to attend here."

She said the administration at Bellarmine will have discussions about whether the university has the resources to launch its own campus-based loan program. Barring that, the financial aid office will have to resort to directing students to private loans, Boutell said.

At the University of San Francisco, the size of the Perkins program is about \$1.1 million and serves about 250 students. Mary Booker, assistant vice provost for student financial services at the university, said the end of Perkins is causing discussions there about whether San Francisco will still be able to admit as many low-income students as it has.

"Can we still afford to bring in low-income students, knowing they may have to go into a private loan option? And is that the right thing to do?" she said. "That's probably going to be the first decision we have to make."

Booker said the university will also look into whether it can find institutional funds -- hopefully through grant aid -- to cover the gap in need for students. If that's not possible, San Francisco's only option would be reaching out to private lenders, she said.

The university would attempt to find lenders who would be willing to modify their loans as well as repayment options -- a task aid administrators think they are better prepared for than individual students navigating financial options on their own.

One solution to the quandary posed by Perkins' expiration would be to grant colleges flexibility in the maximum amount of Federal Direct Loans they award to students, Booker said.

The University of Michigan has one of the largest Perkins portfolios, at \$13 million -- although only about \$9.9 million in loans was awarded in the last academic year. Students typically receive loans between \$4,000 and \$5,000, said Pam Fowler, executive director of financial aid at the university.

Michigan charges varying tuition rates based on division level and college. Students taking upper-level courses in engineering, business, kinesiology and art in particular will see a hole in their financial aid packages without Perkins. Fowler said the university has the funds to cover that gap -- but they're spread across 400 different campus-based loan funds.

Attachment H

“I can’t just throw it into a big pot and make an award,” she said. “I have to match up the student with the fund before I can make an award.”

That process promises to create a big headache for financial aid administrators at the university. And students themselves would still be making separate loan payments after graduation to the federal government and their college -- one of Alexander’s complaints about the system now.

Fowler said many times discussions of financial aid at the federal policy level lose sight of the fact that colleges and universities aren’t fully covering student need in the first place. She agreed with Booker that the simplest way to address that reality without adding complexity to the financial aid system is to lift borrowing limits on Federal Direct Loans for some students to give them the amount they need for a full academic year.

“Right now, most schools are giving students Pell, the Supplemental Education Opportunity Grant, Work-Study and Direct Loans, and it is not meeting the cost of education,” she said. “What happens is they start to work more, their grades suffer and they end up taking fewer credit hours per semester -- which means they’re in school longer and borrowing more.”

Student Aid and Loans ^[1]

Source URL: <https://www.insidehighered.com/news/2017/10/24/likely-end-perkins-loans-sets-scramble-aid-administrators?width=775&height=500&iframe=true>

Links:

[1] <https://www.insidehighered.com/news/focus/student-aid-and-loans>

SSU Sustainability Update, Climate Benchmarking and Near-Term Plans –
January 3, 2018

UPDATE

Climate Commitment/GHG Reduction/Water

- President John Keenan signed the “We’re Still In” declaration
- 29% reduction in GHG emissions from FY2002-15 from buildings and owned vehicles
- Anticipate our 5th building (Theater) receiving LEED certification in the next few months
- Water use dropped 21% from FY2014-17

Recycling and Waste Management

- Rolling out single-stream recycling with new containers and new signage
- Recycled 125 mattress via UTEC, a youth empowerment organization in Lowell, in September

Renewable/Alternative Energy

- 211 KW solar arrays on O’Keefe and on Atlantic Hall; geothermal at library
- Identified opportunities to place 407 KW solar arrays on the Library, Gassett, and Marsh Hall before the end of the SREC II program’s powerful credits

Transportation and Bike Share

- Zagster bike share program has exceeded expectations
- The two hubs on SSU’s campus represent 25% of the rides in the City of Salem’s 11-hub system

Food Services

- Awarded EPA’s Regional Food Recovery Achievement Certificate for the third year in a row for our composting program
- Composting has been expanded for the first time to office areas in the kitchens at 331 Lafayette
- Dunkin Donuts switched from Styrofoam to recyclable cups in response to student group request

Bookstore

- All plastic bags will be phased out by January 1, 2018, replaced with 100% recycled content paper bags; branded durable cloth bags are also for sale

Academics/Engagement

- Ten departments offer more than two-dozen sustainability-related courses. The Departments of Geography, Geological Sciences and Biology offer related concentrations and minors.
- Moving Forward, Giving Back: Salem State University's First Year Day of Service engaged groups of students in supporting seven different organizations with sustainability projects such as invasive weed control, garden maintenance and vegetation clearing in September 2017.

SUSTAINABILITY BENCHMARKING (Caveat: institutions vary in what they make public; this is based on public information, primarily from university websites)

- **9 Aspirant and 6 Peer Institutions**
 - 6 have American Association for the Advancement of Sustainability in Higher Education (AASHE) STARS silver or gold ratings
 - The AASHE Sustainability Tracking, Assessment & Rating System (STARS) is recognized as the most comprehensive framework for evaluating sustainability in higher education. Within the STARS program, there are various levels of recognition including Reporter, Bronze, Silver, Gold, and Platinum, with Platinum being the highest.
 - Many have little information on their websites and no readily accessible information on climate goals (even though they may have a STARS rating)
 - Southern Oregon University has a comprehensive program outlined on its website, including a climate action plan (undated) and a green fund for sustainability projects
 - Many have very developed recycling events (e.g., move out, competitions). Southern Oregon University has a 65% waste diversion rate
- **Sister Massachusetts State Universities**
 - Framingham State University leads the pack
 - Climate Action Plan is updated annually
 - Listed in Princeton Review's Guide to Green Colleges - for 7th year
 - Student Green Team and campus green fee to fund green projects
 - Altered class schedules to reduce commuting
 - Mass Maritime has a 660 KW wind turbine and multiple renewable and alternative energy projects
 - Worcester State University engages students through an annual 2-day sustainable food fair and other sustainability events
 - Many share our struggles regarding transportation impacts

- **Salem State**
 - **Operations:** We stand with the leaders with 5 LEED –certified buildings, >200 KW of solar power, geothermal energy at the library, cogeneration at O’Keefe, significant energy and water efficiency improvements
 - **GHGs:** Our Climate Action plan needs updating to clarify our goals and provide a vision to direct our efforts
 - **Waste:** Our composting is strong but recycling efforts have not yet fully engaged the community; we lack both good metrics and a plan to address move-out
 - **Academics:** Our Academic offerings are strong but there is an opportunity for us to coordinate/brand the programs in a more cohesive way
 - **Engagement:** Our First Year Day of Service and Earth Week programming are first rate

NEAR-TERM PLANS

- Calculate FY2017 GHG Emissions
- Engage community in updating 2010 Climate Action Plan and setting goals
- Promote recycling program

Salem State University Solar Projects 2018

PROJECT SUMMARY

Install rooftop solar arrays via a 20 year Power Purchase Agreement (PPA) contract to produce a portion of the electricity used by the Fredrick E Berry Library (17%), Gasset Fitness Center (26%), and Marsh Hall (6%)

BENEFITS

- Supports Salem State's 2050 carbon neutral goal and supports Commonwealth greenhouse gas (GHG) reduction and renewable energy goals
- No capital or maintenance funding required from the university
- Predictable energy pricing: a portion of our electricity costs for these buildings would be fixed for the duration
- Projected savings of \$746K based on assumed future electricity costs compared to fixed contract prices

| | Berry Library | Gasset Fitness Center | Marsh Hall | Total |
|----------------------------------|---------------|-----------------------|------------|------------|
| Contract Term CO2 Avoided (tons) | 3,200 | 2,200 | 1,500 | 6,900 |
| FY17 electricity costs (annual) | \$ 219,327 | \$ 96,876 | \$ 271,656 | \$ 587,859 |
| Contract Term savings (20 years) | \$ 386,913 | \$ 225,000 | \$ 134,355 | \$ 746,268 |

CONTRACTUAL MATTERS

- The MA Department of Energy Resources (DOER) worked with [Power Options](#), a non-profit energy-buying consortium to develop an RFP for state agencies. Solect Energy was chosen to be the provider
 - Solect Energy would pay for, design, install, own, and maintain the solar panels for the 20-year life of the contract for each project
 - Salem State would pay Solect a fixed rate per kWh for energy generated by the system. Solect assumes the risk if the system under-produces
- At the term end, Solect could remove the panels at their expense or we could extend
- The contracts must be approved and counter signed by MSCBA (Marsh Hall) or DCAMM
- There will be one contract for each project. Board of Trustees approval is not required; however, we are providing advance information due to the nature of the project

RISKS

- Electrical costs decrease, or increase less than projected, and financial savings are not realized in the amount projected
- For favorable pricing, the project must be substantially complete before Solar Renewable Energy Credit II (SREC II) program incentives expire (soon). DCAMM has not completed its contractual review
- Solect does not realize its financial goals or encounters other business difficulties and fails to properly maintain the equipment

TIMELINE

- 3 months from contract signing to substantial completion

**BOT/Finance & Facilities Update on Capital Projects
January, 2018**

CONSTRUCTION – CURRENT

Meier Hall steam line repair – Phase 2

Project budget: \$255,065 Anticipated completion: 2/2018

- Repair second portion of steam line that feeds Meier Hall

O’Keefe façade repairs

Project budget: \$777,000 (\$306,891 DCAMM funds) Anticipated completion: 2/2018

- Repair of the exterior walls of the apparatus gym to eliminate water infiltration

CONSTRUCTION – FUTURE

Meier Hall roof replacement - Phase 1

Project budget: \$1,892,875 (\$753,344 DCAMM funds) Anticipated completion: 8/2018

- Replacement of half of the Meier Hall roof
- In design to be bid in the spring

Berry Library perimeter heating upgrade

Project budget: \$232,000 (\$232,000 DCAMM funds) Anticipated completion: 8/2018

- Installation of additional perimeter radiation to address heating issues
- In design to be bid in the spring

Sullivan Building roof improvement

Project budget: \$550,000 (\$272,193 DCAMM funds) Anticipated completion: 8/2018

- Insulating the roof structure to prevent ice damming and water infiltration
- In design to be bid in the spring

PROJECTS IN PLANNING / STUDIES

Sightlines facilities condition assessment

Project budget: \$273,500 (273,500 DCAMM funds) Anticipated completion: 2/2018

Parking assessment

Project budget: \$62,500 Anticipated completion: 3/2018

- Comprehensive parking assessment to evaluate, current conditions, impact from enrolment growth, divestment of south campus, and long term plans.

Administration Building roof replacement study

Project budget: \$26,200 Anticipated completion: 4/2018

- DCAMM certified study for roofing replacement

**BOT/Finance & Facilities Update on Capital Projects
January, 2018**

Meier Hall science teaching lab addition

Project budget: \$64m

Anticipated completion: TBD

- Application submitted to DCAMM on 12/22/17

**Consultant Service Contracts FY17
Only 6H19 and 6H98**

| Description | Vchr Amt | Category Amt | Vendor Name |
|---|----------|----------------|-----------------------------------|
| Special Projects | | | |
| Expansion of Summer Conference Programs | 2,700 | | Capstone On Campus LLC |
| Development of Strategic Plan | 20,000 | | SOS Consulting Group |
| Search Firm for SSU President | 94,820 | | Witt/Kieffer Inc. |
| | | 117,520 | |
| Information Technology Consultations/Projects | | | |
| Student Finance General Ledger Interface Project | 14,021 | | Clemons, Kyle & Costello, Bill |
| | | 14,021 | |
| Marketing | | | |
| Marketability Study / 7/1/16-6/30/17 | 115,500 | | Stamats Inc. |
| | | 115,500 | |
| Academic Affairs | | | |
| Interim Dean of Bertolon School of Business | 231,733 | | Registry for College & University |
| | | 231,733 | |
| Enrollment Management | | | |
| 360 Assessment B. Galinski | 3,000 | | Masterman Executive Coaching LLC |
| | | 3,000 | |
| Legal Fees | | | |
| Professional Legal Services (personnel) | 154,517 | | Rubin & Rudman LLP |
| Legal Services regarding contracts | 37,000 | | Searson III, Esq. William |
| | | 191,517 | |
| Human Resources | | | |
| EAP Services 7/1/16-6/30/17 | 18,077 | | E4 Health |
| Management Consulting for retreat | 7,500 | | Justin Foster |
| Workshops and Consulting | 15,000 | | Masterman Executive Coaching |
| Implementing campus wide climate study | 25,054 | | Rankin & Associate Consulting |
| | | 65,631 | |
| Public Relations | | | |
| To provide strategic public relations and crisis management counsel | 38,612 | | Polaris Public Relations |
| | | 38,612 | |
| Finance/Audit | | | |
| Framework for Salem state University's financial planning needs | 10,000 | | Public Financial Management |
| | | 10,000 | |
| Total | | 787,534 | |

 REQUEST FOR TRUSTEE ACTION

Date: February 7, 2018
To: Board of Trustees
From: Chair Mattera
Subject: Trustee Emeritus
Requested Action: Approval

Background

The purpose of the Trustee Emeritus title is to honor outstanding Trustees for their long standing dedication to the university, its mission, and its goals. The Trustee Emeritus title is reserved for those who are no longer members of the Board of Trustees but continue to be engaged with their exceptional talents and wealth of institutional memory.

Recommended motion

The Salem State Board of Trustees hereby approves the creation of no more than three participating, non-voting Trustee Emeritus positions, subject to the following:

1. Former Trustees who have completed two (2) full five (5) year terms and one term as Board chair are eligible;
 2. Any current Trustee may nominate a former Trustee;
 3. Nominations should be made to the Board chair;
 4. Nominations must be made no later than one year after completion of the former Trustee's second term;
 5. Trustee Emeritus candidates must be unanimously approved by the executive committee;
 6. Trustee Emeritus positions are for one (1) academic year with opportunity for annual renewal consideration, not to exceed three (3) years in total;
 7. Trustee Emeritus are eligible to fully participate in full board and committee meetings in a non-voting capacity.
-

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: Secretary of Board of Trustees

Date: _____

DRAFT

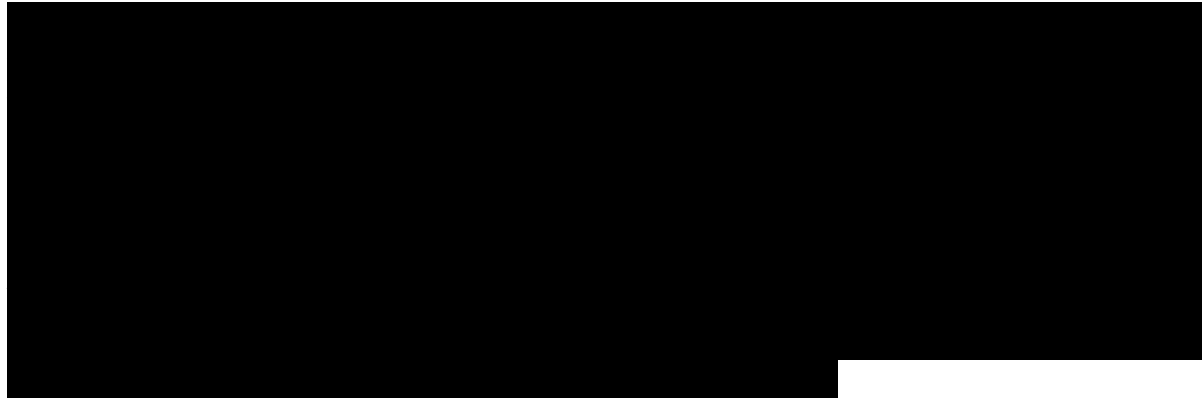
SUBJECT: Board of Trustees - Executive Session Notes for October 11, 2017 - Confidential

The Board of Trustees of Salem State University voted unanimously to go into Executive Session on Wednesday, September 28, 2016, in Room 210 of Marsh Hall, located on Central Campus of Salem State University. The purpose of the session was to discuss the investigation of charges of criminal misconduct.

Board Secretary Montague took the roll at 7:15 pm; voting in the affirmative to enter Executive session were

For: Chisholm, Duperval, DeSimone, Katzman, Murphy, Russell, Scott, Segal

Against: None



With no further business to be discussed in Executive Session, Chair Mattera called for a motion to come out of Executive Session.

Upon a motion duly made by Trustee, seconded by Trustee, it was unanimously

VOTED: To adjourn from Executive Session

Board Secretary Montague took the roll at 7:29 pm; voting in the affirmative to exit Executive session were

For: Chisholm, Duperval, DeSimone, Katzman, Murphy, Russell, Scott, Segal

Against: None

The Board came out of Executive Session and the meeting was adjourned.

SUBJECT: Executive Session Notes for January 24, 2018 - CONFIDENTIAL

The Finance and Facilities Committee of the Board of Trustees of Salem State University voted unanimously to go into executive session on Wednesday, January 24, 2018 in the Petrowski Room, Marsh Hall located on Central Campus of Salem State University. The purpose for the executive session was to discuss real estate.

Staff assistant Beaulieu took the roll at 4:14 pm; voting in the affirmative to enter executive session were Trustees Duperval, Katzman, Russell, and Scott.

With no further business to be discussed in executive session, Chair Katzman called for a motion to come out of executive session.

Upon a motion duly made by Trustee Scott and seconded by Trustee Russell it was unanimously

VOTED: To adjourn from executive session

Staff assistant Beaulieu took the roll at 4:25 pm; voting in the affirmative to exit executive session were Trustees Duperval, Katzman, Russell and Scott.

The Finance and Facilities Committee came out of executive session and the meeting was adjourned.

SUBJECT: Finance & Facilities Committee Meeting Report for January 24, 2018

The Finance & Facilities Committee of the Board of Trustees met on Wednesday, January 24, 2018, in the Petrowski Room, Marsh Hall on the Central Campus of Salem State University.

Present for the Committee: Trustees Katzman (chair), Duperval, Russell, Scott, Chair Mattera (ex-officio), President Keenan (ex-officio), Mr. Gadenne (advisory member). Also present and participating: Vice President House (committee liaison) and staff assistant Beaulieu.

Absent for the Committee: Trustee Murphy (vice chair)

Trustee Katzman, committee chair, called the meeting to order at 3 pm.

Divestment

Future discussions are planned regarding divestment.

Investment advisors–review calendar 2017 performance (Attachment A, B)

Eastern Bank Wealth Management representatives discussed the Salem State University's investment portfolio calendar 2017 performance. Highlights included the model investment objective, investment policy checklist, bonds, market behavior, economic outlook and divestment implementation.

Review of FY17 yearend financial results (Attachment C, D)

University's results and trends at fiscal yearend of 2017 were discussed. Selected ratios and the final audited Financial Statements and Management's Discussion and Analysis June 30, 2017 were included.

Review of FY18 Q1 financials (Attachment E)

First quarter (Q1) for FY18 (9/30/17) financials included a full year projection. Second quarter (Q2) will be provided for the next committee meeting.

Business model discussion (Attachment F)

A business model presentation highlighted financial aid sources, student eligibility and relationship to tuition and fees revenue.

Perkins loan program termination (Attachment G, H)

Brief comments detailed the termination of the Perkins Loan program.

Sustainability update (Attachment I, J)

An update was made on the university's participation, commitment and benchmarking in sustainability efforts.

A university solar project is planned for 2018 as described in the meeting materials.

Capital projects status update (Attachment K)

Capital projects underway were presented. Science teaching lab addition request for funding is pending and Meier Hall steam line is 90% installed.

FY17 consulting expenses (Attachment L)

Annual report on consultant expenses provided per previous trustee request.

Executive session – discuss real estate

Trustee Scott moved and Trustee Russell seconded a motion to enter into executive session in accordance with General Laws, Chapter 30A, for the purpose of discussing real estate. A roll call vote was taken at 4:14 pm and it was unanimous to enter into executive session.

Voting in the affirmative: Duperval, Katzman, Russell and Scott

Voting against: None

Trustee Scott moved and Trustee Russell seconded a motion to exit executive session in accordance with General Laws, Chapter 30A. A roll call vote was taken 4:25 pm and it was unanimous to exit executive session.

Voting in the affirmative: Duperval, Katzman, Russell and Scott

Voting against: None

There being no further business to come before the committee, Trustee Scott moved and Trustee Russell seconded a motion to adjourn.

MOTION: to adjourn the meeting.

On a voice vote, the motion passed unanimously.

The meeting adjourned at 4:26 pm.

Prepared by: D. Beaulieu, staff assistant, finance and facilities

WEALTH MANAGEMENT REVIEW



January 24, 2018

Michael Tyler, CFA
Chief Investment Officer
617-897-1122

John F. Doherty, CFP®
Vice President
781-581-4215

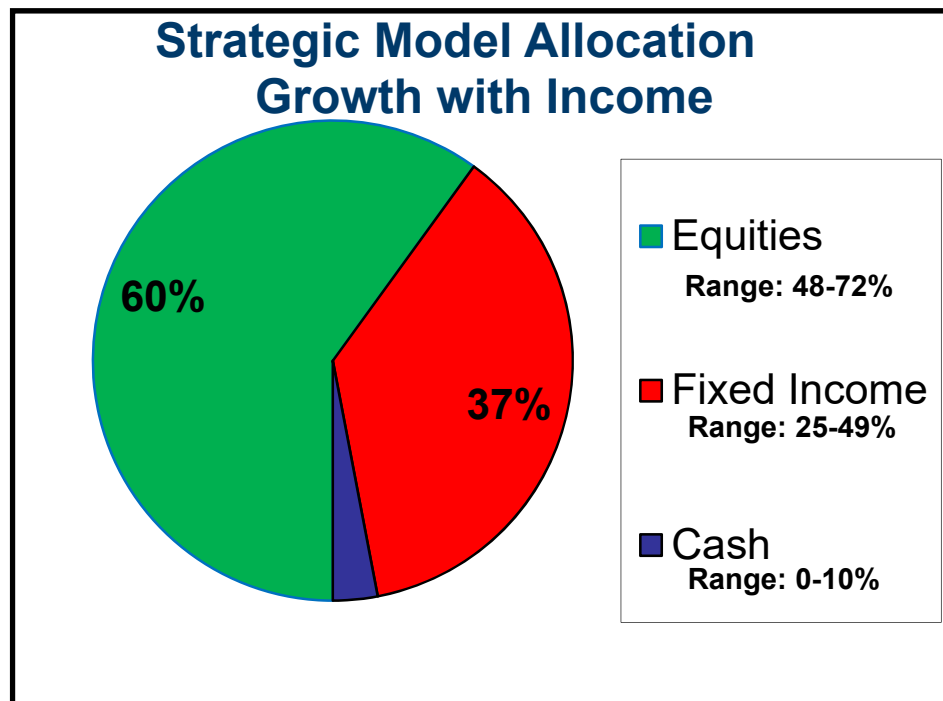
AGENDA

| | |
|---|--------------|
| Model Investment Objective | 3 |
| Portfolio Review | 4 |
| Investment Policy Checklist | 5 |
| Bond Maturity | 6 |
| Individual Corporate Bond Ratings | 7 |
| Portfolio Performance | 8 |
| Performance Review: YTD 2017 | 9-11 |
| Market Behavior and Investment Discipline | 12-16 |
| Fossil Fuel Divestment/Climate Change Policy | 17-21 |
| Asset Allocation – Current Posture | 22 |
| Economic Outlook | 23 |
| Market Monitor | 24-31 |
| Multi Asset Portfolio Holdings | 32 |
| Appendix | 33-38 |



MODEL INVESTMENT OBJECTIVE (as of 12/31/17)

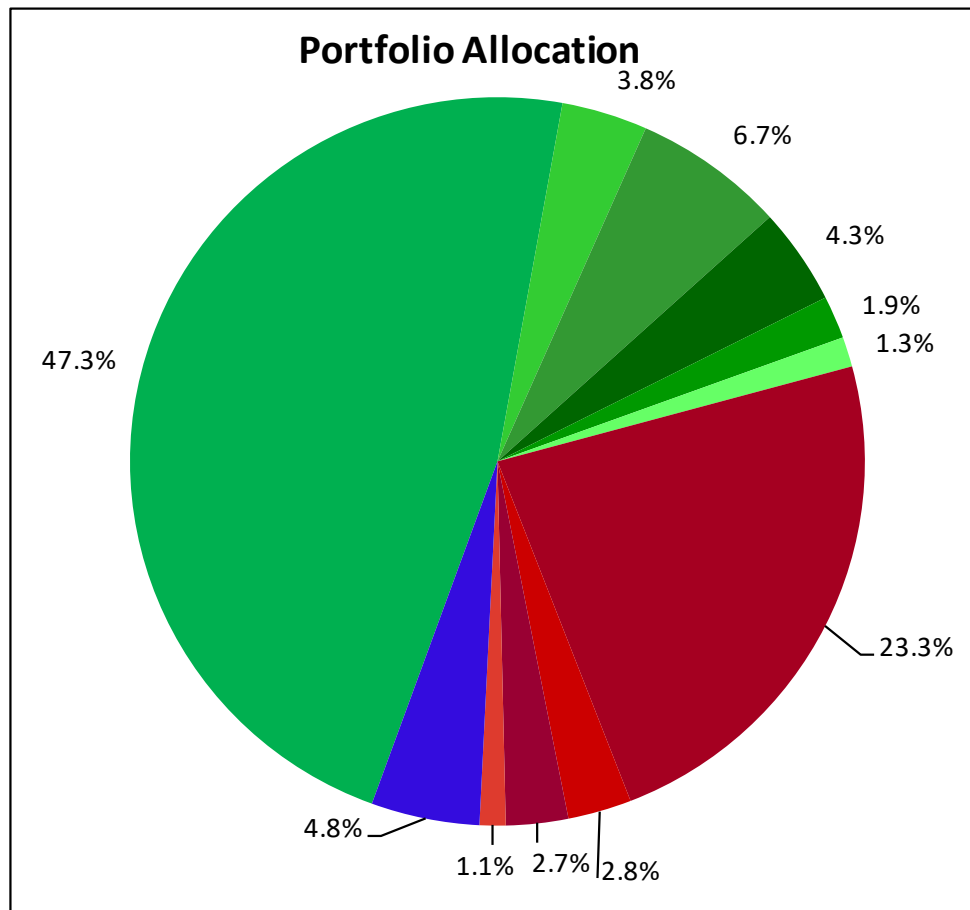
- To generate long term total return through a diversified mix of equity securities and to provide current income through fixed income securities.
- Equities invested primarily in large-cap United States based companies, along with selected international equities and alternative asset classes.



Current Tactical Allocation

| | |
|---------------------------|--------------|
| Equities | 63.9% |
| U.S. Large Cap | 55.3% |
| U.S. Sector Funds | 4.5% |
| U.S. Small & Mid-Cap | 4.3% |
| Developed International | 5.2% |
| Emerging Markets | 1.9% |
| Fixed Income | 34.2% |
| Individual Bond Ladder | 26.1% |
| Short Duration High Yield | 1.7% |
| Investment Grade Corp. | 3.5% |
| Government | 3.0% |
| Money Market | 1.9% |

PORTFOLIO REVIEW FOR ACCOUNT #2427524



Account Value as of 12/31/2017:
\$14,347,970

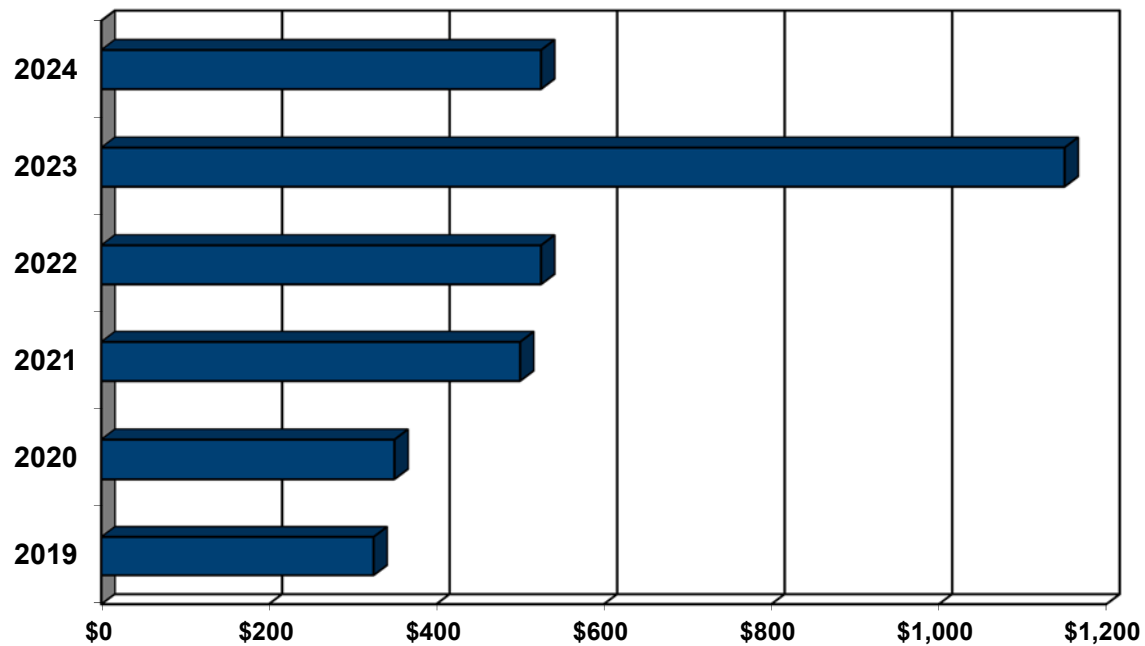
| | |
|-------------------------------|--------------|
| Equities | 65.2% |
| ■ Individual Stocks | 47.3% |
| ■ Small/Mid-Cap ETFs | 3.8% |
| ■ Sector & Tactical ETFs | 6.7% |
| ■ Internat'l - Developed ETFs | 4.3% |
| ■ Internat'l - Emerging ETFs | 1.9% |
| ■ Global ex-USA ETFs | 1.3% |
| Fixed Income | 30.0% |
| ■ Laddered Bonds & ETFs | 23.3% |
| ■ Intermediate Term ETF's | 2.8% |
| ■ Floating Rate & TIPS ETFs | 2.7% |
| ■ High Yield Mutual Fund | 1.1% |
| Money Market | 4.8% |
| ■ Cash | 4.8% |

SALEM STATE: INVESTMENT POLICY CHECKLIST

| Key Item (as of Dec. 31, 2017) | Policy | Salem State | Compliant? |
|--|--------------------------------------|-----------------------------------|----------------------------|
| Equity ratings: Common stocks: S&P Stock Guide Mutual funds: Morningstar | B+ 3 Star or better | B+ 3 & 4 Star | Yes Yes |
| Fixed Income: Corporate bonds position limit Maximum maturity Minimum individual bond rating | <35% of fund 7 years Baa / BBB | 23.3% 6.7 years Baa2 / BBB- | Yes Yes Yes |
| Alternative investments: Derivatives, forwards, swaps, futures | Prohibited | None held | Yes |
| Asset allocation range: Equities Fixed Income Cash | 50% - 75% 25% - 50% 0% - 10% | 65.2% 30.00% 4.8% | Yes Yes Yes |
| Fossil fuel divestment: Carbon Underground 200 Alternative energy suppliers | Divest prudently Seek options | | In progress In progress |

BOND MATURITY DISTRIBUTION

| | Portfolio | U.S. Intermediate Credit Index |
|------------------|------------|--------------------------------|
| Average Maturity | 4.88 years | 4.83 years |
| Average Coupon | 3.23% | 3.32 % |
| Average Yield | 2.82% | 2.81% |
| Average Duration | 4.24 years | 4.27 years |



| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------|-------|-------|-------|-------|---------|-------|
| ■ Endowment (\$000) | \$325 | \$350 | \$500 | \$525 | \$1,150 | \$525 |

Par Value (000)

INDIVIDUAL CORPORATE BOND RATINGS

| Description | Units | Purchase Date | Time of Purchase | Current | Time of Purchase | Current |
|--|---------|---------------|------------------|----------------|------------------|------------|
| | | | Moody's Rating | Moody's Rating | S&P Rating | S&P Rating |
| CHUBB HOLDINGS 2.7% 03/13/2023 | 100,000 | 10/11/2016 | A3 | A3 | A | A |
| AMERIPRISE FINANCIAL, INC. 4% 10/15/2023 | 175,000 | 12/15/2016 | A3 | A3 | A | A |
| AUTO DESK 3.125% 06/15/2020 | 200,000 | 7/18/2017 | Baa2 | Baa2 | BBB | BBB |
| BANK OF AMERICA CORP 3.3% 01/11/2023 | 100,000 | 9/12/2016 | Baa1 | A3 | BBB+ | A- |
| CARDINAL HEALTH, INC. 3.2% 3/15/2023 | 150,000 | 7/21/2016 | Baa2 | Baa2 | A- | BBB+ |
| CBS 3.7% 08/15/2024 | 150,000 | 4/28/2017 | Baa2 | Baa2 | BBB | BBB |
| CELGENE CORP 4% 08/15/2023 | 200,000 | 12/15/2016 | Baa2 | Baa2 | BBB+ | BBB+ |
| CITIGROUP 3.375% 03/01/2023 | 150,000 | 7/21/2016 | Baa1 | Baa1 | BBB+ | BBB+ |
| CSX CORP 3.4% 08/01/2024 | 175,000 | 4/28/2017 | Baa1 | Baa1 | BBB+ | BBB+ |
| CVS 3.5% 07/20/2022 | 200,000 | 1/19/2017 | Baa1 | Baa1 | BBB+ | BBB+ |
| DEUTSCHE BANK 2.50% 02/13/19 | 125,000 | 2/26/2014 | A2 | Baa2 | A | BBB- |
| E M C CORP. 2.50% 06/01/20 | 150,000 | 7/28/2014 | A1 | Ba2 | A | BB- |
| FORD MOTOR 4.25% 09/20/2022 | 200,000 | 1/19/2017 | Baa2 | Baa2 | BBB | BBB |
| HYATT HOTES 3.375% 07/15/2023 | 125,000 | 12/20/2017 | Baa2 | Baa2 | BBB | BBB |
| MONSANTO CO. 2.75% 07/15/21 | 200,000 | 11/17/2014 | A3 | A3 | BBB+ | BBB |
| TIME WARNER, INC. 3.4% 06/15/2022 | 125,000 | 10/5/2016 | Baa2 | Baa2 | BBB | BBB |
| VODAFONE GROUP 2.95% 02/19/2023 | 150,000 | 10/5/2016 | Baa1 | Baa1 | BBB+ | BBB+ |
| WELLS FARGO & CO 2.15% 01/15/19 | 100,000 | 12/18/2013 | A2 | A2 | A+ | A |
| WELLS FARGO & CO 3.00% 01/22/21 | 100,000 | 2/3/2015 | A2 | A2 | A+ | A |
| WHIRLPOOL 4% 03/01/2024 | 200,000 | 12/20/2017 | Baa1 | Baa1 | BBB | BBB |
| XILINX, INC. 3.00% 03/15/21 | 200,000 | 11/17/2014 | A3 | A3 | A- | N/R |

PORTFOLIO PERFORMANCE

| Investment Performance | | | | | | |
|---|---------------------|---------------|----------------|-------------------------|-------------------------|-------------------------|
| Strategy: Growth with Income (Corp) | | | | | | |
| As of December 31, 2017 | | | | | | |
| Asset Class / Benchmark | Ending Market Value | Allocation | 4TH QTR 2017 | 1 Year | 3 Year | 5 Year |
| | | | 3 month Return | Annualized Total Return | Annualized Total Return | Annualized Total Return |
| Salem State University Portfolio | \$14,347,969 | 100.0% | 4.50% | 16.14% | 7.32% | 9.32% |
| Total Benchmark | | 100.0% | 3.81% | 14.79% | 7.57% | 9.29% |
| Equities | \$9,360,754 | 65.2% | 6.96% | 24.24% | 10.45% | 13.85% |
| Multi Asset Equity Blend* | | 60.0% | 6.32% | 22.95% | 10.82% | 14.03% |
| Fixed Income | \$4,302,875 | 30.0% | 0.11% | 3.42% | 2.05% | 1.63% |
| Barclays Interm Credit Index | | 37.0% | 0.11% | 3.67% | 2.74% | 2.43% |
| Money Market | \$684,340 | 4.8% | 0.18% | 0.46% | 0.16% | 0.00% |
| Lipper Money Market Index | | 3.0% | 0.22% | 0.65% | 0.26% | 0.16% |
| Portfolio Return Gross of Fee | | | 4.50% | 16.14% | 7.32% | 9.32% |
| Portfolio Return Net of Fee | | | 4.38% | 15.62% | 6.84% | 8.88% |
| *Consists of Blended 60/40 S&P 500/MSCI All Country World Index | | | | | | |

Source: First Rate

PERFORMANCE REVIEW: 2017

Core U.S. equity outperformed vs. benchmarks and vs. peers

- Timely emphasis on health care and technology boosted returns
 - Emphasis on growth stocks has helped performance
 - Few “torpedoes” (GE, KR) vs. many “rockets” (FANGs, HD, FDX, RCL, ADI, others)

Despite low volatility, sector and stock dispersion was large

Longer-term Core U.S. equity remains ahead of peer group

- Performance is at or above peer group median in all but two periods since 2012

Asset allocation was highly positive

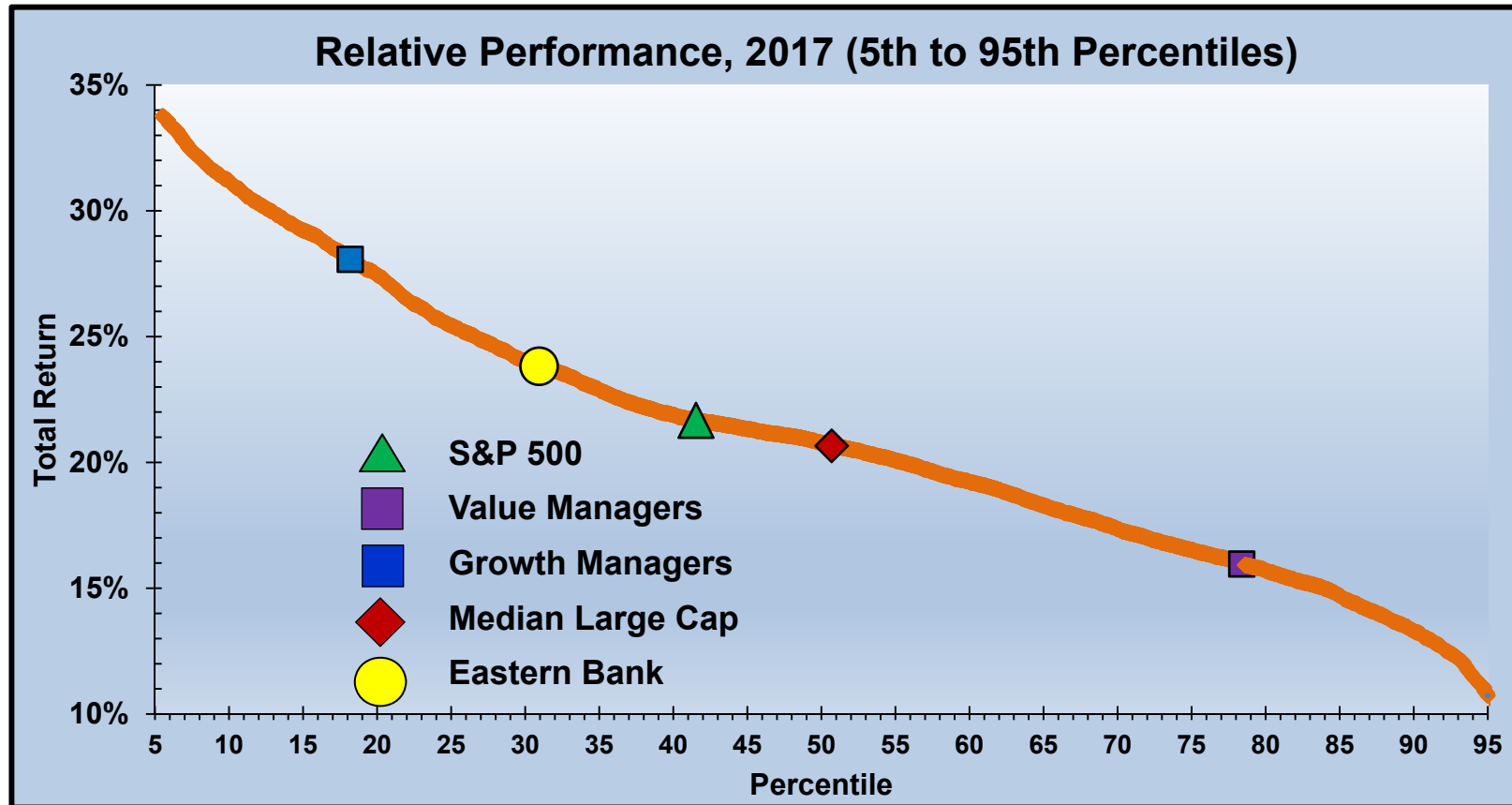
- Equities hammered bonds again in 2017, justifying our big overweight
- Multi-Asset performance was aided by strong European returns
- Fixed income performance matched its index

PERFORMANCE REVIEW: EQUITIES – 2017

- Morningstar surveyed 4,106 active managers of U.S. large-cap equities at YE17
- 60% lagged the S&P 500 in 2017, vs. 66% in 2016
- Reversing 2016, growth beat value in 2017
- Our Core return on large-cap stocks was second quartile (32nd percentile)

| 2016 and 1H 2017 Total Return | 2016 | 2017 |
|---|--------|--------|
| Core Large-Cap U.S. Equity | 9.60% | 23.69% |
| S&P 500 | 11.98% | 21.84% |
| Average Large-Cap U.S. Equity Manager | 9.80% | 20.78% |
| Core (Blended) | 10.49% | 20.80% |
| Growth | 3.09% | 28.31% |
| Value | 14.19% | 16.01% |
| Source: Morningstar, Eastern Bank Wealth Management | | |

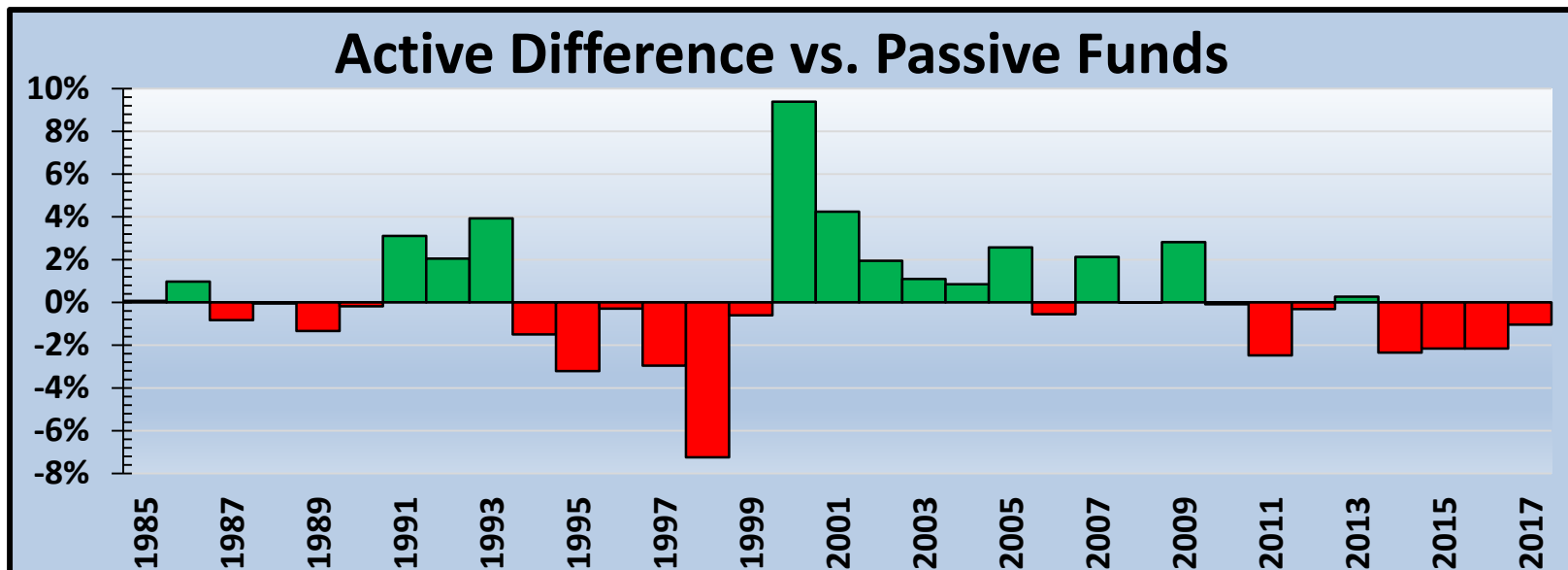
PERFORMANCE REVIEW: EQUITIES – 2017



Source: Morningstar, Eastern Bank Wealth Management

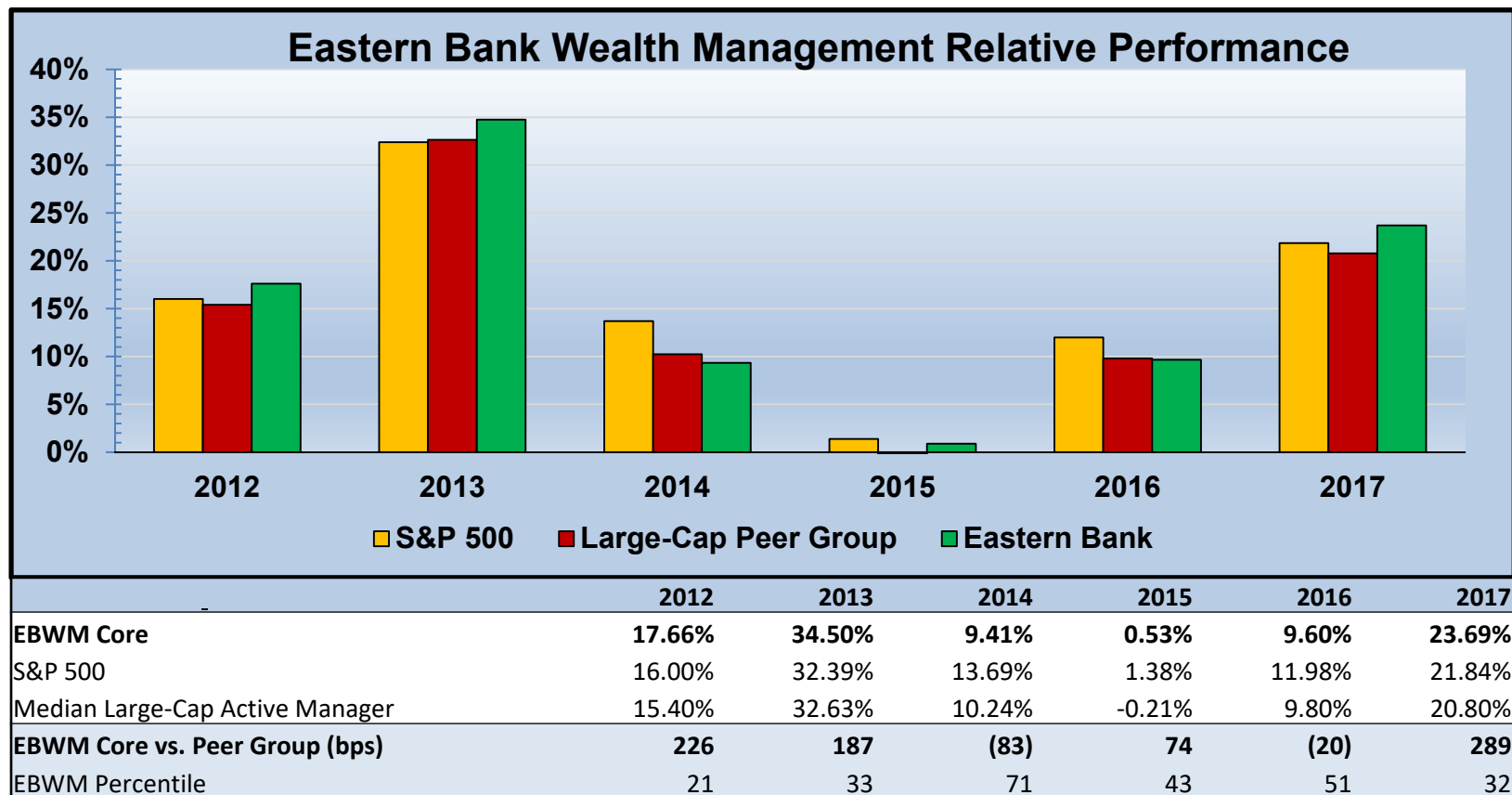
THE CASE FOR ACTIVE MANAGEMENT

- Dispersion among sectors and stocks rose sharply in 2017
- Higher dispersion of returns leads to more opportunities vs. the benchmark
- Despite four straight bad years, active managers still have a cumulative 270 bps lead since 1985



Source: Morningstar, Eastern Bank Wealth Management

EASTERN BANK PERFORMANCE VS. PEERS



Source: Morningstar, Eastern Bank Wealth Management

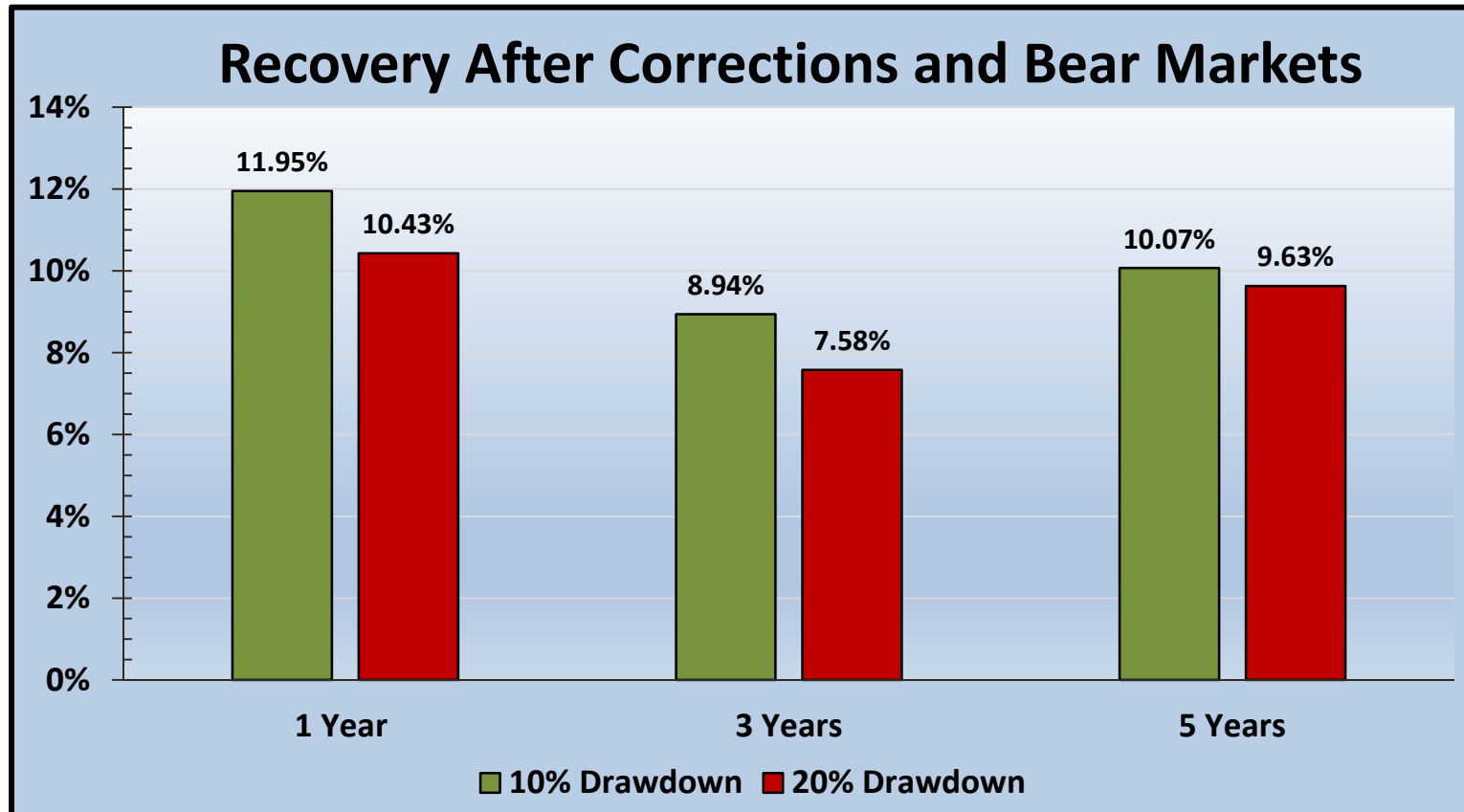
SCARED OF HEIGHTS?

| Stock Gains After Hitting New Highs | | | | |
|-------------------------------------|--------------------------|--------------------|----------------|--------------------|
| | Periods When Stocks Rise | | Average Return | |
| | After New High | After Other Months | After New High | After Other Months |
| 1 year | 80.5% | 74.7% | 13.7% | 12.2% |
| 3 years | 83.4% | 83.3% | 37.1% | 39.7% |
| 5 years | 84.1% | 87.4% | 64.2% | 71.0% |

Source: Dimensional Fund Advisors

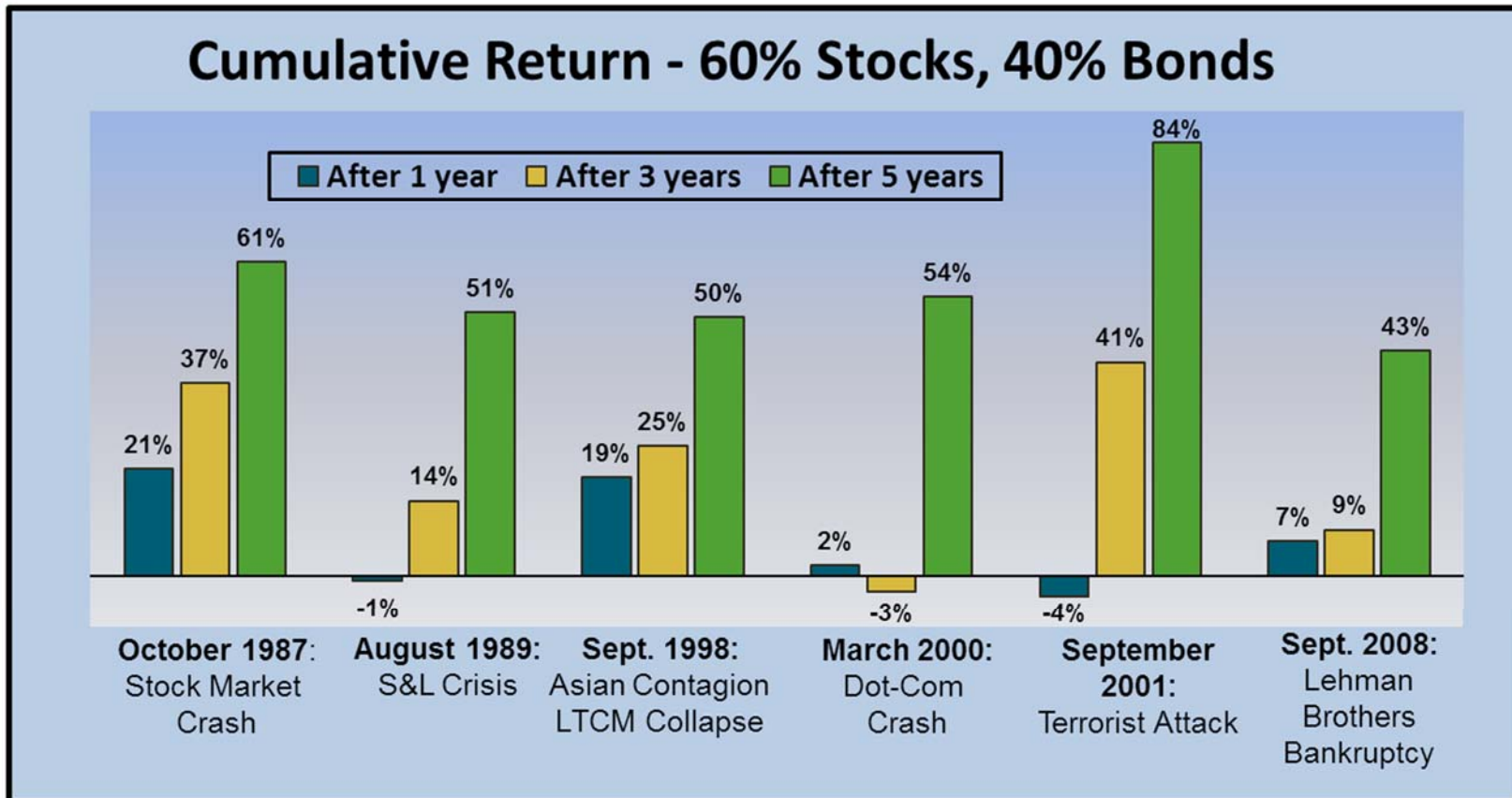
- Returns after new highs are no different from any other times
- Of the 1,091 months from January 1926 to December 2016, stocks hit new highs in 319, or 29%
- Performance following new highs was about the same as performance following all other months

SCARED OF DEPTHS?



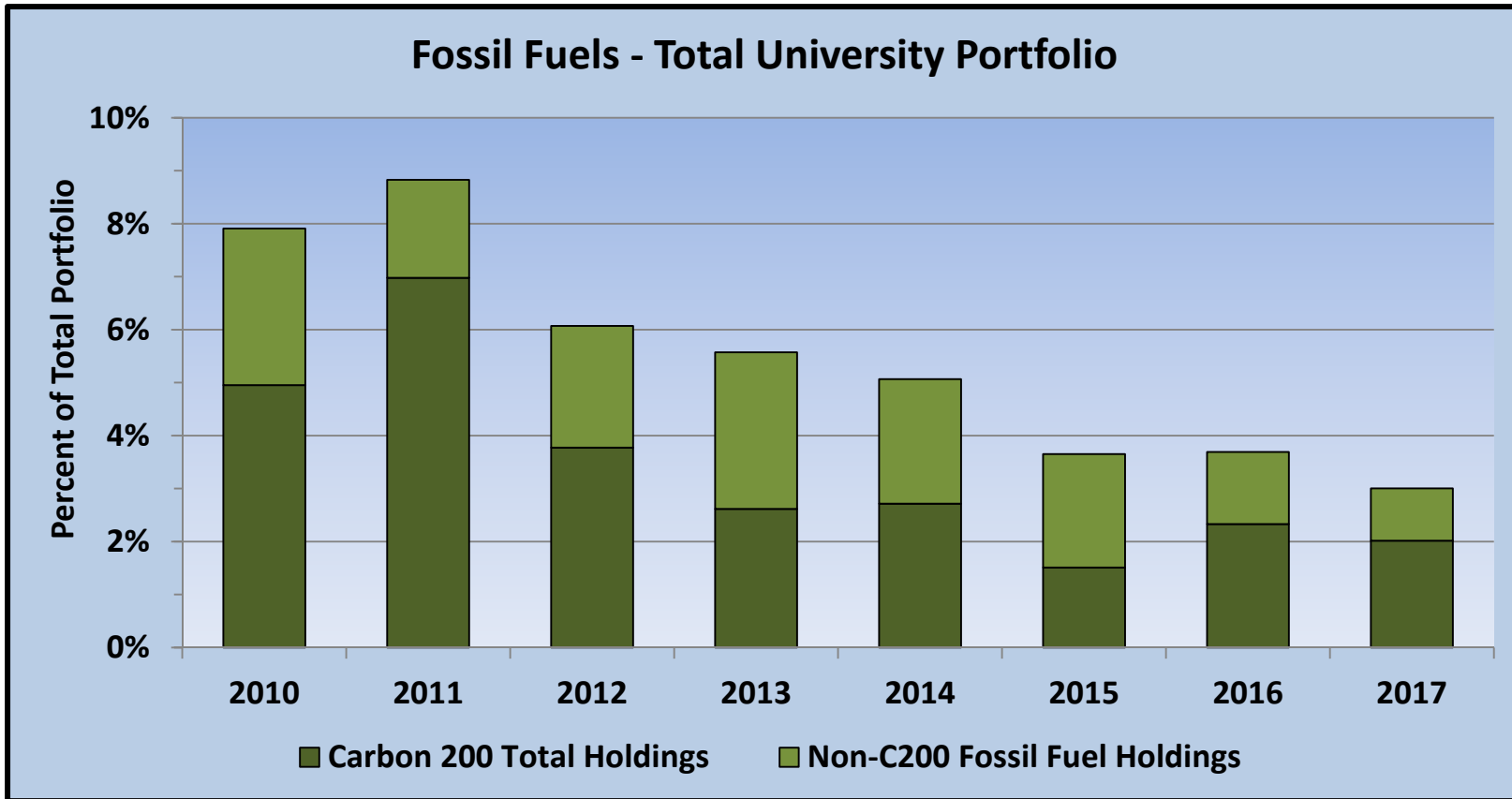
Source: Dimensional Fund Advisors

RESILIENT RESPONSE TO CRISIS

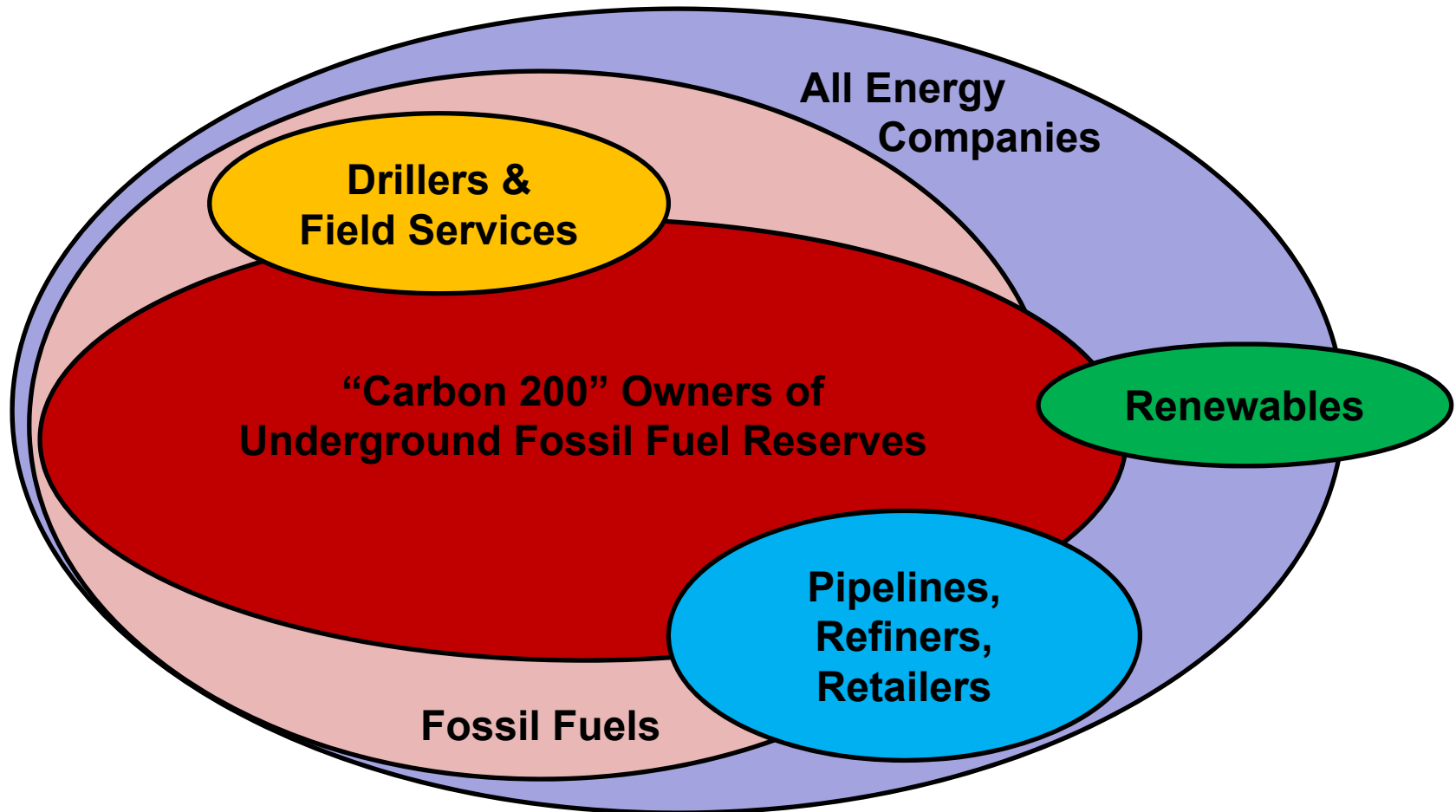


Source: Dimensional Fund Advisors

FOSSIL FUEL HOLDINGS IN UNIVERSITY PORTFOLIO



A CONCEPTUAL VIEW OF ENERGY INVESTING



SALEM STATE UNIVERSITY CLIMATE POLICY

Divest all Carbon Underground 200 investments

- Timing: “As soon as advisors believe it is financially prudent”
- Prohibit investment in companies that extract coal and/or tar sands

Invest in alternative and/or renewable energy companies

- Must be consistent with parameters of the Investment Policy
- Advisors must remain financially prudent

DIVESTMENT IMPLEMENTATION (as of 12/31/17)

Paramount consideration remains fiduciary duty to SSU

- Investment characteristics must take precedence over other concerns
- Portfolio must be diversified across all sectors of the U.S. economy
- Investments in each sector must be reasonably representative

Portfolio is already 100% free of coal companies

- University funds remain invested in two Carbon Underground 200 oil stocks

We avoided selling oil when prices were too low

- As prices continue to rise, divestment becomes more realistic
- Replacements must exhibit similar investment characteristics
- Energy is the most significant diversifier within the S&P 500

REPLACEMENT IMPLEMENTATION

Options exist for investing in alternative and renewable fuels

- Focused mutual funds can enhance an overall portfolio

Scale is a big problem, in two respects

- For consumers and businesses, low-carbon energy sources are not yet available in sufficient scale, nor at acceptably low prices, to displace fossil fuels
- For investors, most “green energy” projects are not easily scalable

Many mutual funds are “green” in name only

- We studied dozens of “Alternative Energy” mutual funds and ETFs
- Only one had even 10% invested in energy-sector companies
- Most funds invested primarily in technology and utilities

We will act carefully, honoring our fiduciary duty first

ASSET ALLOCATION – CURRENT POSTURE

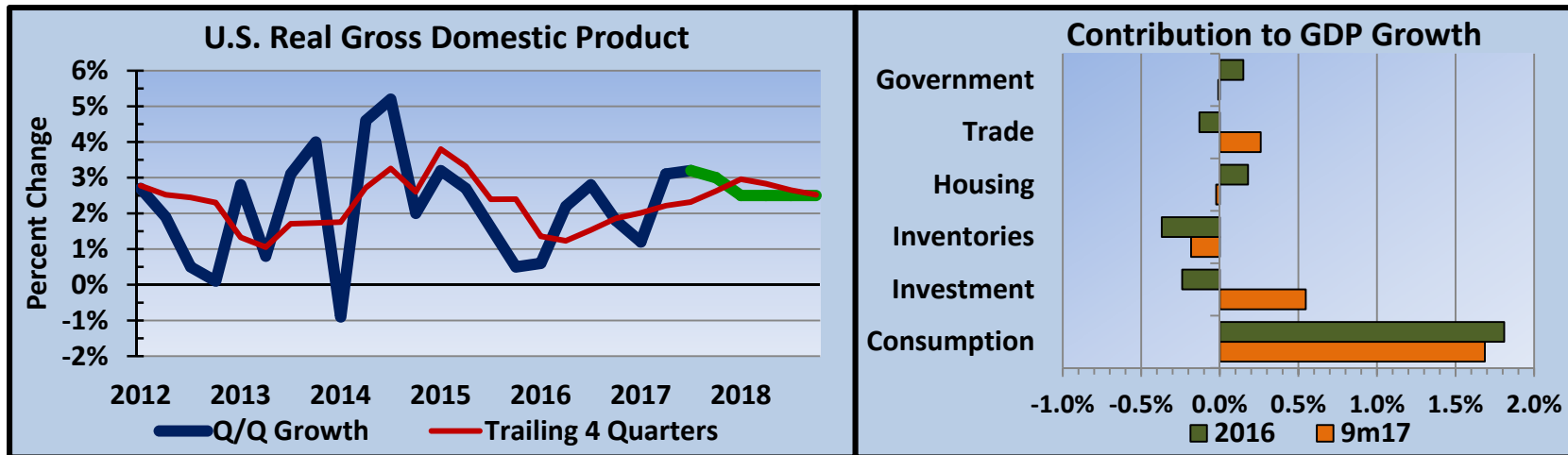
Strategy

- We favor global equities over bonds. Yet despite an overall bullish outlook for stocks, we wouldn't be surprised by a short downdraft caused by political surprises. Patience is a virtue.
- In our global equity portfolios, we are slightly biased toward domestic markets. Our international focus remains on Europe. Improving fundamentals, Brexit implementation, stubbornly low inflation, and a dwindling inventory of available bonds have forced the ECB to reconsider its aggressive quantitative easing program; the European yield curve has steepened while the domestic curve has flattened.
- Our fixed income duration remains close to neutral. Treasury bonds may weaken if sentiment improves regarding possible large-scale infrastructure spending combined with tax cuts. Strong corporate balance sheets and a strong economy mean credit spreads can remain tight.

Outlook

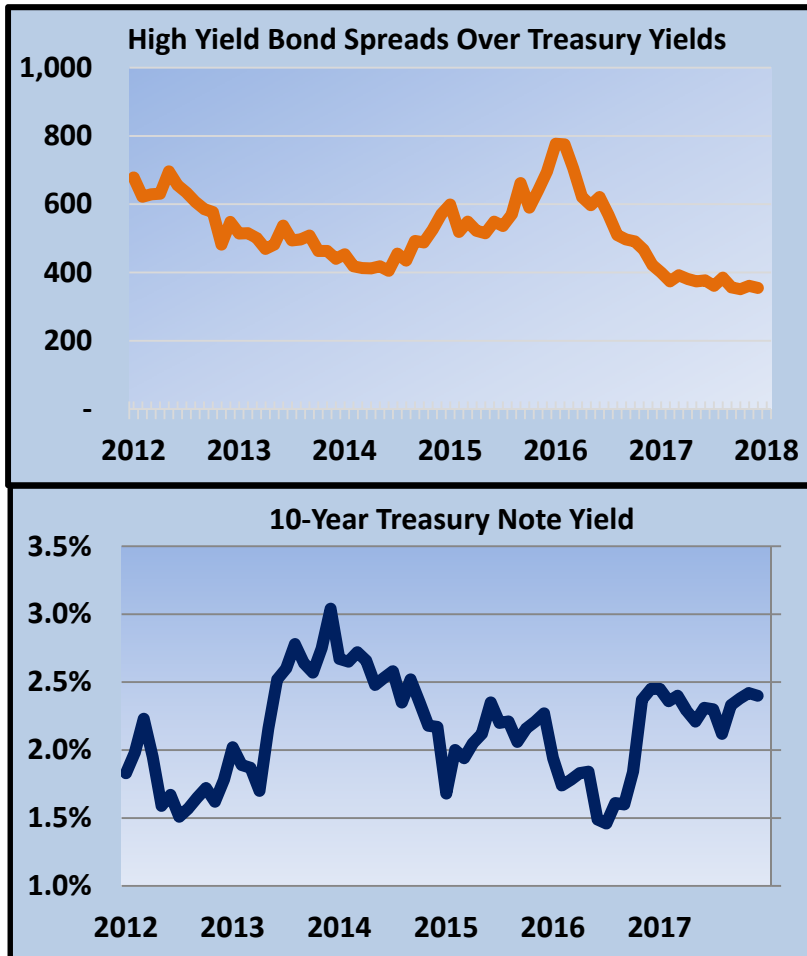
- Central banks globally are backing away from ultra-loose monetary policy. We think these developments demonstrate confidence in global growth, boosting the outlook for U.S. exporters while creating possible room for importers to raise prices.

ECONOMIC OUTLOOK



- Third quarter GDP growth of 3.2% marked the fastest pace of economic growth since 2014. Business equipment jumped increased 10.4%, a three-year high, while consumer spending was softer than it had been in the June quarter. Recent data are also signaling a strong fourth quarter.
- The outlook for 2018 remains positive. Labor market trends, housing starts, and other key data remain robust, supporting the Fed's hawkish wing; but quiescent inflation and a flattening yield curve have fed dovish hopes for a slower ramp-up in interest rates.
- U.S. corporate earnings grew at a double-digit pace in 2017, continuing an acceleration that began about a year ago. Heading into 2018, earnings are expected to gain another 10%.

MARKET MONITOR – FIXED INCOME



- Credit spreads are tight, reflecting confidence in the U.S. economy and a grasp for yield. High-yield spreads have held below 400 bps. Some investment-grade spreads are below 100 bps.
- The yield curve is flattening, as the term premium for longer-term debt evaporates. As the 2-to-10 year spread approaches zero, investors may worry about a potential recession. That spread is currently below 0.5% and continues to shrink.
- U.S. Treasury yields remain low as global investors see great value in comparison with near-zero yields on comparable sovereign debt in Europe or Japan. This anomaly is beginning to abate, as European debt yields are reviving from historic lows.
- Despite a “dot plot” indicating three rate hikes in 2018 and Wall Street sentiment suggesting four hikes, futures contracts imply only one or two. Traders are also watching to see how the Fed begins unwinding its balance sheet.

ACTIVE FIXED INCOME STRATEGY REVIEW

Strategy

- We remain slightly underweight fixed income. We anticipate long-term interest rates to rise gradually in the foreseeable future. As the yield curve has flattened, we have shifted our high-yield corporate bond holdings into shorter-duration funds, seeking to benefit from wider credit spreads without as much interest rate risk. We have added inflation protection in the form of TIPS, as we expect to see a slow but steady increase in consumer price levels worldwide.

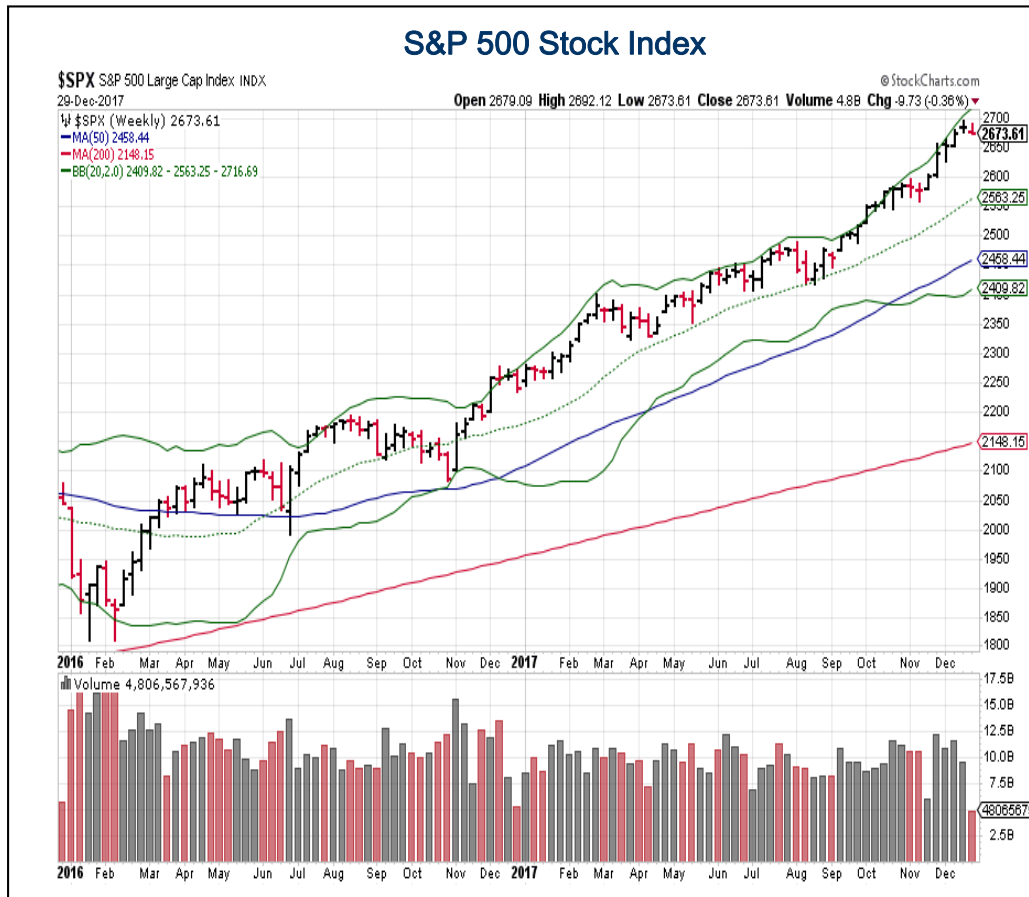
Structure

- Our fixed income portfolios are structured with durations close to their corresponding benchmarks. Credit spreads have tightened – with investment grade spreads under 100 bps and high yield spreads under 400 bps.

Outlook

- Inflation has backed down, mainly because of cheaper imported goods, retail disintermediation, and rising oil inventories. Yet rising prices are evident in housing, health care, and labor costs. Energy prices also rose in the wake of recent hurricanes. Even so, CPI is unlikely to rise so rapidly as to trigger meaningful increases in long-term interest rates.

MARKET MONITOR - DOMESTIC EQUITY



- U.S. stocks posted a total return of nearly 22% in 2017, gaining ground in every month. At almost 20x earnings and a 2% yield, valuations are high but not extended.
- Small-cap and mid-cap indexes have lagged the S&P 500, in part because they benefit less from foreign sales. Small-cap stocks should get a boost from recently enacted tax reform.
- The market's 2017 advance was quite broad, with all sectors except energy and telecom gaining ground. Within individual sectors, however, leadership was narrower – a phenomenon that was neither uncommon nor worrisome.

DOMESTIC EQUITY STRATEGY REVIEW

Strategy

- Anticipation of potentially transformative tax legislation may have been one driver of fourth-quarter equity performance; if so, equities may soften in early 2018. Yet the fundamentals remain strong and valuations remain within reasonable levels. We remain fully invested in equities.
- We think corporate earnings drive long-term stock prices; political issues buffet the market but ultimately are secondary. We recently made changes within the Health Care and Industrials sectors of the portfolios, reflecting fundamental developments at several companies. We've also taken some profits in Technology companies.

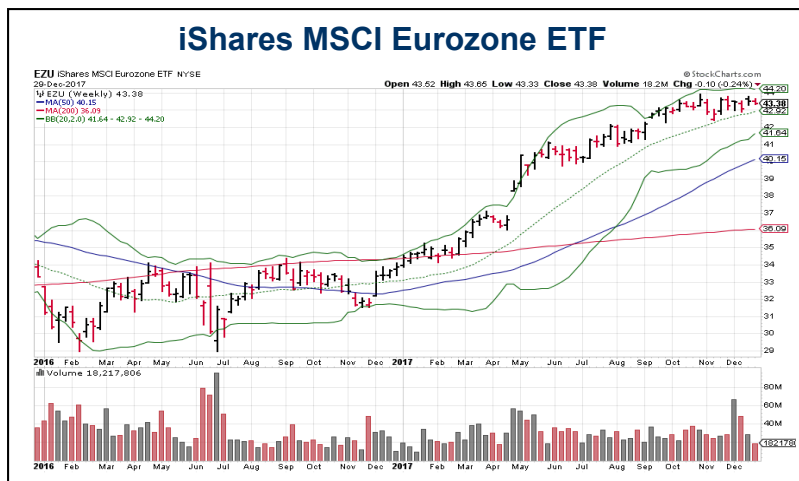
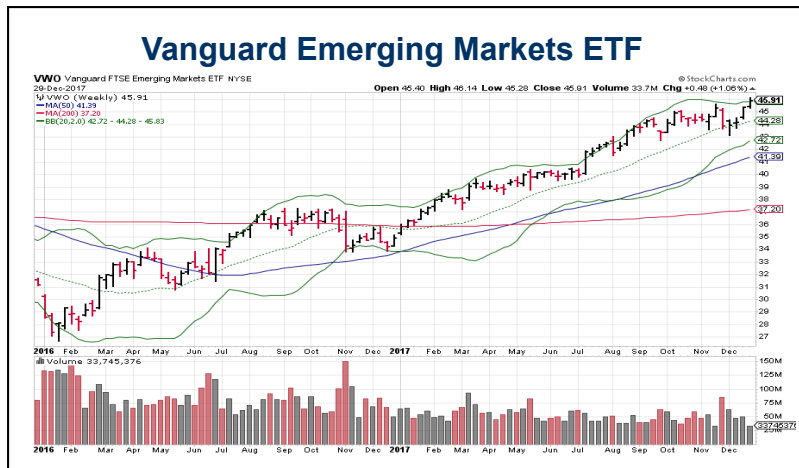
Structure

- Domestic equity portfolios remain diversified across all sectors of the economy, with emphasis on individual companies that can benefit from a healthy U.S. economy, tax reform, and rising interest rates. We remain overweight financial, industrial, and technology stocks.

Outlook

- Stocks with high sensitivity to rising interest rates and stronger capital spending are well-positioned to lead the broad market higher, a potential short downdraft notwithstanding.

MARKET MONITOR - INTERNATIONAL EQUITY



- Global equity markets finished 2018 with a flourish. Europe and emerging markets led the way, but a synchronized global expansion lifted nearly all markets. Indeed, all 45 OECD countries posted positive GDP growth in 2017 and are expected to do so again in 2018.
- Emerging market economies continue their upswing. These markets are less dependent on commodities prices than in years past, as their domestic economies diversify. China's debt crackdown has focused on state-owned enterprises; the private-sector remains healthy.
- The European Central Bank recently cut its bond-buying program from €60 billion per month to €30 billion but extended the program's duration. The ECB and Bank of Japan remain accommodative, while the Fed is gradually tightening policy. European financial stocks have revived.
- Smaller company stocks have been volatile, and now appear attractively priced.

INTERNATIONAL EQUITY STRATEGY REVIEW

Strategy

- After seven years of lagging the U.S. markets by a wide margin, foreign markets topped the U.S. in 2017. In Europe, the combination of low valuations and reviving earnings growth is attractive, but bank profits have been under pressure from the European Central Bank's aggressive monetary policy. The ECB recently reduced its bond buying program, but its quantitative easing will continue through at least September 2018.

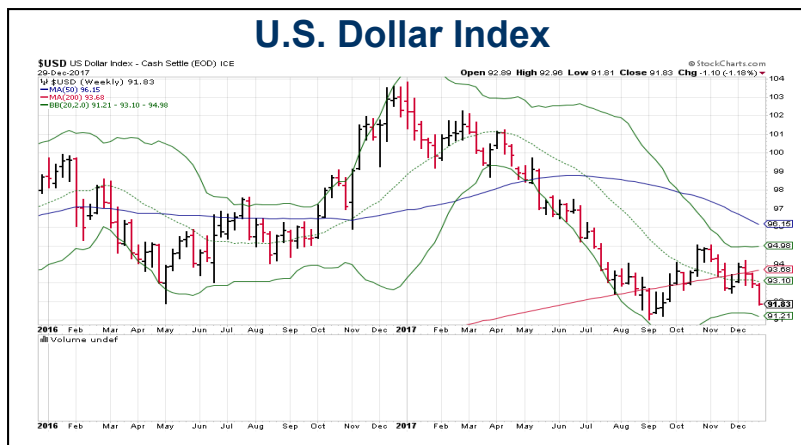
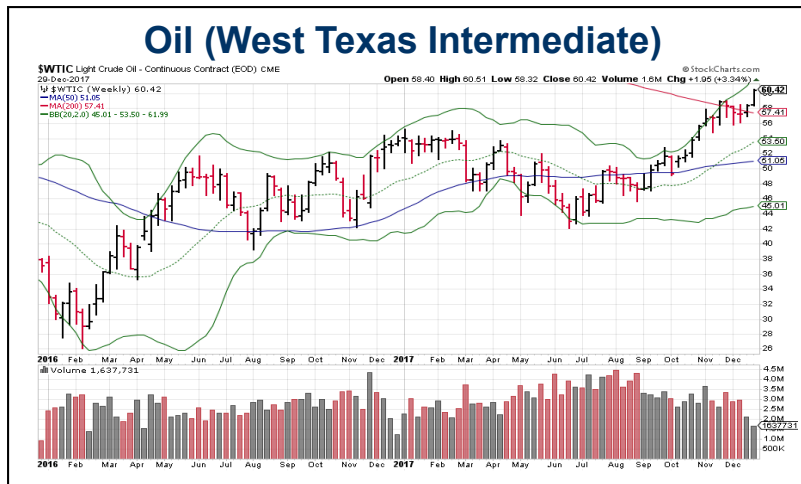
Structure

- Multi-Asset portfolios are slightly underweight non-U.S. equities. Within the international holdings, the Eurozone is still favored, but we have recently added holdings in the U.K. and selected emerging markets. We maintain positions in small-cap companies that are leveraged to improving economic conditions in developed markets.

Outlook

- We think international markets offer both diversification and risk-management benefits for Multi-Asset investors. Valuations remain below U.S. levels, which limits downside risk. These are long-term investments that may take time to play out fully.

MARKET MONITOR – OTHER ASSET CLASSES



- Oil prices continue to drift higher, with West Texas Intermediate passing \$60. Global production has been restrained by OPEC's ability to maintain discipline among its member states. Yet even after the supply disruption of Hurricane Harvey, American inventories remain at uncomfortably high levels.
- The dollar has given up all of its gains since President Trump's election, hitting multi-year lows after its extraordinary 2014-2016 surge. This has helped commodities and precious metals prices, but hasn't affected inflation yet. The dollar's brief rally earlier this autumn gave way to a renewed slide through year-end. The dollar lost 14% against the euro in 2017.
- The most startling alternative asset class has been cryptocurrencies, as bitcoin and its cousins have skyrocketed. We don't think the gains are sustainable. Other alternative asset classes posted a mixed record in 2017.

OTHER ASSET CLASSES STRATEGY REVIEW

Strategy

- As the Fed transitions toward a less accommodative policy, we believe that traditional hedges against inflation and currency devaluation – such as precious metals and industrial commodities – will be less appealing to investors. We do not hold assets in these areas.
- We do not recommend “alternative” asset classes such as hedge funds, private equity, or venture capital. Historical returns have been lackluster, funds are overcapitalized, and fees remain too high, even for the so-called “liquid alternatives” that package such assets into mutual funds.
- Bitcoin and other cryptocurrencies pose multiple risks and have no clear valuation support. We think they will remain extremely volatile and are not (yet) prudent investment vehicles.

Outlook

- Potentially rising U.S. interest rates are a major concern for alternative assets: They reduce the incentive to own commodities or precious metals, they undercut the profitability of debt-financed hedge funds and private equity, and they limit the prices that investors will pay for real estate. Such an environment may dampen investor interest in alternative asset classes.

MULTI-ASSET PORTFOLIO HOLDINGS (as of 12/31/2017)

| Industry Weightings | % Of Portfolio | % Of Core Portfolio | % Of Blend* | Industry Weightings | % Of Portfolio | % Of Core Portfolio | % Of Blend* |
|-------------------------------|----------------|---------------------|---------------|------------------------------|----------------|---------------------|---------------|
| CONSUMER DISCRETIONARY | 8.75% | 11.95% | 12.09% | HEALTH CARE | 9.99% | 13.63% | 12.56% |
| STARBUCKS CO. | 1.10% | 1.50% | | BECTON DICKINSON | 1.47% | 2.00% | |
| THE HOME DEPOT, INC. | 1.68% | 2.30% | | DANAHER CORP | 1.25% | 1.71% | |
| AMAZON.COM, INC. | 2.16% | 2.95% | | MERCK & CO | 1.48% | 2.01% | |
| NIKE, INC. | 1.17% | 1.60% | | JOHNSON & JOHNSON | 1.66% | 2.26% | |
| ROYAL CARIBBEAN CRUISES | 1.17% | 1.59% | | CELGENE CO. | 1.50% | 2.05% | |
| COMCAST CORPORATION | 1.47% | 2.01% | | BRISTOL-MYERS SQUIBB | 1.33% | 1.82% | |
| | | | | HOLOGIC, INC. | 1.30% | 1.78% | |
| CONSUMER STAPLES | 6.46% | 8.71% | 8.40% | INDUSTRIALS | 8.16% | 11.09% | 10.52% |
| CVS HEALTH CORP | 1.43% | 1.95% | | FEDEX CORP | 1.62% | 2.20% | |
| MONSTER BEVERAGE CORP. | 1.44% | 1.86% | | EATON CORP | 1.22% | 1.66% | |
| COSTCO WHOLESALE CORP. | 1.46% | 1.99% | | HONEYWELL INTERNATIONAL INC | 1.45% | 1.97% | |
| PROCTER & GAMBLE CO | 1.04% | 1.43% | | CATERPILLAR | 1.42% | 1.92% | |
| SYSCO CORP | 1.09% | 1.48% | | MASCO CORP. | 1.16% | 1.59% | |
| | | | | NORTHROP GRUMMAN | 1.29% | 1.75% | |
| ENERGY | 5.30% | 7.26% | 6.18% | INFORMATION TECH | 15.83% | 21.58% | 21.39% |
| HALLIBURTON CO | 1.46% | 1.99% | | PAYPAL HOLDINGS INC | 1.88% | 2.55% | |
| CONOCOPHILIPS | 1.35% | 1.85% | | ANALOG DEVICES INC | 1.14% | 1.56% | |
| CHEVRON CORP | 1.66% | 2.28% | | SALESFORCE.COM, INC | 1.70% | 2.32% | |
| EXXON MOBIL | 0.83% | 1.14% | | ALPHABET INC. CLASS A | 2.04% | 2.78% | |
| | | | | ALPHABET INC. CLASS C | 0.75% | 1.02% | |
| FINANCIALS | 12.28% | 16.80% | 16.31% | APPLE INC | 3.04% | 4.14% | |
| BANK OF AMERICA CORP. | 2.49% | 3.40% | | FACEBOOK, INC. | 2.05% | 2.80% | |
| MORGAN STANLEY | 1.76% | 2.41% | | VISA INC | 1.75% | 2.38% | |
| JPMORGAN CHASE & CO. | 2.49% | 3.41% | | ADOBESYSTEMS INC. | 1.48% | 2.03% | |
| ALLSTATE CORP. | 1.36% | 1.86% | | | | | |
| WELLS FARGO & COMPANY | 1.61% | 2.20% | | ETFs/MUTUAL FUNDS | 26.71% | | |
| BLACKROCK, INC. | 1.43% | 1.95% | | ISHARES MSCI EUROZONE | 2.07% | | |
| SCHWAB CORP | 1.14% | 1.57% | | ISHARES MSCI RUSSIA | 0.82% | | |
| | | | | WISDOMTREE EUROPE HEDGED | 1.84% | | |
| MATERIALS | 2.48% | 3.37% | 3.93% | ISHARES RUSSELL MID-CAP GROV | 3.07% | | |
| PPG INDUSTRIES | 0.99% | 1.34% | | HEALTH CARE SPDR FUND | 1.96% | | |
| DOWDUPONT INC | 1.49% | 2.03% | | INDUSTRIAL SPDR | 2.01% | | |
| | | | | DFA INTL SMALL COMPANY PORT | 2.02% | | |
| UTILITIES | 1.93% | 2.63% | 2.90% | FINANCIAL SPDR FUND | 1.99% | | |
| XCEL ENERGY INC | 1.20% | 1.64% | | VANGUARD EMERGING MARKETS | 2.10% | | |
| NEXTERA ENERGY INC | 0.73% | 0.99% | | ISHARES RUSSELL SMALLCAP VAI | 2.65% | | |
| | | | | SPDR MSCI ACWI EX-US | 2.04% | | |
| CASH | 0.31% | 0.52% | 0.26% | | | | |
| U.S. DOLLAR | 0.31% | 0.52% | | | | | |

Target allocation as of 12/31/2017; Allocation may not reflect EWM's current view and should not be used as the base of an investment decision.

Securities listed are not to be considered as a recommendation to buy or sell and are not guaranteed to be in portfolios. *Benchmark is a blend of 60% S&P 500 and 40% MSCI ACWI.

Appendix



Eastern Bank

- Serving our communities in eastern Mass. and New Hampshire since 1818
- Largest and oldest mutual bank in the United States, with over 1,900 employees and 100 branches
- #1 SBA lender in New England for 7 consecutive years

Wealth Management

- Based in Boston, with offices in Saugus, Lynn, Brockton, & Duxbury
- Over \$2 billion individual & institutional client assets
- Team of 50, comprising investments, financial planning, client service, trust administration, and operations

JOHN F. DOHERTY, CFP[®], CTFA

Vice President, Eastern Bank Wealth Management

John F. Doherty has over 25 years of experience working with individuals, families and organizations, helping them to grow and protect their wealth through trusts, investment management accounts, IRAs and charitable accounts.

Professional Experience

Mr. Doherty joined Eastern Bank Wealth Management in 2006 after a career spanning 20 years at BankBoston, Fleet National Bank and Bank of America. Prior to joining Eastern Bank, he was a vice president and relationship manager in the Private Bank at Bank of America, managing the trust, investment, banking and credit needs of high net-worth individuals



Education / Service

Mr. Doherty is a Certified Financial Planner[™] practitioner and a Certified Trust and Financial Advisor. He holds a Bachelor of Science in Finance from Suffolk University and an MBA from Bentley University. He is a graduate of the National Graduate Trust School at Northwestern University and received his certification in financial planning from Boston University's Center for Professional Education. Mr. Doherty is a member of the Essex County Estate Planning Council and serves on the Board of Directors of the Lynn Home for Women. He is also active in a number of youth activities in the city of Melrose.

MICHAEL A. TYLER, CFA®

Chief Investment Officer, Eastern Bank Wealth Management

Michael Tyler sets investment policies and structures asset allocation strategies for client portfolios. As the primary spokesman for the firm's investment services, Michael develops and disseminates economic and financial market viewpoints. He is also responsible for selecting and overseeing providers of investment services.

Professional Experience

Prior to joining Eastern Bank Wealth Management in 2012, Michael charted a successful career at both institutional and boutique investment firms. He was a partner, equity analyst, and portfolio manager at Wellington Management Company LLP in Boston, where he built the firm's global telecom investment practice. Michael then founded West Shore Investment Management LLC, an independent investment advisor and strategic consultant, where he raised investment capital and launched an equity long/short hedge fund.

Education / Service

Michael holds a MBA with highest honors from Harvard Business School and a BA with honors from Princeton University. Michael is currently chair of the independent investment committee of Align Impact LLC, a specialized impact consultant that helps wealth managers and their clients define their most important values and desired social outcomes and implement them through their investment portfolios. Michael also serves on the Board of Economic Advisors of the Associated Industries of Massachusetts. He is a Chartered Financial Analyst.



NOTICES AND DISCLOSURE

Investment Products: *Not insured by FDIC or any federal government agency. Not deposits of or guaranteed by any bank. May lose value.*

Eastern Bank Wealth Management is a division of Eastern Bank. Views are as of the date above and are subject to change based on market conditions and other factors. This material is for your private information and we are not soliciting any action based on it. All material has been obtained from sources believed to be reliable but its accuracy is not guaranteed. There is neither representation nor warranty as to the accuracy of, nor liability for the decisions based on such information.

Opinions expressed are our current opinions as of the date appearing on this material only. All opinions herein are subject to change without notice.

Past performance does not guarantee future performance. Investments made through Eastern Bank Wealth Management are not insured by FDIC or any federal government agency, are not deposits of or guaranteed by any bank, and may lose value.

Join Us For Good

GOOD INVESTS. **GOOD** ADVISES. **GOOD** LENDS. **GOOD** HELPS FEED HUNGRY KIDS. **GOOD** FULES THE HUNGRY STARTUP. **GOOD** HELPS KIDS LEARN TO PAINT. AND DANCE. AND REALIZE HOW SPECIAL THEY ARE. **GOOD** BUILDS BUSINESS. **GOOD** BUILDS PLAYGROUNDS. AND REBUILDS LIVES. **GOOD** INSURES. **GOOD** ENDURES. **GOOD** FIGHTS DISCRIMINATION. **GOOD** STANDS UP FOR EQUAL OPPORTUNITY. **GOOD** INNOVATES. **GOOD** EDUCATES. **GOOD** ADVOCATES. **GOOD** HELPS PEOPLE BEAT ADDICTIONS. **GOOD** PAYS CLOSE ATTENTION. **GOOD** PAYS IT FORWARD.

Investment Review

| | | | |
|---------------------|-------------|--------------------------|--------------|
| Account Name | SALEM STATE | Account Number | 2427524 |
| | | Assets Held As Of | DEC 31, 2017 |
| | | Valued As Of | DEC 31, 2017 |

Important Information

| | | | |
|------------------------------|--------------|------------------------------|--------------------|
| GAINS TAXED TO..... | EXEMPT | INCOME TAXED TO..... | EXEMPT |
| TRUST TAX YEAR END..... | | TRUST TAX FILING STATUS..... | AGENCY |
| LONG TERM CARRYOVER LOSS.... | | SHORT TERM CARRYOVER LOSS... | |
| OFFICER..... | JOHN DOHERTY | INVESTMENT OBJECTIVE..... | GROWTH WITH INCOME |
| REVOCABILITY..... | | INVESTMENT AUTHORITY..... | SOLE |
| FINAL TERMINATION DATE..... | | DATE OF DEATH..... | |
| | | TRUST SITUS..... | MASSACHUSETTS |

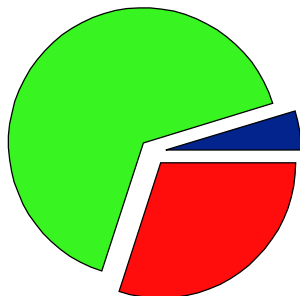
TRUSTEE RESTRICTIONS:

REMARKS:

| | | | | | |
|----------------------|-------|-------|------|--------|--------------------|
| RECOMMENDED CHANGES: | | | | | |
| SECURITY | PRICE | VALUE | COST | INCOME | EST INCOME CHANGE: |
| | | | | | EST GAIN/LOSS: |
| | | | | | RATIONALE FOR |
| | | | | | RECOMMENDATION: |

SUMMARY OF INVESTMENTS

Investment Allocation



| | | | |
|--------|--------------------------------------|-------------------------|----------------------|
| 4.8% | ■ | CASH ITEMS | 684,339.77 |
| 65.2% | ■ | EQUITIES | 9,360,753.64 |
| 30.0% | ■ | FIXED INCOME SECURITIES | 4,302,875.37 |
| <hr/> | | | |
| 100.0% | | Total | 14,347,968.78 |

Investment Review

| | | | |
|--------------|-------------|-------------------|--------------|
| Account Name | SALEM STATE | Account Number | 2427524 |
| | | Assets Held As Of | DEC 31, 2017 |
| | | Valued As Of | DEC 31, 2017 |

SUMMARY OF INVESTMENTS**Investment Summary**

| | Market Value | % | Estimated Income | Current Yield |
|---|---------------------|--------------|------------------|---------------|
| CASH ITEMS | | | | |
| PRINCIPAL CASH | | | | |
| MONEY MARKET FUNDS | 684,339.77 | 4.77 | 5,269 | 0.77 |
| TOTAL CASH ITEMS | 684,339.77 | 4.77 | 5,269 | 0.77 |
| FIXED INCOME SECURITIES | | | | |
| MUTUAL FUND - GOV. BONDS MUTUAL FUNDS | 156,243.60 | 1.09 | 2,843 | 1.82 |
| CORPORATE/OTHER BONDS | 3,343,372.25 | 23.30 | 108,757 | 3.25 |
| MUTUAL FUND - FIXED INCOME MUTUAL FUNDS | 470,914.14 | 3.28 | 12,794 | 2.72 |
| MUTUAL FUND - SHORT TERM FIXED INCOME MUTUAL FUNDS | 332,345.38 | 2.32 | 7,448 | 2.24 |
| TOTAL FIXED INCOME SECURITIES | 4,302,875.37 | 29.99 | 131,842 | 3.06 |
| EQUITIES | | | | |
| COMMON STOCKS | | | | |
| CONSUMER DISCRETIONARY | 822,141.70 | 5.73 | 10,899 | 1.33 |
| CONSUMER STAPLES | 609,812.92 | 4.25 | 10,559 | 1.73 |
| ENERGY | 430,785.55 | 3.00 | 10,090 | 2.34 |
| FINANCIALS | 1,175,032.19 | 8.19 | 21,239 | 1.81 |
| HEALTH CARE | 935,853.74 | 6.52 | 14,512 | 1.55 |
| INDUSTRIALS | 759,020.80 | 5.29 | 12,502 | 1.65 |
| INFORMATION TECHNOLOGY | 1,472,622.51 | 10.26 | 7,513 | 0.51 |
| MATERIALS | 228,893.40 | 1.60 | 4,340 | 1.90 |
| TELECOMMUNICATION SERVICES | 167,946.89 | 1.17 | 7,488 | 4.46 |
| UTILITIES | 182,192.04 | 1.27 | 5,130 | 2.82 |
| TOTAL COMMON STOCKS | 6,784,301.74 | 47.28 | 104,272 | 1.54 |
| MUTUAL FUND - LARGE CAP EQUITIES MUTUAL FUNDS | 957,835.13 | 6.68 | 15,074 | 1.57 |
| MUTUAL FUND - INTERNATIONAL EQUITIES MUTUAL FUNDS | 614,520.02 | 4.28 | 12,144 | 1.98 |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST INC | CURRENT YIELD | PLG COD |
|---------|--|----------|-----------|---------------|--------------|----------|---------|---------------|---------|
| | PRINCIPAL CASH | 0 | | | 0 | | | 0.0 | |
| | MONEY MARKET FUNDS | | | | | | | | |
| | FEDERATED GOV'T OBLIGATION TAX MANAGED FUND # 637 | 684,340 | | | 684,340 | 0.77 | 5,269 | 0.8 | |
| | TOTAL CASH ITEMS | 684,340 | | | 684,340 | | 5,269 | 0.8 | |
| | FIXED INCOME SECURITIES | | | | | | | | |
| | MUTUAL FUND - GOV. BONDS | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 1,480 | 1 SHARES BARCLAYS 7-10 YR TREAS | 160,334 | 108.33 | 105.57 | 156,244 | 1.92 | 2,843 | 1.8 | |
| | CORPORATE/OTHER BONDS | | | | | | | | |
| 100,000 | WELLS FARGO & CO 2.15% 01/15/2019 | 100,192 | 100.19 | 100.161 | 100,161 | 2.15 | 2,150 | 2.1 | |
| 125,000 | DEUTSCHE BANK AG LONDON 2.5% 02/13/2019 | 125,382 | 100.31 | 99.959 | 124,949 | 2.50 | 3,125 | 2.5 | |
| 150,000 | E M C CORP 2.65% 06/01/2020 | 150,728 | 100.49 | 98.733 | 148,100 | 2.65 | 3,975 | 2.7 | |
| 200,000 | AUTODESK, INC. 3.125% 06/15/2020 | 204,912 | 102.46 | 100.954 | 201,908 | 3.13 | 6,250 | 3.1 | |
| 100,000 | WELLS FARGO & CO 3% 01/22/2021 | 102,964 | 102.96 | 101.425 | 101,425 | 3.00 | 3,000 | 3.0 | |
| 200,000 | XILINX, INC. 3% 03/15/2021 | 201,227 | 100.61 | 100.861 | 201,722 | 3.00 | 6,000 | 3.0 | |
| 200,000 | MONSANTO CO 2.75% 07/15/2021 | 199,600 | 99.80 | 100.448 | 200,896 | 2.75 | 5,500 | 2.7 | |
| 125,000 | TIME WARNER INC 3.4% 06/15/2022 | 131,415 | 105.13 | 101.959 | 127,449 | 3.40 | 4,250 | 3.3 | |
| 200,000 | CVS 3.5% 07/20/2022 | 205,266 | 102.63 | 101.86 | 203,720 | 3.50 | 7,000 | 3.4 | |
| 200,000 | FORD MOTOR CREDIT CO 4.25% 09/20/2022 | 206,841 | 103.42 | 104.859 | 209,718 | 4.25 | 8,500 | 4.1 | |
| 100,000 | BANK OF AMERICA CORP 3.3% 01/11/2023 | 102,703 | 102.70 | 102.30 | 102,300 | 3.30 | 3,300 | 3.2 | |
| 150,000 | VODAFONE GROUP 2.95% 02/19/2023 | 153,141 | 102.09 | 100.41 | 150,615 | 2.95 | 4,425 | 2.9 | |
| 150,000 | CITIGROUP 3.375% 03/01/2023 | 155,755 | 103.84 | 101.46 | 152,190 | 3.38 | 5,063 | 3.3 | |
| 100,000 | ACE INA HOLDINGS 2.7% 03/13/2023 | 102,779 | 102.78 | 99.343 | 99,343 | 2.70 | 2,700 | 2.7 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|--|---|-----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 150,000 | CARDINAL HEALTH, INC. 3.2% 03/15/2023 | 155,969 | 103.98 | 100.104 | 150,156 | 3.20 | 4,800 | 3.2 | |
| 125,000 | HYATT HOTELS CORP 3.375% 07/15/2023 | 128,050 | 102.44 | 102.183 | 127,729 | 3.38 | 4,219 | 3.3 | |
| 200,000 | CELGENE CORPORATION 4% 08/15/2023 | 207,722 | 103.86 | 105.208 | 210,416 | 4.00 | 8,000 | 3.8 | |
| 175,000 | AMERIPRISE FINANCIAL INC 4% 10/15/2023 | 181,509 | 103.72 | 106.419 | 186,233 | 4.00 | 7,000 | 3.8 | |
| 200,000 | WHIRLPOOL CORP. 4% 03/01/2024 | 209,890 | 104.95 | 105.07 | 210,140 | 4.00 | 8,000 | 3.8 | |
| 175,000 | CSX CORPORATION 3.4% 08/01/2024 | 180,323 | 103.04 | 102.775 | 179,856 | 3.40 | 5,950 | 3.3 | |
| 150,000 | CBS 3.7% 08/15/2024 | 153,948 | 102.63 | 102.898 | 154,347 | 3.70 | 5,550 | 3.6 | |
| | TOTAL CORPORATE/OTHER BONDS | 3,360,316 | | | 3,343,373 | | 108,757 | 3.3 | |
| MUTUAL FUND - FIXED INCOME | | | | | | | | | |
| MUTUAL FUNDS | | | | | | | | | |
| 14,762 | CALVERT INCOME FUND | 240,768 | 16.31 | 16.63 | 245,492 | 0.55 | 8,119 | 3.3 | |
| 1,976 | I SHARES TIPS BOND ETF | 226,804 | 114.78 | 114.08 | 225,422 | 2.37 | 4,675 | 2.1 | |
| | TOTAL MUTUAL FUNDS | 467,572 | | | 470,914 | | 12,794 | 2.7 | |
| MUTUAL FUND - SHORT TERM FIXED INCOME | | | | | | | | | |
| MUTUAL FUNDS | | | | | | | | | |
| 16,448.69 | SHENKMAN SHORT DURATION HIGH INCOME FUND | 163,500 | 9.94 | 10.00 | 164,487 | 0.30 | 5,000 | 3.0 | |
| 3,303 | ISHARES FLOATING RATE BOND ETF | 167,615 | 50.75 | 50.82 | 167,858 | 0.74 | 2,448 | 1.5 | |
| | TOTAL MUTUAL FUNDS | 331,115 | | | 332,345 | | 7,448 | 2.2 | |
| | TOTAL FIXED INCOME SECURITIES | 4,319,337 | | | 4,302,876 | | 131,842 | 3.1 | |
| EQUITIES | | | | | | | | | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------------------------------|-------------------------------|----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| COMMON STOCKS | | | | | | | | | |
| CONSUMER DISCRETIONARY | | | | | | | | | |
| 173 | AMAZON.COM, INC | 145,082 | 838.62 | 1169.47 | 202,318 | 0.00 | 0 | 0.0 | |
| 3,420 | COMCAST CORP NEW CL A | 111,445 | 32.59 | 40.05 | 136,971 | 0.63 | 2,155 | 1.6 | |
| 831 | HOME DEPOT INC | 63,225 | 76.08 | 189.53 | 157,499 | 3.56 | 2,958 | 1.9 | |
| 1,832 | NIKE INC. CL B | 112,281 | 61.29 | 62.55 | 114,592 | 0.80 | 1,466 | 1.3 | |
| 1,784 | STARBUCKS CORP | 46,735 | 26.20 | 57.43 | 102,455 | 1.20 | 2,141 | 2.1 | |
| 908 | ROYAL CARIBBEAN CRUISES, LTD. | 73,467 | 80.91 | 119.28 | 108,306 | 2.40 | 2,179 | 2.0 | |
| | TOTAL CONSUMER DISCRETIONARY | 552,235 | | | 822,141 | | 10,899 | 1.3 | |
| CONSUMER STAPLES | | | | | | | | | |
| 1,820 | CVS HEALTH CORPORATION | 143,906 | 79.07 | 72.50 | 131,950 | 2.00 | 3,640 | 2.8 | |
| 749 | COSTCO WHOLESALE CORP, NEW | 82,184 | 109.73 | 186.12 | 139,404 | 2.00 | 1,498 | 1.1 | |
| 2,159 | MONSTER BEVERAGE CORP | 104,903 | 48.59 | 63.29 | 136,643 | 0.00 | 0 | 0.0 | |
| 1,096 | PROCTER & GAMBLE CO | 73,162 | 66.75 | 91.88 | 100,700 | 2.76 | 3,023 | 3.0 | |
| 1,665 | SYSCO CORP | 86,135 | 51.73 | 60.73 | 101,115 | 1.44 | 2,398 | 2.4 | |
| | TOTAL CONSUMER STAPLES | 490,290 | | | 609,812 | | 10,559 | 1.7 | |
| ENERGY | | | | | | | | | |
| 1,272 | CHEVRON CORP | 131,224 | 103.16 | 125.19 | 159,242 | 4.32 | 5,495 | 3.5 | |
| 2,366 | CONOCOPHILLIPS | 139,569 | 58.99 | 54.89 | 129,870 | 1.06 | 2,508 | 1.9 | |
| 2,899 | HALLIBURTON CO | 116,805 | 40.29 | 48.87 | 141,674 | 0.72 | 2,087 | 1.5 | |
| | TOTAL ENERGY | 387,598 | | | 430,786 | | 10,090 | 2.3 | |
| FINANCIALS | | | | | | | | | |
| 1,239 | ALLSTATE CORP | 80,933 | 65.32 | 104.71 | 129,736 | 1.48 | 1,834 | 1.4 | |
| 7,918 | BANK AMERICA CORP | 120,473 | 15.22 | 29.52 | 233,739 | 0.48 | 3,801 | 1.6 | |
| 281 | BLACKROCK INC. | 103,425 | 368.06 | 513.71 | 144,353 | 10.00 | 2,810 | 1.9 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------------------------------|--------------------------|----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 2,212 | J P MORGAN CHASE & CO | 144,829 | 65.47 | 106.94 | 236,551 | 2.24 | 4,955 | 2.1 | |
| 3,200 | MORGAN STANLEY | 57,113 | 17.85 | 52.47 | 167,904 | 1.00 | 3,200 | 1.9 | |
| 2,115 | CHARLES SCHWAB | 87,581 | 41.41 | 51.37 | 108,648 | 0.32 | 677 | 0.6 | |
| 2,540 | WELLS FARGO & CO | 132,491 | 52.16 | 60.67 | 154,102 | 1.56 | 3,962 | 2.6 | |
| | TOTAL FINANCIALS | 726,845 | | | 1,175,033 | | 21,239 | 1.8 | |
| HEALTH CARE | | | | | | | | | |
| 620 | BECTON DICKINSON CO | 65,169 | 105.11 | 214.06 | 132,717 | 3.00 | 1,860 | 1.4 | |
| 2,191 | BRISTOL MYERS SQUIBB CO. | 128,164 | 58.50 | 61.28 | 134,264 | 1.60 | 3,506 | 2.6 | |
| 1,326 | CELGENE CORPORATION | 78,558 | 59.24 | 104.36 | 138,381 | 0.00 | 0 | 0.0 | |
| 1,218 | DANAHER CORP | 104,431 | 85.74 | 92.82 | 113,055 | 0.56 | 682 | 0.6 | |
| 2,860 | HOLOGIC | 107,930 | 37.74 | 42.75 | 122,265 | 0.00 | 0 | 0.0 | |
| 1,142 | JOHNSON & JOHNSON | 86,485 | 75.73 | 139.72 | 159,560 | 3.36 | 3,837 | 2.4 | |
| 2,410 | MERCK & CO INC. NEW | 102,926 | 42.71 | 56.27 | 135,611 | 1.92 | 4,627 | 3.4 | |
| | TOTAL HEALTH CARE | 673,663 | | | 935,853 | | 14,512 | 1.6 | |
| INDUSTRIALS | | | | | | | | | |
| 832 | CATERPILLAR INC. | 113,169 | 136.02 | 157.58 | 131,107 | 3.12 | 2,596 | 2.0 | |
| 600 | FEDEX CORPORATION | 54,679 | 91.13 | 249.54 | 149,724 | 2.00 | 1,200 | 0.8 | |
| 900 | HONEYWELL INT'L INC. | 62,243 | 69.16 | 153.36 | 138,024 | 2.98 | 2,682 | 1.9 | |
| 2,453 | MASCO CORP | 48,956 | 19.96 | 43.94 | 107,785 | 0.42 | 1,030 | 1.0 | |
| 388 | NORTHROP GRUMMAN | 118,138 | 304.48 | 306.91 | 119,081 | 4.00 | 1,552 | 1.3 | |
| 1,434 | EATON CORP PLC | 116,101 | 80.96 | 79.01 | 113,300 | 2.40 | 3,442 | 3.0 | |
| | TOTAL INDUSTRIALS | 513,286 | | | 759,021 | | 12,502 | 1.6 | |
| INFORMATION TECHNOLOGY | | | | | | | | | |
| 803 | ADOBE SYSTEMS INC. | 87,150 | 108.53 | 175.24 | 140,718 | 0.00 | 0 | 0.0 | |
| 68 | ALPHABET, INC. CL C | 21,381 | 314.43 | 1046.40 | 71,155 | 0.00 | 0 | 0.0 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-------|---|-----------|-----------|---------------|--------------|----------|-----------------|-------|---------|
| 182 | ALPHABET, INC. CL A | 74,057 | 406.91 | 1053.40 | 191,719 | 0.00 | 0 | 0.0 | |
| 1,208 | ANALOG DEVICES | 58,897 | 48.76 | 89.03 | 107,548 | 1.80 | 2,174 | 2.0 | |
| 1,665 | APPLE | 151,495 | 90.99 | 169.23 | 281,768 | 2.52 | 4,196 | 1.5 | |
| 1,075 | FACEBOOK CL A | 108,476 | 100.91 | 176.46 | 189,695 | 0.00 | 0 | 0.0 | |
| 2,232 | PAYPAL HLDGS INC | 76,107 | 34.10 | 73.62 | 164,320 | 0.00 | 0 | 0.0 | |
| 1,552 | SALESFORCE.COM | 85,585 | 55.15 | 102.23 | 158,661 | 0.00 | 0 | 0.0 | |
| 1,465 | VISA, INC | 47,316 | 32.30 | 114.02 | 167,039 | 0.78 | 1,143 | 0.7 | |
| | TOTAL INFORMATION TECHNOLOGY | 710,464 | | | 1,472,623 | | 7,513 | 0.5 | |
| | MATERIALS | | | | | | | | |
| 1,923 | DOWDUPONT INC. | 99,834 | 51.92 | 71.22 | 136,956 | 1.52 | 2,923 | 2.1 | |
| 787 | P P G INDUSTRIES | 81,559 | 103.63 | 116.82 | 91,937 | 1.80 | 1,417 | 1.5 | |
| | TOTAL MATERIALS | 181,393 | | | 228,893 | | 4,340 | 1.9 | |
| | TELECOMMUNICATION SERVICES | | | | | | | | |
| 3,173 | VERIZON COMMUNICATIONS INC | 127,674 | 40.24 | 52.93 | 167,947 | 2.36 | 7,488 | 4.5 | |
| | UTILITIES | | | | | | | | |
| 434 | NEXTERA ENERGY INC | 61,508 | 141.72 | 156.19 | 67,786 | 3.93 | 1,706 | 2.5 | |
| 2,378 | XCEL ENERGY, INC. | 62,927 | 26.46 | 48.11 | 114,406 | 1.44 | 3,424 | 3.0 | |
| | TOTAL UTILITIES | 124,435 | | | 182,192 | | 5,130 | 2.8 | |
| | TOTAL COMMON STOCKS | 4,487,883 | | | 6,784,301 | | 104,272 | 1.5 | |
| | MUTUAL FUND - LARGE CAP EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 701 | SPDR S&P 500 ETF TRUST | 159,036 | 226.87 | 266.86 | 187,069 | 4.80 | 3,366 | 1.8 | |
| 2,241 | SPDR HEALTH CARE SELECT SPDR ETF | 159,089 | 70.99 | 82.68 | 185,286 | 1.22 | 2,727 | 1.5 | |
| 6,792 | SPDR FINANCIAL INDEX | 159,190 | 23.44 | 27.91 | 189,565 | 0.41 | 2,798 | 1.5 | |
| 2,521 | SPDR INDUSTRIAL SELECT | 159,302 | 63.19 | 75.67 | 190,764 | 1.34 | 3,373 | 1.8 | |

Investment Review

Account Name SALEM STATE

Account Number 2427524
Assets Held As Of DEC 31, 2017
Valued As Of DEC 31, 2017**SCHEDULE OF INVESTMENTS**

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | YIELD | PLG COD |
|-----------|--|-------------------|-----------|---------------|-------------------|----------|-----------------|------------|---------|
| 3,208 | SPDR TECHNOLOGY IDX | 123,262 | 38.42 | 63.95 | 205,152 | 0.88 | 2,810 | 1.4 | |
| | TOTAL MUTUAL FUNDS | 759,879 | | | 957,836 | | 15,074 | 1.6 | |
| | MUTUAL FUND - INTERNATIONAL EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 13,440.86 | CALVERT INTERNATIONAL OPPORTUNITIES FUND | 175,000 | 13.02 | 18.15 | 243,952 | 0.33 | 4,435 | 1.8 | |
| 4,508 | I SHARES I SHARES EMU INDEX FUND | 165,157 | 36.64 | 43.38 | 195,557 | 0.83 | 3,737 | 1.9 | |
| 2,747 | WISDOM TREE EUROPE HEDGED EQUITY | 137,381 | 50.01 | 63.71 | 175,011 | 1.45 | 3,972 | 2.3 | |
| | TOTAL MUTUAL FUNDS | 477,538 | | | 614,520 | | 12,144 | 2.0 | |
| | MUTUAL FUND-SMALL AND MID CAP EQUITIES | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 2,396 | I SHARES RUSSELL MIDCAP GROWTH | 236,123 | 98.55 | 120.64 | 289,053 | 0.94 | 2,257 | 0.8 | |
| 2,009 | I SHARES RUSSELL 2000 VALUE INDEX FUND | 238,768 | 118.85 | 125.75 | 252,632 | 2.24 | 4,492 | 1.8 | |
| | TOTAL MUTUAL FUNDS | 474,891 | | | 541,685 | | 6,749 | 1.2 | |
| | MUTUAL FUND - INTERNATIONAL EMERGING MKTS | | | | | | | | |
| | MUTUAL FUNDS | | | | | | | | |
| 2,280 | I SHARES MSCI RUSSIA ETF | 77,305 | 33.91 | 33.52 | 76,426 | 1.25 | 2,843 | 3.7 | |
| 4,887 | SPDR MSCI ACWI EX-US ETF | 159,365 | 32.61 | 39.00 | 190,593 | 0.89 | 4,364 | 2.3 | |
| 4,256 | VANGUARD EMERGING MARKETS ETF | 157,046 | 36.90 | 45.91 | 195,393 | 1.06 | 4,503 | 2.3 | |
| | TOTAL MUTUAL FUNDS | 393,716 | | | 462,412 | | 11,710 | 2.5 | |
| | TOTAL EQUITIES | 6,593,907 | | | 9,360,754 | | 149,949 | 1.6 | |
| | TOTAL FUND | 11,597,584 | | | 14,347,970 | | 287,060 | 2.0 | |

Investment Review

Account Name SALEM STATE

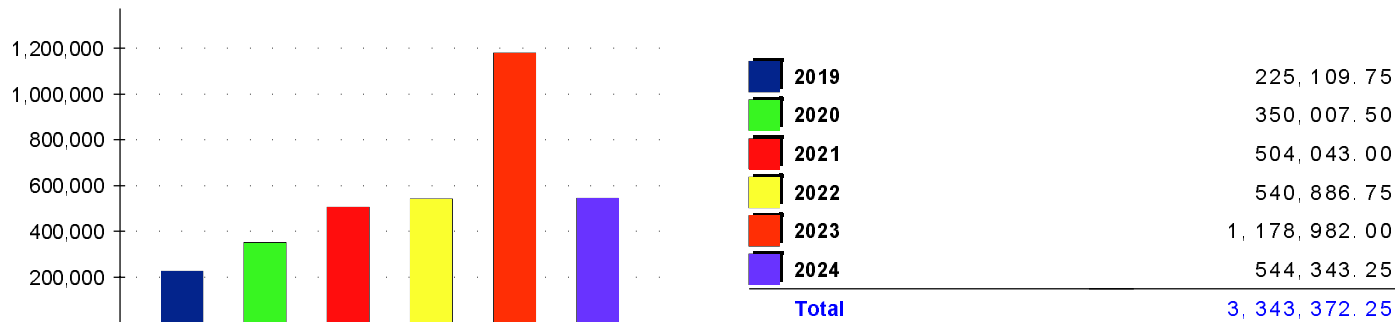
Account Number 2427524
 Assets Held As Of DEC 31, 2017
 Valued As Of DEC 31, 2017

SCHEDULE OF INCOME INVESTMENTS

| UNITS | DESCRIPTION | TAX COST | UNIT COST | CURRENT PRICE | MARKET VALUE | INC RATE | EST CURRENT INC | PLG YIELD | PLG COD |
|-------|-------------|----------|-----------|---------------|--------------|----------|-----------------|-----------|---------|
| | INCOME CASH | 0 | | | 0 | | 0.0 | | |

MATURITY SCHEDULE

Maturities by Year



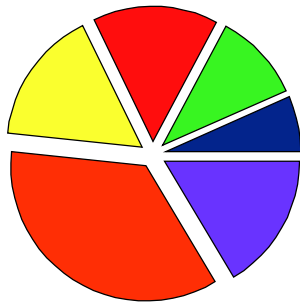
Investment Review

Account Name SALEM STATE

Account Number 2427524
 Assets Held As Of DEC 31, 2017
 Valued As Of DEC 31, 2017

MATURITY SCHEDULE

Percent at Market by Year



| | | |
|---------------|--------------|---------------------|
| 6.7% | 2019 | 225,109.75 |
| 10.5% | 2020 | 350,007.50 |
| 15.1% | 2021 | 504,043.00 |
| 16.2% | 2022 | 540,886.75 |
| 35.2% | 2023 | 1,178,982.00 |
| 16.3% | 2024 | 544,343.25 |
| 100.0% | Total | 3,343,372.25 |

| Maturing : | Federal Tax Cost | Current Market Value | Face Value | % at Market |
|---------------------|---------------------|----------------------|---------------------|---------------|
| 2017 | | | | |
| 2018 | | | | |
| 2019 | 225,573.81 | 225,109.75 | 225,000.00 | 6.73 |
| 2020 | 355,639.97 | 350,007.50 | 350,000.00 | 10.47 |
| 2021 | 503,791.18 | 504,043.00 | 500,000.00 | 15.08 |
| 2022 | 543,522.56 | 540,886.75 | 525,000.00 | 16.18 |
| 2023 | 1,187,628.39 | 1,178,982.00 | 1,150,000.00 | 35.26 |
| 2024 | 544,160.41 | 544,343.25 | 525,000.00 | 16.28 |
| 2025 | | | | |
| 2026 | | | | |
| TEN TO TWENTY YEARS | | | | |
| OVER TWENTY YEARS | | | | |
| TOTAL | 3,360,316.32 | 3,343,372.25 | 3,275,000.00 | 100.00 |

MATURING NEXT 365 DAYS

Information may be a combination of maturity and prerefunded dates

FY17 Financial Results and Condition

Purpose of this agenda topic – In the October meeting when the FY17 audit was presented, the discussion related predominantly to audit results, compliance matters and the like. The discussion was with the Risk Management and Audit Committee of the board; the timing of distribution of the audit was not ideal for advance reflection. It is appropriate for the Finance and Facilities Committee to have the opportunity to review the university's results and trends at fiscal yearend date, thus selected ratio trends for the university are presented along with the final audited Financial Statements and Management's Discussion and Analysis June 30, 2017.



Salem State University

Ratio Calculations & Other Measurements

January 2018

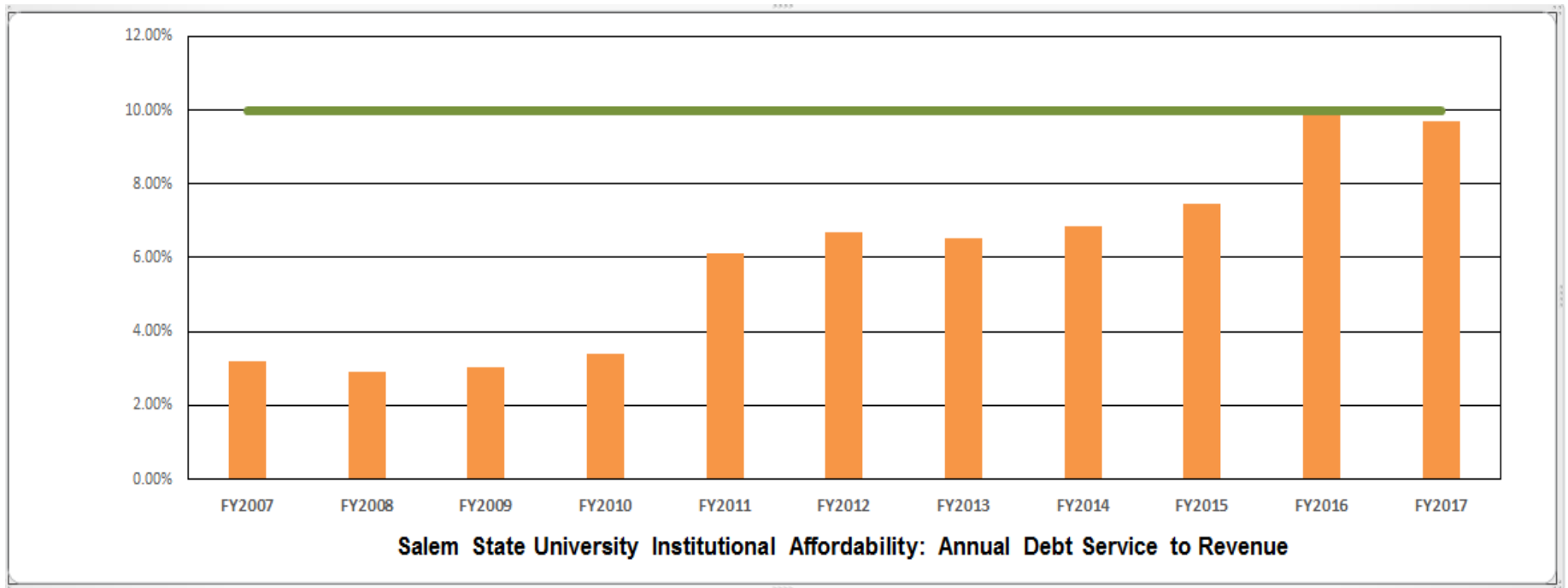
Introduction

- ❑ Calculations were prepared by PFM from FY2011 through FY2016. Salem State University prepared the calculations prior to FY2011 and for FY2017 based on audited figures.
- ❑ Calculations do not include the Foundation or Assistance Corporation units of Salem State University.
- ❑ Calculations are based on Moody's scorecard methodology.
- ❑ Calculations include all debt that is owed for both on and off (MSCBA) the University's books.
- ❑ Calculations that require operating revenues include appropriations which is in accordance with Moody's. Whereas, the University's operating revenues as disclosed in our financial statements exclude appropriations from operating revenues in accordance with Governmental Accounting Standards.

Annual Debt Service Burden (Debt Service to Revenue)

Measures the University's ability to repay its debt obligations from operating revenue. Calculated as Total Annual Debt Service divided by Total Operating Revenue. As a general guideline, this ratio should be no higher than 10%.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Annual Debt Service: Total | \$ 3,566,935 | \$ 3,524,053 | \$ 3,588,400 | \$ 4,054,113 | \$ 8,484,165 | \$ 8,974,656 | \$ 8,975,468 | \$ 9,900,620 | \$ 11,408,212 | \$ 15,936,951 | \$ 16,393,677 |
| Total Operating Revenue | \$ 112,321,869 | \$ 121,180,082 | \$ 118,083,680 | \$ 119,452,676 | \$ 138,594,588 | \$ 134,442,702 | \$ 137,672,616 | \$ 144,253,046 | \$ 152,503,412 | \$ 160,621,207 | \$ 169,062,145 |
| Debt Service to Reven | 3.18% | 2.91% | 3.04% | 3.39% | 6.12% | 6.68% | 6.52% | 6.86% | 7.48% | 9.92% | 9.70% |

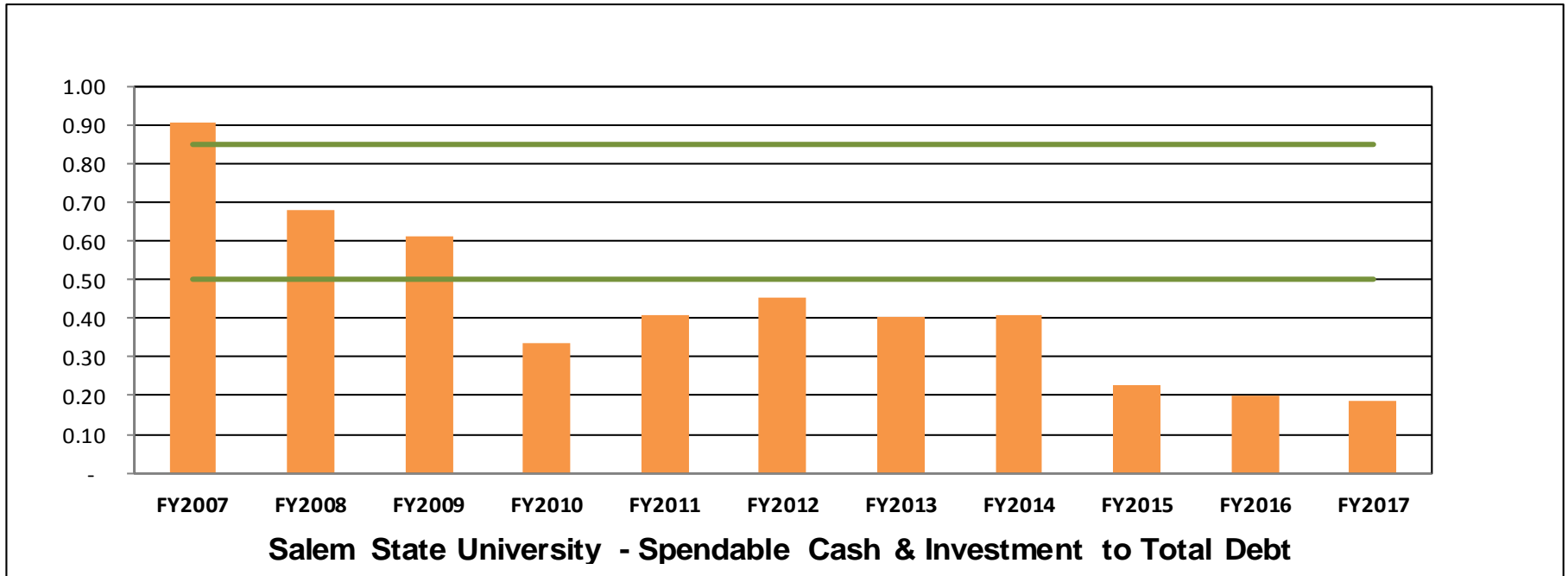


Note: Prior calculations of this measurement have been restated due to the prepayment of principal. These principal payments made in advance were in order to avoid a balloon payment that was due in the near future.

Spendable Cash & Investments to Total Debt

Measures the University's ability to repay its debt obligations from wealth that can be accessed over time or for a specific purpose. Calculated as cash and investments plus funds held in trust by others plus pledges receivable reported in permanently restricted net assets less funds permanently restricted by third parties (permanently restricted net assets) divided by total debt (principal) outstanding. This ratio should range between 0.50x and 0.85x as depicted by the green lines in the graph below.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Spendable Cash & Investments | \$ 65,271,718 | \$ 48,561,298 | \$ 43,290,532 | \$ 47,081,014 | \$ 58,757,295 | \$ 71,293,218 | \$ 62,171,400 | \$ 70,851,338 | \$ 57,020,184 | \$ 48,831,409 | \$ 44,860,975 |
| Total Debt Outstanding (Total Debt) | \$ 71,860,965 | \$ 71,408,650 | \$ 70,696,391 | \$ 139,514,233 | \$ 143,059,239 | \$ 156,832,951 | \$ 154,290,929 | \$ 173,292,405 | \$ 248,762,940 | \$ 244,277,530 | \$ 242,184,323 |
| Spendable Cash & Investments to Total Debt | 0.91 | 0.68 | 0.61 | 0.34 | 0.41 | 0.45 | 0.40 | 0.41 | 0.23 | 0.20 | 0.19 |

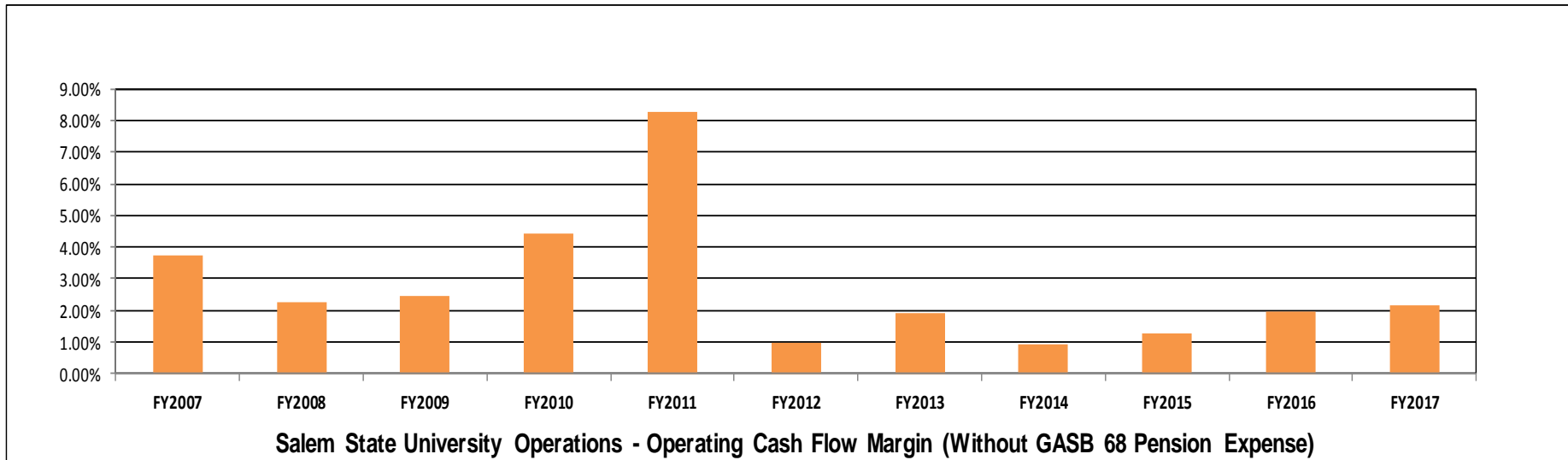


Note: Prior calculations of this measurement have been restated to exclude federal loans payable.

Operating Cash Flow Margin

Measures net income (before non-cash expenses) relative to operating revenue to indicate the amount of cash the University generates to support its strategic and capital investments. Calculated as operating revenue less operating expenses plus depreciation, and any additional, unusually large non-cash expenses (GASB 68 Pension Expense), divided by operating revenue. This ratio should show an improving, positive trend over the course of multi-year period.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Cash Flow | \$ 4,212,669 | \$ 2,746,754 | \$ 2,912,792 | \$ 5,317,622 | \$ 11,448,244 | \$ 1,312,231 | \$ 2,614,998 | \$ 1,359,426 | \$ 1,920,987 | \$ 3,162,927 | \$ 3,658,794 |
| Operating Revenue | \$ 112,321,869 | \$ 121,180,082 | \$ 118,083,680 | \$ 119,452,676 | \$ 138,594,588 | \$ 134,442,702 | \$ 137,672,616 | \$ 144,253,046 | \$ 152,503,412 | \$ 160,621,207 | \$ 169,062,145 |
| Operating Cash Flow Margin without GASB 68 | 3.75% | 2.27% | 2.47% | 4.45% | 8.26% | 0.98% | 1.90% | 0.94% | 1.26% | 1.97% | 2.16% |

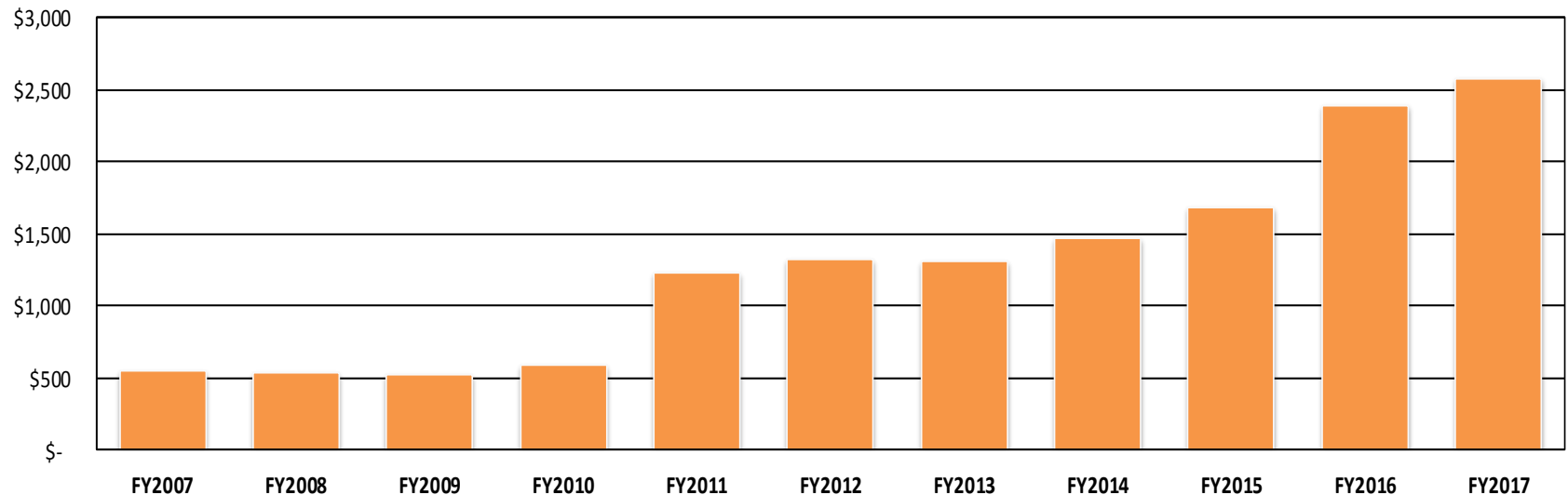


Note: The increases in FY2010 and FY2011 are primarily due to additional revenue from ARRA funding under a federal stimulus plan (\$3.9 million in FY2010 and \$7.4 million in FY2011). Additionally, during FY2011 the opening of Marsh Hall for the first time added 525 beds to the campus (\$4.2 million) and there was an increase in Appropriations (\$4.6 million) for FY2011.

Annual Debt Service to Full Time Equivalent (FTE) Undergraduate Enrollment

Measures the effective amount of the University's debt obligations that each undergraduate student is effectively covering in any given year. Calculated as Annual Debt Service divided by Undergraduate FTE.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Annual Debt Service (Total Debt) | \$ 3,566,935 | \$ 3,524,053 | \$ 3,588,400 | \$ 4,054,113 | \$ 8,484,165 | \$ 8,974,656 | \$ 8,975,468 | \$ 9,900,620 | \$11,408,212 | \$ 15,936,951 | \$ 16,393,677 |
| Annual FTE Undergraduate Enrollment | 6,528 | 6,561 | 6,797 | 6,887 | 6,865 | 6,773 | 6,870 | 6,753 | 6,757 | 6,674 | 6,358 |
| Debt Service per FTE Undergraduate | \$ 546 | \$ 537 | \$ 528 | \$ 589 | \$ 1,236 | \$ 1,325 | \$ 1,306 | \$ 1,466 | \$ 1,688 | \$ 2,388 | \$ 2,578 |

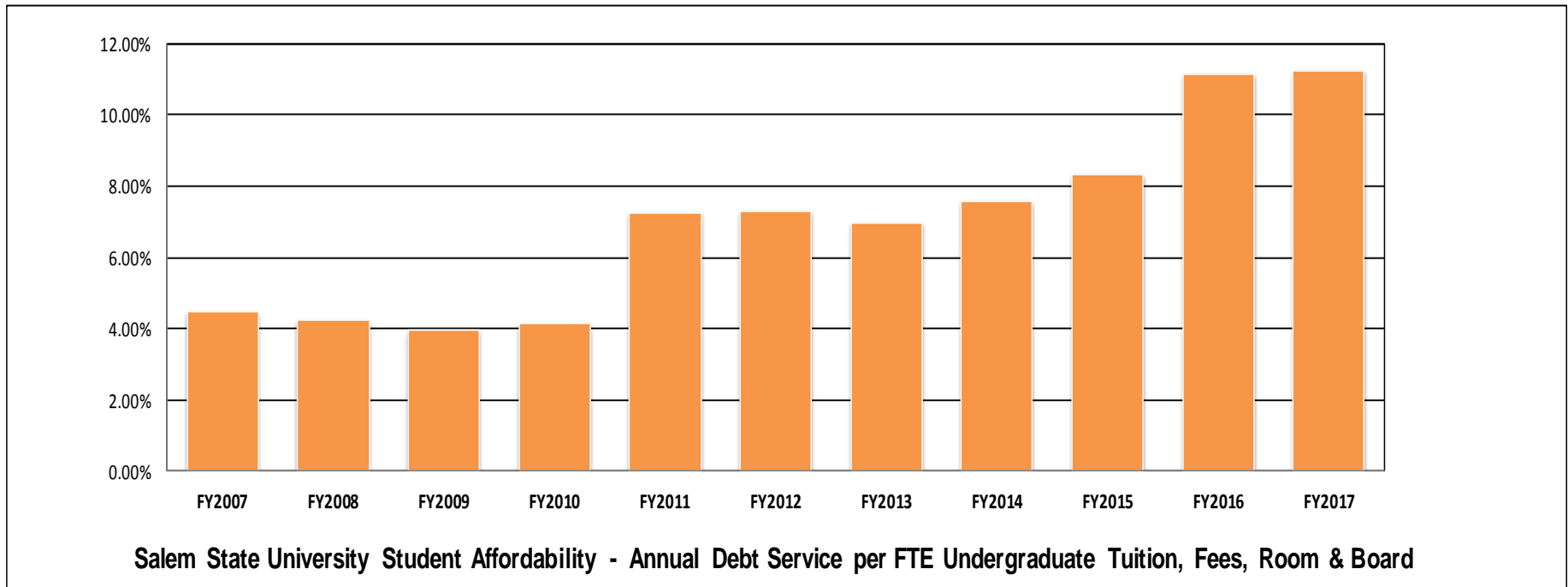


Salem State University Student Affordability - Annual Debt Service to FTE

Annual Debt Service per FTE as related to Undergraduate Tuition & Fees

Measures the proportion of the annual debt service as a percentage of Undergraduate student rates.

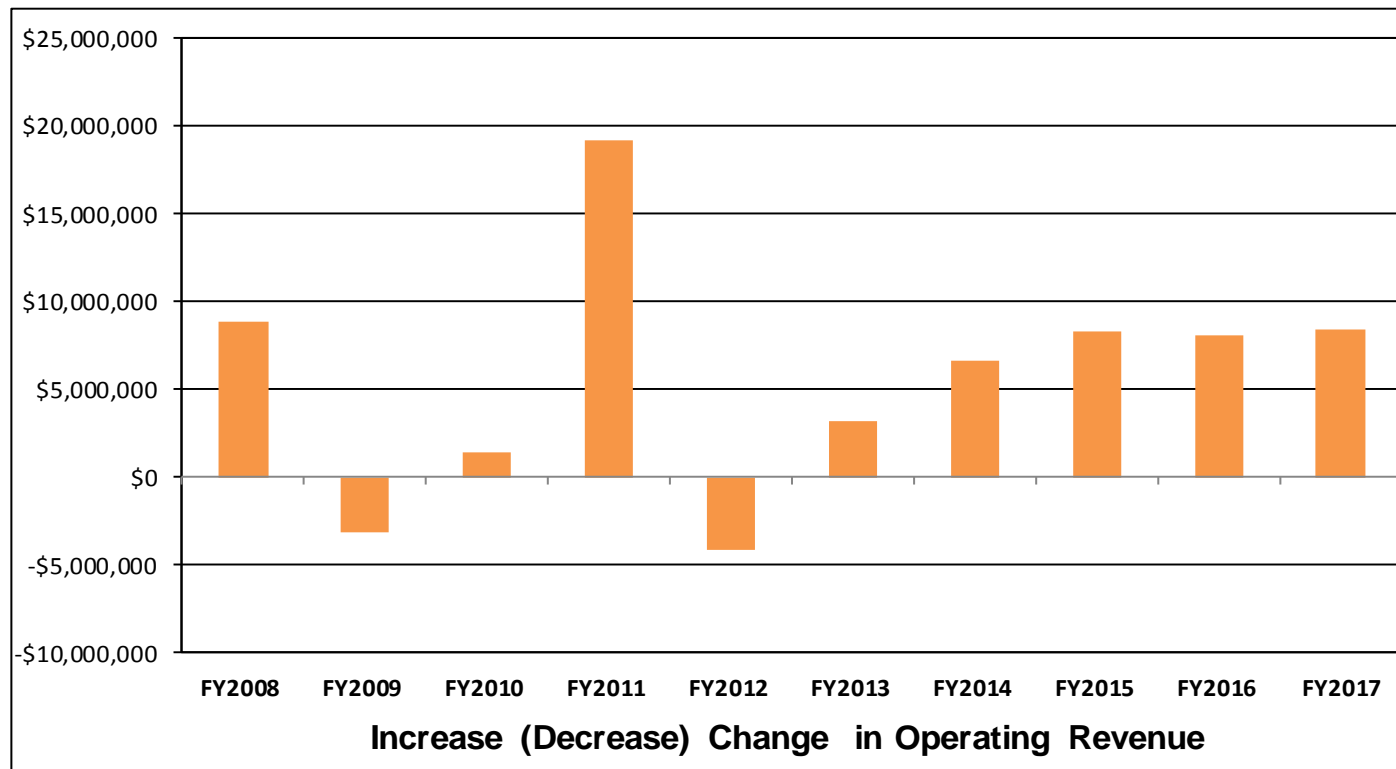
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Annual Debt Service per FTE Undergrad (Total Debt) | \$ 546 | \$ 537 | \$ 528 | \$ 589 | \$ 1,236 | \$ 1,325 | \$ 1,306 | \$ 1,466 | \$ 1,688 | \$ 2,388 | \$ 2,578 |
| Tuition + Mandatory Fees + Average Housing + Meal Rates | \$ 12,193 | \$ 12,571 | \$ 13,328 | \$ 14,220 | \$ 17,014 | \$ 18,116 | \$ 18,804 | \$ 19,294 | \$ 20,252 | \$ 21,391 | \$ 22,936 |
| Annual Debt Service per FTE Undergraduate | 4.48% | 4.27% | 3.96% | 4.14% | 7.26% | 7.31% | 6.95% | 7.60% | 8.34% | 11.16% | 11.24% |



Change in Operating Revenue

The increase or decrease in operating revenues from the prior year is depicted below.

| | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---|--------------|----------------|--------------|---------------|----------------|--------------|--------------|--------------|--------------|--------------|
| Change in Operating Revenue from Prior Year | \$ 8,858,213 | \$ (3,096,402) | \$ 1,368,996 | \$ 19,141,912 | \$ (4,151,886) | \$ 3,229,914 | \$ 6,580,430 | \$ 8,250,366 | \$ 8,117,795 | \$ 8,440,938 |

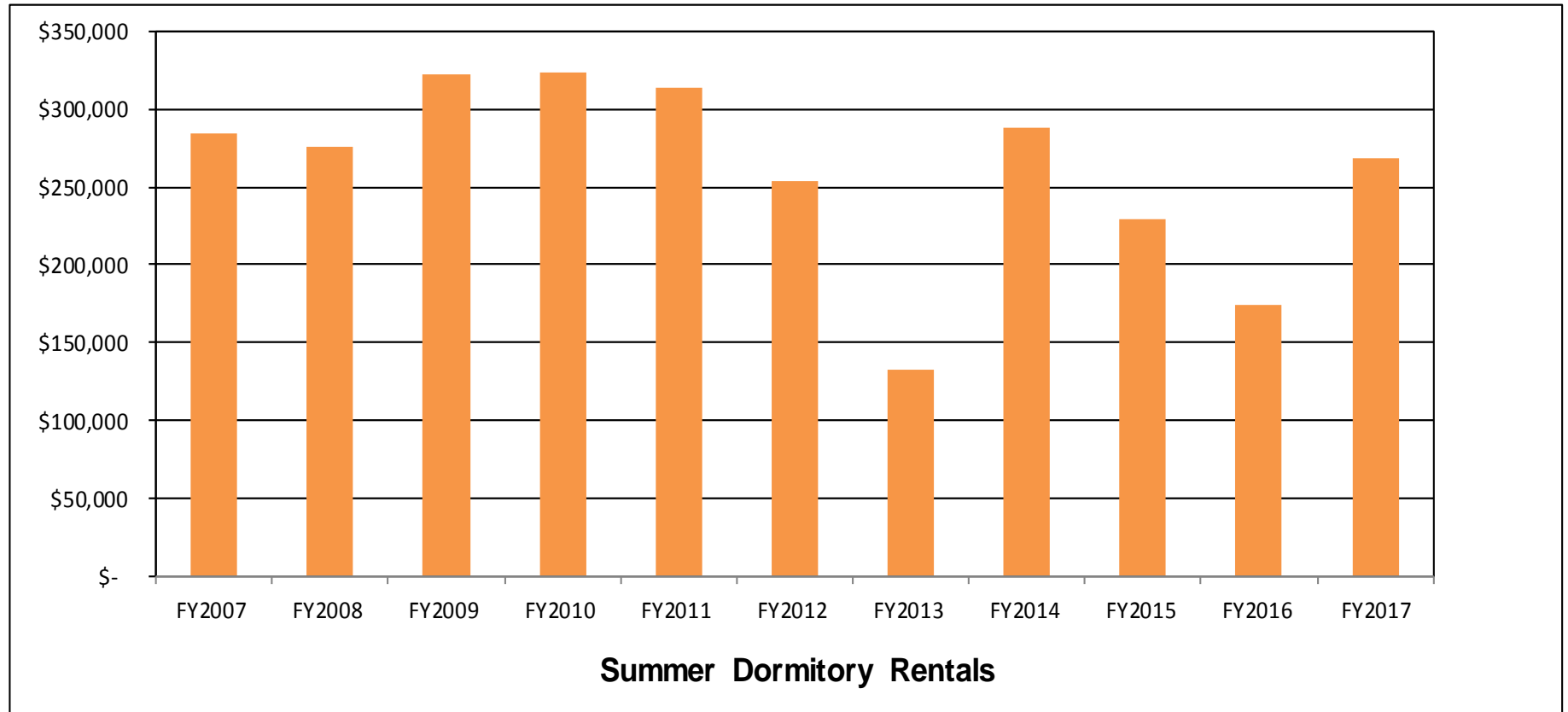


Note: The significant amount of operating revenue change from FY 2011 to FY 2012 of \$19.1 million is primarily due to ARRA funding under a federal stimulus plan (\$5.5 million) and the opening of Marsh Hall for the first time that added 525 beds to the campus (\$4.2 million).

Summer Dormitory Rental Revenue

The following information summarizes the summer dormitory rental revenue by year.

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Summer Dormitory Rental | \$284,398 | \$275,831 | \$321,793 | \$323,515 | \$313,385 | \$253,911 | \$132,698 | \$287,951 | \$229,160 | \$173,607 | \$269,019 |



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2017

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Financial Statements

June 30, 2017 and 2016

TABLE OF CONTENTS

| | |
|--|-------|
| Independent Auditors' Report | 1-3 |
| Management's Discussion and Analysis (Unaudited) | 4-21 |
| Financial Statements: | |
| Statements of Net Position | 22 |
| Statements of Revenues, Expenses | 23 |
| Statements of Changes in Net Position | 24 |
| Statements of Cash Flows | 25-26 |
| Combining Statements of Net Position of Major Component Units | 27 |
| Combining Statements of Revenues and Expenses of Major Component Units | 28 |
| Notes to the Financial Statements: | |
| Note 1- Summary of Significant Accounting Policies | 29-39 |
| Note 2- Cash and Cash Equivalents and Deposits | 39-41 |
| Note 3- Cash Held by State Treasurer | 41 |
| Note 4- Investments | 42-46 |
| Note 5- Accounts, Grants and Other Receivables | 47 |
| Note 6- Pledges Receivable and Notes Receivable | 47-48 |
| Note 7- Loans Receivable and Payable | 48-49 |
| Note 8- Capital Assets | 50-53 |
| Note 9- Accounts Payable and Accrued Expenses | 54 |
| Note 10- Unearned Revenue | 54 |
| Note 11- Long- Term Liabilities | 55-62 |
| Note 12- Pensions | 62-68 |
| Note 13- Deferred Inflows of Resources | 69 |
| Note 14- Rental Income | 69 |

| | |
|--|-------|
| Note 15- Operating Lease Commitments | 70 |
| Note 16- Restricted Net Position | 70 |
| Note 17- Commitments and Contingencies | 71 |
| Note 18- Operating Expenses | 72 |
| Note 19- Fringe Benefit Program | 72-74 |
| Note 20- Massachusetts Management Accounting Reporting Reporting System (“MMARS”) | 74-75 |
| Note 21- Pass-Through Student Federal Loans | 75 |
| Note 22- Massachusetts State College Building Authority (“MSCBA”) | 76 |
| Required Supplementary Information: | |
| Schedules of Proportionate Share of Net Pension Liability (Unaudited) | 77 |
| Schedules of Contributions (Unaudited) | 78 |
| Notes to the Required Supplementary Information (Unaudited) | 79 |
| Supplementary Information: | |
| Schedules of Net Position – Dormitory Trust Fund Report (Unaudited) | 80 |
| Schedules of Revenues, Expenses, and Changes in Net Position – Dormitory Trust Fund Report (Unaudited) | 81 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 82-83 |



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Salem State University (an agency of the Commonwealth of Massachusetts, the "Commonwealth") (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We also audited the financial statements of Salem State University Foundation, Inc. (the "Foundation") and Salem State University Assistance Corporation (the "Assistance Corp.") as of June 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2017, and the changes in net position and cash flows, and combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Financial Statements as of June 30, 2016

The financial statements of Salem State University as of June 30, 2016 were audited by other auditors whose report dated November 16, 2016 expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 -21, the schedules of proportionate share of net pension liability on page 77, the schedules of contributions on page 78 and the notes to the required supplementary information on page 79 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 operational, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2017 financial statements that collectively comprise the University's basic financial statements. The Schedules of Net Position-Dormitory Trust Fund Report and Schedules of Revenues, Expenses and Changes in Net Position-Dormitory Trust Fund Report on pages 80-81 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These reports are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The dormitory trust funds report information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

O'Connor and Duen, P.C.

Certified Public Accountants
Braintree, Massachusetts
October 11, 2017

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

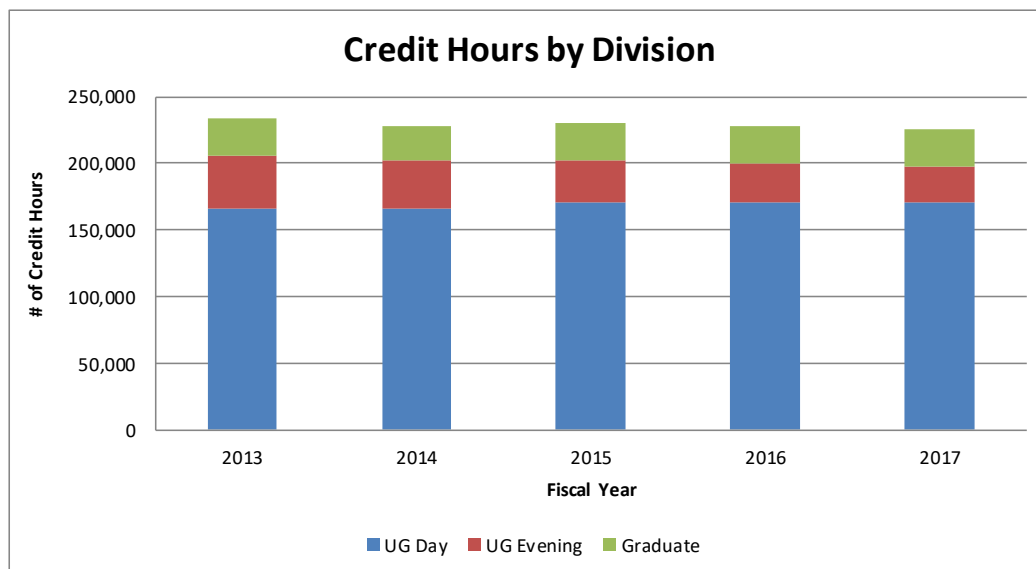
Management’s Discussion and Analysis (Unaudited)

Introduction

Salem State University (the “University”) offers readers this narrative overview and analysis of the financial statements and activities of the University for fiscal years ended June 30, 2017 and 2016. Readers are encouraged to consider the information presented here in conjunction with the financial statements and related footnotes. In accordance with Governmental Accounting Standards Board (“GASB”) requirements, the University financial statements report the Salem State University Assistance Corporation (“Assistance Corporation”) and Salem State University Foundation, Inc. (“Foundation”) as component units.

Background

The University was founded in 1854 as the Salem Normal School, at which time it offered innovative, ground-breaking education for women pursuing careers in education. Today, the University thrives as a comprehensive institution of academic strength offering high quality, balanced education at the undergraduate and graduate levels. The 115 acre University is spread across six sites: North Campus, Central Campus, South Campus, School of Social Work & International Programs, Cat Cove and the O’Keefe Athletic Complex. The curriculum spans the arts, sciences and professional programs, contained within the College of Arts and Sciences, the Bertolon School of Business, the Maguire Meservey College of Health and Human Services, the School of Education, the School of Graduate Studies, and the School of Continuing and Professional Studies.. The undergraduate level has approximately 6,358 and the graduate level has approximately 878 Fall Full-Time Equivalent (“FTE”) credit enrollment. The total credit hours by division for the past five years has been fairly stable as shown below:



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

University students are diverse, hailing from 28 states and 63 countries. Thirty-six percent of first year students (freshman and transfer) self-identified as students of color (fall semester 2016). The approximate gender breakdown is 36% male and 64% female.

In support of the University, there are two component units. The Assistance Corporation, formed in 1995 by the legislature, promotes the orderly growth and development of the University. The Foundation, a separate 501(c)(3) corporation is the primary recipient of endowments, alumni funds and various other donations made to benefit the University.

The University's mission and vision statements provide direction in the quest to provide the best education possible for its diverse student body and are as follows:

University Mission

Salem State's mission is to provide a high quality, student-centered education that prepares a diverse community of learners to contribute responsibly and creatively to a global society, and serve as a resource to advance the region's cultural, social and economic development.

University Vision

Salem State University will be a premier teaching university that engages students in an inspiring transformational educational experience:

- We put students first in all that we do and are committed to their success;
- We are a community of learners where all faculty, staff and students have the opportunity to grow as individuals;
- We are innovators, offering a unique brand of public higher education that inspires students to reach higher and achieve more;
- We remain true to our heritage as a liberal arts university while we prepare students for today's workforce;
- We serve the communities of the North Shore while we create an ever more globally aware and culturally diverse campus environment;

The mission and vision statements guide decisions by University management on campus and help to create an environment of student success and inclusive excellence. Civic engagement and community service form a large part of the Salem State University culture. Thousands of volunteer hours and resources benefit various groups such as Citizens for Adequate Housing, Beverly Historical Society, LifeBridge Homeless Shelter Kitchen, American Cancer Society, Haven for Hunger, North Shore ARC, Operation Troop Support and Horizons for Homeless Children.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management’s Discussion and Analysis - Continued
(Unaudited)

Accreditations

The University is accredited by the New England Association of Schools and Colleges (“NEASC”) and the next comprehensive review will occur in Spring 2021. In addition, many of the University’s programs are accredited by program-specific accrediting bodies.

Significant Events and Accomplishments

Comprehensive Capital Campaign

The 10,000 Reasons Campaign for Salem State University concluded on December 31, 2016 to great success with \$26.5 million raised against the goal of \$25 million. Forty-nine new scholarships have been created and funded by this campaign. Campaign priorities included Academic Programs, Faculty, Student Experience, Financial Assistance, Annual Support and Special Initiatives.

Leadership Change

Upon the conclusion of the comprehensive capital campaign, President Patricia Maguire Meservey announced her intention to retire in summer 2017. The Board of Trustees launched a nation-wide presidential search, which culminated in the appointment of John D. Keenan, JD, as the university’s 14th president effective August 7, 2017.

Planning Initiatives

The university began a strategic planning effort during FY17, developed a first-ever multi-year financial plan, and undertook a North Campus Precinct study. These efforts will guide the new president and the university in the years ahead.

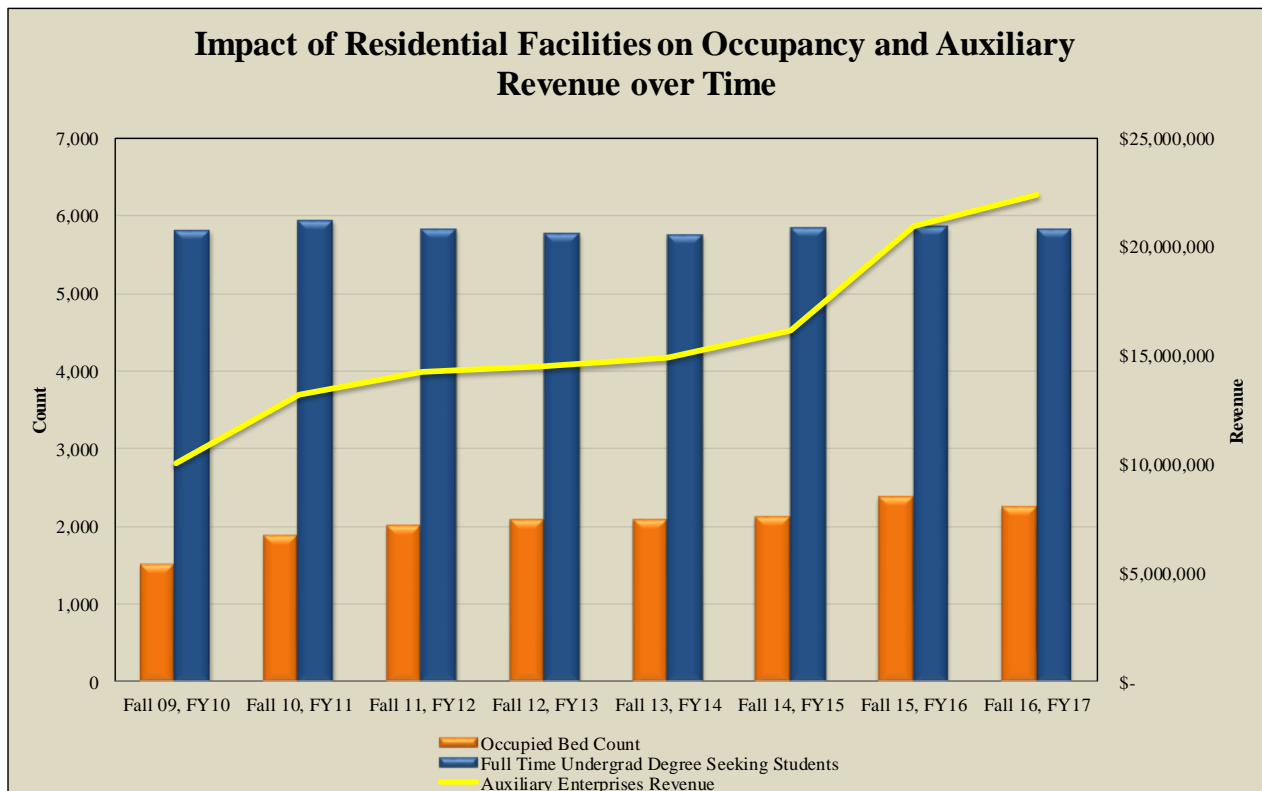
Focus on Inclusive Excellence

The university seeks to be an open, welcoming, and respectful community. In FY2017, a vice president was recruited and charged with leading efforts to create a university-wide diversity plan. She has begun to partner with members of the university and external communities on issues of diversity, inclusion, and social justice. This work is occurring under the Association of American Colleges & Universities’ framework of Inclusive Excellence in support of access, student success, and high-quality learning. A Campus Climate survey was undertaken during FY2017.

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Management’s Discussion and Analysis - Continued
(Unaudited)

The University has intentionally grown its housing capacity to aid in enrollment management and student success, working toward a goal of housing 50% of undergraduate students on campus. The chart below shows the relationship between undergraduate student enrollment, residential hall occupancy, and auxiliary revenues over the last eight years.



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Capital Projects

Sophia Gordon Center for Creative and Performing Arts

(Formerly known as the Main Stage Theatre Conversion Project)

During August 2014, construction commenced under the project management of the Division of Capital Asset Management and Maintenance (DCAMM) for the renovation of the Mainstage to become the Sophia Gordon Center for Creative and Performing Arts. Located on the North Campus, the project was completed during FY 2017 with a total cost of \$27.0 million. In April 2017, the state-of-the-art theatre held a grand opening with The Drowsy Chaperone, in a series of performances for the community, for donors, and for students, faculty, and staff. For the project, approximately \$13.3 million was funded by the University from the issuance of an MSCBA bond during January 2014, and additional cash funds of \$5.2 million was contributed by donors and the University in addition to capitalized interest of \$1.9 million recorded since FY 2015. DCAMM has funded \$6.6 million in capital grant funds as of June 30, 2017.

Clean Energy Investment Program (CEIP) - Phase III

During March 2016, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project - Phase III (the "project"). The project's goal is a comprehensive energy and water saving performance contract which includes ice rink renovations, lighting upgrades, and HVAC upgrades. Work was completed on this project during FY 2017. The total project cost amounted to \$5.5 million, of which the University will be responsible for \$2.8 million in bond debt.

Property Acquisition – Garage Bond

MSCBA held excess bond proceeds on behalf of the University for future real estate acquisitions. The Assistance Corporation is the legal entity that holds title to certain properties on behalf of the University. A portion of these bond proceeds were used during June 2017 for property acquisitions on behalf of the Assistance Corporation. As the liability is held by the University and the asset is held by the Assistance Corporation, these transactions were accounted for as a contribution (non-operating expense) of the University in these financial statements and are reflected in the Assistance Corporation's financial statements as an offsetting revenue.

North Campus Precinct Study

In conjunction with the Massachusetts State College Building Authority, the university undertook a study of the north campus to ensure that future facilities projects there would best support the university's mission. A goal of the North Campus Precinct study is to determine how to facilitate the relocation and consolidation of academic programs currently housed on south campus onto north campus. In partnership with the City of Salem, the university hopes to re-site the elementary school program currently housed in and known as the Horace Mann Elementary School to the academic building on south campus while relocating university academic programs to the north campus. Individual projects to be completed under the auspices of the precinct study will undergo the usual review, study, funding, and authorization processes prior to their inception.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

GASB No. 68 - Accounting and Financial Reporting for Pensions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, established standards for how governmental employers (and other entities) that contribute to state and local pension plans report liabilities and plan details on their financial statements. GASB 68 and its required disclosures were mandated to be implemented by the Commonwealth in its fiscal year 2015 financial reports. The table below shows the financial statement impact of GASB 68 in fiscal years 2017 and 2016:

| | FY 2017 | FY 2016 |
|--|-----------------------|----------------|
| | <i>(In Thousands)</i> | |
| Statement of Net Position (Balance Sheet) | | |
| Deferred Outflows (like an Asset) | \$ 19,627 | \$ 19,078 |
| Net pension liability (Non-Current Liability) | 46,974 | 44,297 |
| Deferred Inflows (like a Liability) | 3,891 | 1,308 |
| Net position | (31,238) | (26,527) |
| One-year Change | (4,711) | (4,368) |
| Statement of Revenues, Expenses & Changes in Net Position | | |
| Pension Expense (allocated in Operating Expense Categories)* | \$ 4,711 | \$ 4,368 |

* This pension expense amount is related solely to the GASB 68 adjustment

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

State Universities are required to record in their financial statements a proportionate amount of the State's net pension liability, recorded only on the Commonwealth's financial statements prior to FY2015. The recording of this pension liability on the financial statements of the University reduced the unrestricted net position as follows:

| Unrestricted Net Position Effected by GASB 68 | | | |
|--|----------------------------|-------------------------------|-------------------------|
| <i>(In Thousands)</i> | | | |
| | Without Pension | Pension Adjustment | With Pension |
| Unrestricted Net Position at June 30, 2015 | \$ 7,525 | \$ (22,159) | \$ (14,634) |
| Unrestricted net increase (decrease) for FY 2016 | 2,213 | (4,368) | (2,155) |
| Unrestricted Net Position at June 30, 2016 | 9,738 | (26,527) | (16,789) |
| Unrestricted net increase (decrease) for FY 2017 | (4,920) | (4,711) | (9,631) |
| Unrestricted Net Position at June 30, 2017 | \$ 4,818 | \$ (31,238) | \$ (26,420) |

The total net pension liability balance in the June 30, 2017 and 2016 financial statements amounted to approximately \$47.0 million and \$44.3 million, respectively.

Overview of University Financial Statements

Salem State University reports its activity as a business-type activity under GASB using the economic resources measurement focus and full accrual basis of accounting. The University is an agency of the Commonwealth of Massachusetts. Therefore, the results of the University's operations and non-operating activities, its net position and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements on an annual basis.

The financial statements, accompanying notes and supplemental information are presented separately from this discussion and analysis and will provide details not included in the below discussion.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Statement of Net Position Summary & Analysis

The Statement of Net Position presents information on the University's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the residual balance being reported as net position. The University's total net position for fiscal year 2017 declined by \$0.3 million or 0.3%. A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2017, 2016 and 2015 is as follows:

| <u>Assets</u> | <i>(In Thousands)</i> | | |
|--|-----------------------|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Current Assets | \$ 39,909 | \$ 46,113 | \$ 56,729 |
| Capital Assets (net) | 172,648 | 163,705 | 155,388 |
| Noncurrent Assets | <u>3,956</u> | <u>3,815</u> | <u>3,936</u> |
| Total Assets | <u>216,513</u> | <u>213,633</u> | <u>216,053</u> |
| Deferred Outflows of Resources | <u>19,627</u> | <u>19,078</u> | <u>4,231</u> |
| Total Assets and Deferred Outflows | <u>\$ 236,140</u> | <u>\$ 232,711</u> | <u>\$ 220,284</u> |
| | | | |
| <u>Liabilities</u> | | | |
| Current Liabilities | \$ 23,685 | \$ 26,552 | \$ 25,390 |
| Noncurrent Liabilities | <u>96,903</u> | <u>92,453</u> | <u>70,819</u> |
| Total Liabilities | <u>120,588</u> | <u>119,005</u> | <u>96,209</u> |
| Deferred Inflows of Resources | <u>4,888</u> | <u>2,726</u> | <u>5,170</u> |
| | | | |
| <u>Net Position</u> | | | |
| Net investment in capital assets | 131,099 | 122,165 | 128,378 |
| Restricted | 5,985 | 5,604 | 5,161 |
| Unrestricted | <u>(26,420)</u> | <u>(16,789)</u> | <u>(14,634)</u> |
| Total Net Position | <u>110,664</u> | <u>110,980</u> | <u>118,905</u> |
| | | | |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 236,140</u> | <u>\$ 232,711</u> | <u>\$ 220,284</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Total assets increased in FY 2017 by \$2.9 million or 1% over the prior year compared with a 1% decrease of \$2.4 million in FY 2016. Most of the changes within the asset categories are associated with completion of capital projects from cash generated by bonds or long-term contractual agreements. Total liabilities increased in FY 2017 by \$1.6 million or 1% over prior year. This is due to a decrease in current liabilities primarily due to the timing of billing Fall 2017 student revenue. At June 30, 2017 unearned revenue decreased approximately \$4.4 million due to students being billed for the Fall 2017 semester after June 30, 2017. Whereas, in the prior year, students were billed before June 30, 2016 for that Fall 2016 semester. This decrease was offset by an increase in noncurrent liabilities due primarily to the net pension liability increase of \$2.7 million and a net increase in debt of \$1.7 million related to capital assets.

For fiscal 2017, 2016 and 2015, total net position amounted to \$110.7 million, \$111.0 million and \$118.9 million, respectively. The University's net position in the investment in capital assets (e.g. land, buildings and equipment) less any related debt used to acquire those assets is the largest component of the total net position, which is consistent with prior years and is detailed below in the next section. The University uses its capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the University's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as room rents, auxiliary and other fees, since the capital assets themselves cannot be used to satisfy these liabilities.

Capital Assets

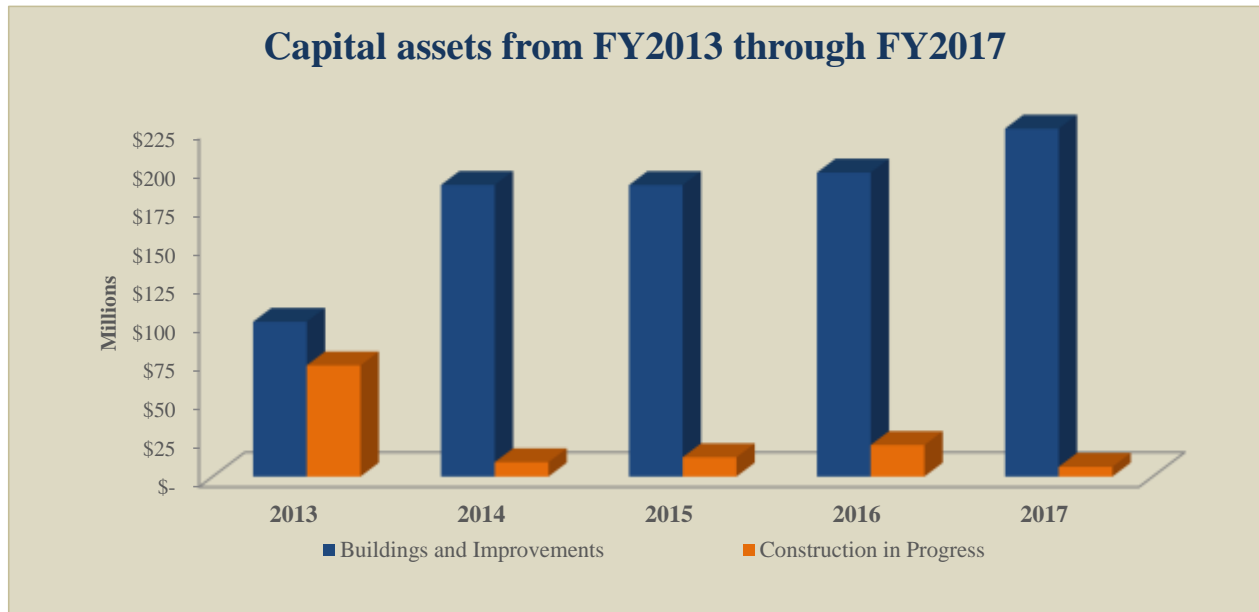
A summarized comparison of the University's capital assets categories at June 30, 2017, 2016 and 2015 is as follows:

| Capital Asset Summary | | | |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| | <i>(In Thousands)</i> | | |
| | 2017 | 2016 | 2015 |
| Building and improvements | \$ 227,079 | \$ 196,564 | \$ 188,503 |
| Construction in Progress | 6,372 | 20,361 | 12,456 |
| Land | 2,536 | 2,536 | 2,536 |
| Furniture and Equipment | 30,401 | 29,508 | 29,280 |
| Total | <u>266,388</u> | <u>248,969</u> | <u>232,775</u> |
| Less: accumulated depreciation | <u>(93,740)</u> | <u>(85,264)</u> | <u>(77,387)</u> |
| Total capital assets, net | <u><u>\$ 172,648</u></u> | <u><u>\$ 163,705</u></u> | <u><u>\$ 155,388</u></u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

The following graph shows the progression of capital project values over the last five years:



SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Capital Assets Changes

The University's total capital asset changes as of June 30, 2017, 2016 and 2015 are depicted below:

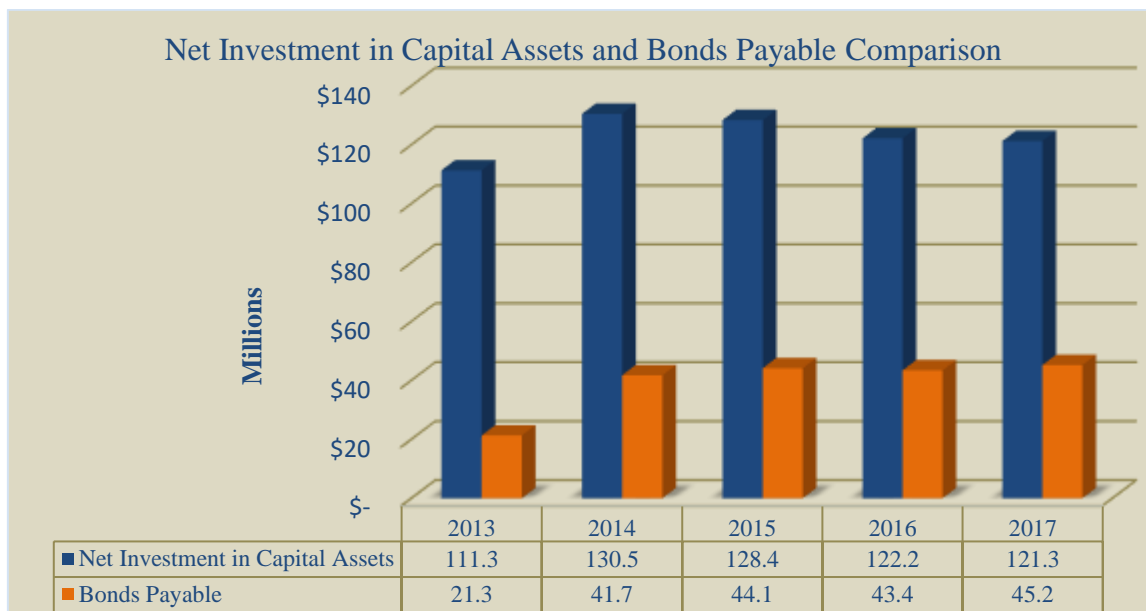
| Changes in Capital Assets | | | |
|--|-----------------------|-----------------|-----------------|
| | <i>(In Thousands)</i> | | |
| | 2017 | 2016 | 2015 |
| <u>Building and Land Improvements</u> | | | |
| Sophia Gordon Center | \$ 27,005 | \$ - | \$ - |
| Meier Hall Renovation | - | 321 | 1,244 |
| Library and Learning Commons Improvements | 272 | 521 | 1,005 |
| Administration Building Renovation | 1,736 | - | - |
| Steam Pipe Repairs | 366 | - | - |
| Furniture and Equipment for Social Work and ESL | 820 | - | - |
| Student Navigation Center (MSCBA Bonds) | - | 84 | 1,728 |
| Starbucks Leasehold Improvement (Viking Hall) | - | 514 | - |
| Public Safety Relocation (MSCBA Bonds) | - | - | 2,097 |
| Canal Street Parking (MSCBA Bonds) | - | 147 | 2,076 |
| Equipment purchases for IT and Biology Departments | - | 1,675 | 1,194 |
| Comprehensive Energy Performance Contract Project | 317 | 4,799 | - |
| Additions to Buildings, Equipment & Infrastructure | <u>30,516</u> | <u>8,061</u> | <u>9,344</u> |
| Disposal of Old Library & Former Police Station | - | - | (8,269) |
| Net Additions to Buildings and Improvements | <u>30,516</u> | <u>8,061</u> | <u>1,075</u> |
| <u>Construction in Progress</u> | | | |
| Sophia Gordon Center Theatre | 10,709 | 10,619 | 2,820 |
| Various Ongoing Renovation Projects | 1,161 | 2,073 | 5,500 |
| Comprehensive Energy Performance Contract Project | 3,920 | 1,208 | 1,208 |
| IT Projects | 1,178 | 774 | 1,135 |
| Capitalized Bond Interest | <u>452</u> | <u>554</u> | <u>782</u> |
| Additions to Construction in Progress | 17,420 | 15,228 | 11,445 |
| Transfer of Construction in Progress to Capital Assets | <u>(31,410)</u> | <u>(7,323)</u> | <u>(8,242)</u> |
| Net Additions to Construction in Progress | <u>(13,990)</u> | <u>7,905</u> | <u>3,203</u> |
| <u>Furniture & Equipment</u> | | | |
| Equipment Purchases for IT & Art Design | 642 | 228 | - |
| Maintenance Equipment | <u>252</u> | <u>-</u> | <u>-</u> |
| Net Additions to Furniture and Equipment | <u>894</u> | <u>228</u> | <u>-</u> |
| Total Net Asset Additions | <u>17,420</u> | <u>16,194</u> | <u>4,278</u> |
| Depreciation Expense for the Year | 8,477 | 7,877 | 7,655 |
| Write Off of Old Library & Former Police Station | <u>-</u> | <u>-</u> | <u>(7,328)</u> |
| Net Accumulated Depreciation | <u>8,477</u> | <u>7,877</u> | <u>327</u> |
| Net Change in Capital Assets | <u>\$ 8,943</u> | <u>\$ 8,317</u> | <u>\$ 3,951</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Net Investment in Capital Assets and Bonds Payable Comparison

The following graph displays long-term debt for Bond Payables and the Net Investment in Capital Assets balances for fiscal years ended 2013 through 2017:



It should be noted that the asset category “Capital assets, net” is not the same as the “Net Investment in Capital Assets” in the net position category. Net Investment in Capital Assets includes the same activity as the Capital Assets but also includes any related debt liabilities and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those capital assets.

Statements of Revenues and Expenses and Changes in Net Position Summary & Analysis

The Statement of Revenues, Expenses and Changes in Net Position Analysis shows how the University’s net position changed during the last three fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. the accrual for compensated absences).

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

A summarized comparison of the University's operating and non-operating revenues and expenses and the resulting increase or decrease in net position at June 30, 2017, 2016 and 2015 is as follows:

Statement of Revenues, Expenses, and Changes in Net Position Summary & Analysis

| | <i>(In Thousands)</i> | | |
|--|-----------------------|-------------------|-------------------|
| | 2017 | 2016 | 2015 |
| <u>Operating Revenues</u> | | | |
| Tuition and Fees, Net | \$ 66,893 | \$ 62,685 | \$ 58,890 |
| Federal, State, and Private Grants | 19,306 | 18,820 | 19,782 |
| Sales and Services | 1,333 | 1,426 | 1,255 |
| Auxiliary and Other | 22,762 | 21,274 | 18,134 |
| Total Operating Revenues | <u>110,294</u> | <u>104,205</u> | <u>98,061</u> |
| <u>Operating Expenses</u> | | | |
| Compensation and benefits | 118,273 | 112,436 | 107,510 |
| Supplies and services | 37,324 | 35,957 | 32,934 |
| Utilities | 4,179 | 4,276 | 4,337 |
| Depreciation | 8,477 | 7,877 | 7,655 |
| Scholarships | 5,627 | 4,789 | 5,801 |
| Change for GASB 68 pension activity | 4,711 | 4,368 | (473) |
| Total Operating Expense | <u>178,591</u> | <u>169,703</u> | <u>157,764</u> |
| <u>Non-Operating Revenues (Expenses)</u> | | | |
| State appropriations | 58,768 | 56,416 | 54,442 |
| Contribution to the Assistance Corporation | (897) | (911) | - |
| Gifts | 1,801 | 2,665 | 1,784 |
| Investment Income | 1,755 | (111) | 592 |
| Interest Expense | (1,157) | (1,269) | (985) |
| Total Non-Operating Revenues, Net | <u>60,270</u> | <u>56,790</u> | <u>55,833</u> |
| Capital Grants | 7,711 | 783 | 846 |
| Increase (Decrease) in Net Position | <u>\$ (316)</u> | <u>\$ (7,925)</u> | <u>\$ (3,024)</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Highlights for Operating Revenues

The increase in total operating revenues of \$6.1 million (6%) for both fiscal years 2017 and 2016 over the prior year resulted primarily from the following changes:

Tuition and Fees, net: The tuition and fees, net of scholarships and fellowships improved by 7% in FY 2017 and 6% in FY 2016 (\$4.2 million in FY 2017 and \$3.8 million in FY 2016) over prior year due to increases in fee rates as well as new fees.

Federal, State and Private Grants: Federal, state and private grant revenues increased in FY 2017 by \$0.5 million (3%). This increase is primarily due to an increase in federal grants. State and private grants remained stable in 2017 compared to 2016. In 2016, grants decreased by \$0.8 million (5%) over 2015 primarily due to a decrease in state grant revenue.

Auxiliary Enterprises and Other: Auxiliary enterprises and other revenues increased in FY 2017 by \$1.5 million (7%) over prior year primarily due to increases in dormitory room revenue of \$0.8 million and student fees for permits, meals and ancillary revenue of \$0.7 million. In FY 2016, auxiliary and other revenues increased \$3.1 million (17%) over the prior year and was primarily attributable to increased dormitory room revenue associated with the opening of Viking Hall (\$2.3 million). Other increases were from vendor and commission revenues of \$0.8 million over FY 2015.

Highlights for Operating Expenses

The increase in total operating expenses of \$9.2 million (5%) and \$11.9 million (8%) in FY 2017 and FY 2016, respectively, over prior year resulted primarily from the following changes:

Compensation and Benefits: Compensation and benefits increased during FY 2017 by \$5.8 million (5%) and FY 2016 by \$4.9 million (5%) over prior year. This is primarily due to contractual salary increases, including retroactive salary increases in FY 2016, and fringe benefit rate increases in both years.

Supplies and Services: The \$1.4 million (4%) increase in supplies and services during FY 2017 over prior year is primarily due to a \$1.2 million increase in the MSCBA assessment. MSCBA charges the University an assessment to cover the cost of financing residence hall and garage facilities on the university campus.

Utilities: In FY 2017, there was a slight decrease of \$97 thousand (2%) in utility costs over prior year due to a decreases in electricity and water and sewer costs.

Depreciation: The \$600 thousand (8%) increase in depreciation expense in FY 2017 over prior year is due to the increase in depreciable buildings and building improvements. Projects that were previously included in construction in progress have been completed and have begun to be depreciated in fiscal 2017. For similar reasons during FY 2016, depreciation increased \$222 thousand (3%) over the prior year.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Change for GASB 68 Pension Activity: The third year of adoption of GASB 68 resulted in pension expense of \$4.7 million in FY 2017 and was an increase of \$343 thousand over the prior year. This is due to changes in salaries and in the discount rate utilized in calculating the pension liability, as provided by the Comptroller's Office.

Highlights for Non-Operating Revenues (Expenses)

The increase in non-operating revenues (expenses) in FY 2017 of \$3.5 million (6%) and the decrease in FY 2016 of \$1.0 million (2%) resulted primarily from the following net changes:

State Appropriations: State appropriations increased by \$2.4 million (4%) and \$2.0 million (4%) in FY 2017 and FY 2016, respectively, over prior year primarily to support employee payroll and related fringe benefit costs. General Appropriation Act (GAA) funding increased by 1% or \$455 thousand for FY 2017; the majority of the appropriations increase was related to fringe benefits for the approximately half of the University's payroll that is funded by the state operating appropriation.

Contributions to the Assistance Corporation: Property was purchased amounting to \$896 thousand and \$911 thousand in FY 2017 and FY 2016, respectively for the Assistance Corporation with bond proceeds owed by the University.

Gifts: Gift revenue is a variable source. During FY 2017, gifts decreased over the prior year by \$864 thousand (32%). During FY 2016 a large gift for capital purposes did not recur.

Investment Income: Investment income increased by \$1.9 million in 2017 compared to a decrease of \$703 thousand in FY 2016 and is attributable to improved market conditions.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Statement of Cash Flows

The Statement of Cash Flows is reported on the direct method. The direct method portrays net cash flows from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services).

A summarized comparison of the University's cash flows and the resulting decrease in cash at June 30, 2017, 2016 and 2015 follows. *It should be noted that for the presentation below, the appropriations are shown in Operating Activities rather than Non-Capital Financing Activities since the State appropriations are intended and used to support operations.* According to accounting standards, on the Cash Flow Statement of the Financial Statements, the appropriations are presented as required in Non-Capital Financing Activities. This summary demonstrates that the reason for the decline in cash during FY 2016 and FY 2017 is the use of bond proceeds held to undertake and complete the construction projects previously discussed.

Summary of Cash Flows

| | <i>(In Thousands)</i> | | |
|----------------------------------|-----------------------|-------------------|--------------------|
| | 2017 | 2016 | 2015 |
| Operating Activities | \$ 4,193 | \$ 5,502 | \$ (111) |
| Non Capital Financing Activities | (418) | 941 | 389 |
| Capital Financing Activities | (9,088) | (17,500) | (10,667) |
| Investing Activities | 539 | 1,239 | 273 |
| Net Decrease in Cash | <u>\$ (4,774)</u> | <u>\$ (9,818)</u> | <u>\$ (10,116)</u> |

Highlights for Cash Flows

The overall decrease in cash and cash equivalents for FY 2017 amounted to approximately \$4.8 million and is primarily associated with the payment of construction projects (i.e. Sophia Gordon Center for Creative and Performing Arts) and the repayment of bond principal and related interest costs partially offset by proceeds from bonds associated with new capital assets acquisitions. The bond for the Sophia Gordon Center was originally issued in FY 2014.

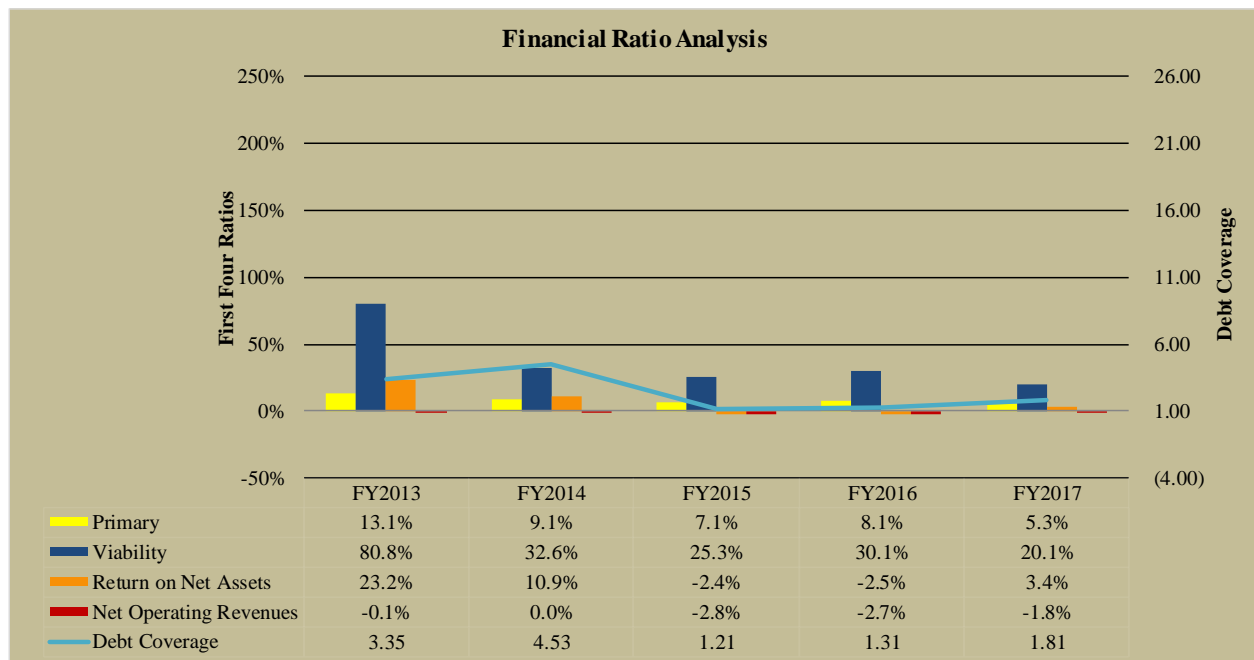
The overall decrease in cash and cash equivalents for FY 2016 and FY 2015 amounted to approximately \$9.8 million and \$10.1 million, respectively, is primarily associated with the purchase of capital assets and related bond activity.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Ratio Analysis

Ratio analysis is a management tool which indicates the University's effective use of its resources, its overall financial viability, its direction in achieving institutional strategic goals, and its ability to meet short and long-term obligations in a managed fashion. Ratios are also useful in analyzing trends of an institution over time. A one-year fluctuation in a ratio may be indicative of an aberration for that year or may indicate a relevant trend. The ratios presented here are calculated without the inclusion of the University's component units and without factoring in the effect of the implementation of GASB 68.



Comments on Ratio Trends

Primary

This ratio provides a snapshot of the University's financial strength and flexibility by indicating how long it may be able to operate using expendable reserves without relying on additional new assets generated by operation.

Viability

This ratio measures a university's management of resources, including debt, and the availability of expendable net assets (cash and other liquid assets) to pay off long-term debt.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis - Continued
(Unaudited)

Return on Net Assets

This ratio measures asset performance and management. By measuring total economic return, this ratio indicates whether a university's resources are growing, and if the university is better off financially than in previous years.

Debt Service Coverage

This ratio measures actual margin of protection for annual debt service payments from annual operations. The higher the number, the better able the institution can cover its debt obligations.

Looking Ahead to FY18

The university has a newly appointed President and there is great energy to continue moving forward. The university is working to secure funding for a science teaching lab addition to best educate students, in part to address the region and Commonwealth's workforce needs. With the expected completion of the Strategic Plan and receipt of the results of the Campus Climate study, the university's continuous improvement efforts are expected to continue the progression and contribute to future financial vitality.

Requests for Further Information

This financial report is designed to provide a general overview of Salem State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vice President for Finance and Facilities/CFO, 352 Lafayette Street, Salem, Massachusetts 01970-5353.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Statements of Net Position
June 30, 2017 and 2016

Assets and Deferred Outflows of Resources

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 14,010,653 | \$ 9,032,545 | \$ 1,840,935 | \$ 1,189,849 |
| Restricted cash and cash equivalents | 2,930,861 | 7,624,447 | 861,762 | 308,059 |
| Deposits held by State Treasurer | 1,751,316 | 2,333,595 | - | - |
| Cash held by State Treasurer | 969,059 | 781,242 | - | - |
| Deposits held by MSCBA and DCAMM | 792,862 | 5,456,628 | - | - |
| Investments | 12,867,542 | 11,760,256 | - | - |
| Accounts, grants and other receivable, net | 5,958,760 | 8,823,080 | 16,158 | 26,562 |
| Pledges receivable, net | - | - | 1,303,299 | 1,844,881 |
| Note receivable | - | - | 40,000 | 51,111 |
| Loans receivable | 221,611 | 264,430 | - | - |
| Other current assets | 406,681 | 37,166 | 2,407 | 26,998 |
| Total Current Assets | 39,909,345 | 46,113,389 | 4,064,561 | 3,447,460 |
| Non-Current Assets: | | | | |
| Investments | 676,501 | 599,771 | 29,486,822 | 26,559,559 |
| Loans receivable, net of current portion | 1,806,097 | 1,741,372 | - | - |
| Pledges receivable, net | - | - | 4,174,556 | 1,521,280 |
| Note receivable, net of current portion | - | - | 206,667 | 246,667 |
| Capital assets, net | 172,648,089 | 163,704,987 | 11,755,930 | 11,043,297 |
| Debt service reserve | 1,473,340 | 1,473,340 | - | - |
| Total Non-Current Assets | 176,604,027 | 167,519,470 | 45,623,975 | 39,370,803 |
| Total Assets | 216,513,372 | 213,632,859 | 49,688,536 | 42,818,263 |
| Deferred Outflow of Resources: | | | | |
| Deferred outflows for pensions | 19,626,524 | 19,078,090 | - | - |
| Total Deferred Outflows of Resources | 19,626,524 | 19,078,090 | - | - |
| Total Assets and Deferred Outflows of Resources | \$ 236,139,896 | \$ 232,710,949 | \$ 49,688,536 | \$ 42,818,263 |

See accompanying notes to the financial statements.

Liabilities, Deferred Inflows of Resources and Net Position

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 4,035,476 | \$ 3,401,781 | \$ 340,824 | \$ 349,502 |
| Accrued payroll | 7,711,373 | 7,294,496 | - | - |
| Accrued compensated absences | 6,120,020 | 6,029,533 | - | - |
| Accrued workers' compensation | 222,168 | 202,631 | - | - |
| Unearned revenues | 3,143,250 | 7,427,804 | - | 39,000 |
| Note payable | 81,546 | 73,887 | 70,135 | 86,424 |
| Bonds payable | 2,071,341 | 1,865,148 | 350,010 | 333,838 |
| Deposits | 299,677 | 256,620 | - | - |
| Total Current Liabilities | 23,684,851 | 26,551,900 | 760,969 | 808,764 |
| Non-Current Liabilities: | | | | |
| Accrued compensated absences | 3,640,196 | 3,528,230 | - | - |
| Accrued workers' compensation | 955,150 | 755,451 | - | - |
| Notes payable, net of current portion | 12,698 | 88,032 | 1,352,031 | 1,421,433 |
| Bond payable, net of current portion | 43,131,082 | 41,524,732 | 1,297,681 | 1,802,562 |
| Loans payable - Federal financial assistance programs | 2,190,173 | 2,259,532 | - | - |
| Net pension liability | 46,973,396 | 44,297,126 | - | - |
| Other non-current liabilities | - | - | 26,953 | 34,078 |
| Total Non-Current Liabilities | 96,902,695 | 92,453,103 | 2,676,665 | 3,258,073 |
| Total Liabilities | 120,587,546 | 119,005,003 | 3,437,634 | 4,066,837 |
| Deferred Inflows of Resources: | | | | |
| Service concession arrangements | 997,902 | 1,309,021 | - | - |
| Deferred gain on bond refunding | - | 109,970 | - | - |
| Deferred inflows for pensions | 3,890,105 | 1,306,921 | - | - |
| Total Deferred Inflows of Resources | 4,888,007 | 2,725,912 | - | - |
| Net Position: | | | | |
| Net investment in capital assets | 131,099,107 | 122,164,882 | 8,686,073 | 7,399,040 |
| Restricted: | | | | |
| Nonexpendable | 810,323 | 732,690 | 23,048,262 | 19,058,482 |
| Expendable | 5,174,752 | 4,871,719 | 12,580,873 | 11,033,273 |
| Unrestricted | (26,419,839) | (16,789,257) | 1,935,694 | 1,260,631 |
| Total Net Position | 110,664,343 | 110,980,034 | 46,250,902 | 38,751,426 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 236,139,896 | \$ 232,710,949 | \$ 49,688,536 | \$ 42,818,263 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues and Expenses

For the Years Ended June 30, 2017 and 2016

| | Primary Government | | Component Units | |
|--|-----------------------|-----------------------|---------------------|---------------------|
| | 2017 University | 2016 University | 2017 Combined | 2016 Combined |
| Operating Revenues: | | | | |
| Tuition and fees | \$ 84,587,147 | \$ 79,474,916 | \$ - | \$ - |
| Less: scholarships and fellowships | (17,694,347) | (16,790,060) | - | - |
| Net tuition and fees | 66,892,800 | 62,684,856 | - | - |
| Federal grants and contracts | 14,101,909 | 13,642,619 | - | - |
| State grants and contracts | 4,861,321 | 4,878,842 | - | - |
| Private grants and contracts | 342,932 | 298,808 | - | - |
| Gifts and contributions | - | - | 6,088,753 | 2,554,399 |
| Sales and services of educational departments | 1,333,282 | 1,426,136 | - | - |
| Auxiliary enterprises | 22,398,146 | 20,976,201 | 860,594 | 1,468,387 |
| Other operating revenues | 364,117 | 297,565 | 116,443 | 199,219 |
| Total Operating Revenues | 110,294,507 | 104,205,027 | 7,065,790 | 4,222,005 |
| Operating Expenses: | | | | |
| Educational and general: | | | | |
| Instruction | 64,462,316 | 62,105,259 | - | - |
| Public service | 1,755,239 | 1,640,439 | 1,888,100 | 1,663,933 |
| Academic support | 16,898,704 | 15,796,526 | - | - |
| Student services | 19,222,838 | 19,277,618 | - | - |
| Institutional support | 27,765,194 | 25,968,389 | 335,854 | 1,360,763 |
| Operation and maintenance of plant | 15,599,380 | 14,129,763 | - | - |
| Scholarships | 5,626,549 | 4,788,910 | 445,941 | 380,449 |
| Depreciation | 8,476,817 | 7,876,670 | 165,798 | 169,365 |
| Auxiliary enterprises | 18,784,153 | 18,060,244 | 1,452,665 | 1,150,288 |
| Total Operating Expenses | 178,591,190 | 169,643,818 | 4,288,358 | 4,724,798 |
| Net Operating Income (Loss) | (68,296,683) | (65,438,791) | 2,777,432 | (502,793) |
| Non-Operating Revenues (Expenses): | | | | |
| State appropriations, net | 58,767,638 | 56,416,180 | 1,194,450 | 1,249,979 |
| Contribution to the Assistance Corporation | (896,488) | (910,824) | 896,488 | 910,824 |
| Gifts | 1,800,982 | 2,665,232 | - | - |
| Investment income | 1,755,476 | (169,963) | 2,757,774 | (258,049) |
| Other non-operating revenue | - | - | 3,600 | 3,600 |
| Interest expense | (1,157,237) | (1,269,370) | (130,268) | (151,319) |
| Net Non-Operating Revenues | 60,270,371 | 56,731,255 | 4,722,044 | 1,755,035 |
| Increase (Decrease) in Net Position Before Capital Grants | (8,026,312) | (8,707,536) | 7,499,476 | 1,252,242 |
| Capital grants | 7,710,621 | 782,865 | - | - |
| Total Increase (Decrease) in Net Position | \$ (315,691) | \$ (7,924,671) | \$ 7,499,476 | \$ 1,252,242 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Changes in Net Position

For the Years Ended June 30, 2017 and 2016

| | University | | | | Total |
|----------------------------------|--|-----------------------------|--------------------------|------------------------|-----------------------|
| | Net Investment in Capital Assets | Restricted Nonexpendable | Restricted Expendable | Unrestricted | |
| Balance at June 30, 2015 | \$ 128,377,738 | \$ 739,323 | \$ 4,421,649 | \$ (14,634,005) | \$ 118,904,705 |
| Changes in net position for 2016 | (6,212,856) | (6,633) | 450,070 | (2,155,252) | (7,924,671) |
| Balance, June 30, 2016 | 122,164,882 | 732,690 | 4,871,719 | (16,789,257) | 110,980,034 |
| Changes in net position for 2017 | 8,934,225 | 77,633 | 303,033 | (9,630,582) | (315,691) |
| Balance, June 30, 2017 | \$ 131,099,107 | \$ 810,323 | \$ 5,174,752 | \$ (26,419,839) | \$ 110,664,343 |

| | Component Units | | | | Total |
|----------------------------------|--|-----------------------------|--------------------------|---------------------|----------------------|
| | Net Investment in Capital Assets | Restricted Nonexpendable | Restricted Expendable | Unrestricted | |
| Balance at June 30, 2015 | \$ 6,045,737 | \$ 18,481,983 | \$ 12,996,408 | \$ 885,880 | \$ 38,410,008 |
| Changes in net position for 2016 | 1,353,303 | 576,499 | (1,963,135) | 374,751 | 341,418 |
| Balance, June 30, 2016 | 7,399,040 | 19,058,482 | 11,033,273 | 1,260,631 | 38,751,426 |
| Changes in net position for 2017 | 1,287,033 | 3,989,780 | 1,547,600 | 675,063 | 7,499,476 |
| Balance, June 30, 2017 | \$ 8,686,073 | \$ 23,048,262 | \$ 12,580,873 | \$ 1,935,694 | \$ 46,250,902 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

| | Primary Government | |
|--|-----------------------|----------------------|
| | 2017 University | 2016 University |
| Cash Flows from Operating Activities: | | |
| Tuition and fees | \$ 66,908,026 | \$ 61,098,611 |
| Grants and contracts | 19,403,996 | 19,710,059 |
| Payments to suppliers and vendors | (41,637,267) | (40,252,712) |
| Payments to employees | (91,278,270) | (88,898,871) |
| Payments for benefits | (11,390,707) | (9,691,870) |
| Payments to students | (5,626,549) | (4,788,910) |
| Loans issued to students | (443,455) | (209,871) |
| Collection of loans to students | 410,001 | 376,083 |
| Auxiliary enterprises receipts | 20,931,923 | 21,988,607 |
| Sales and services of educational departments | 1,552,996 | 1,463,111 |
| Other | 426,508 | 163,411 |
| Net Cash Used in Operating Activities | <u>(40,742,798)</u> | <u>(39,042,352)</u> |
| Cash Flows from Non-Capital Financing Activities: | | |
| State appropriations | 44,935,945 | 44,543,834 |
| Tuition remitted to State | (934,234) | (905,670) |
| Student interest received (paid) | (56,355) | (1,764) |
| Contributions to the Assistance Corporation | (896,488) | (910,824) |
| Gifts | 1,468,970 | 2,758,963 |
| Net Cash Provided by Non-Capital Financing Activities | <u>44,517,838</u> | <u>45,484,539</u> |
| Cash Flows from Capital Financing Activities: | | |
| Purchases of capital assets | (9,141,741) | (14,855,786) |
| Principal paid on bonds payable and notes payable | (1,776,053) | (1,679,263) |
| Interest paid on bonds payable | (1,965,733) | (1,987,751) |
| Proceeds from bond financing | 3,795,907 | 1,090,000 |
| Debt service reserve funding | - | (66,505) |
| Net Cash Used in Capital Financing Activities | <u>(9,087,620)</u> | <u>(17,499,305)</u> |
| Cash Flows from Investing Activities: | | |
| Investment income | 410,114 | 457,197 |
| Proceeds from sale of investments | 6,132,241 | 4,456,576 |
| Purchase of investments | (6,003,481) | (3,675,102) |
| Net Cash Provided by Investing Activities | <u>538,874</u> | <u>1,238,671</u> |
| Net Decrease in Cash and Equivalents | (4,773,706) | (9,818,447) |
| Cash and Cash Equivalents, Beginning of the Year | <u>25,228,457</u> | <u>35,046,904</u> |
| Cash and Cash Equivalents, End of the Year | \$ 20,454,751 | \$ 25,228,457 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended June 30, 2017 and 2016

| | Primary Government | |
|--|------------------------|------------------------|
| | 2017 | 2016 |
| | <u>University</u> | <u>University</u> |
| Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities: | | |
| Net operating loss | \$ (68,296,683) | \$ (65,438,791) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | |
| Depreciation | 8,476,817 | 7,876,670 |
| Bad debts | 446,812 | 237,522 |
| Fringe benefits provided by State | 14,765,927 | 12,778,016 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 2,611,309 | (859,740) |
| Accounts payable and accrued liabilities | 489,678 | 331,537 |
| Accrued payroll and benefits | 838,565 | 1,067,693 |
| Other assets | (369,514) | 70,090 |
| Loans to/from students | (21,905) | 182,799 |
| Deposits | 43,057 | (886,706) |
| Unearned revenues | (4,016,794) | 481,042 |
| Deferred inflows | 2,162,097 | (2,443,749) |
| Deferred outflows | (548,434) | (14,846,829) |
| Net pension activity | 2,676,270 | 22,408,094 |
| Net Cash Used in Operating Activities | <u>\$ (40,742,798)</u> | <u>\$ (39,042,352)</u> |

Cash Flow Information

| | Primary Government | |
|--|-----------------------|----------------------|
| | 2017 | 2016 |
| | <u>University</u> | <u>University</u> |
| For purposes of the statement of cash flows, cash and equivalents are comprised of the following at June 30: | | |
| Cash and equivalents | 14,010,653 | 9,032,545 |
| Deposits held by State Treasurer | 1,751,316 | 2,333,595 |
| Cash held by State Treasurer | 969,059 | 781,242 |
| Deposits held by MSCBA and DCAMM | 792,862 | 5,456,628 |
| Restricted cash and equivalents | 2,930,861 | 7,624,447 |
| | <u>\$ 20,454,751</u> | <u>\$ 25,228,457</u> |

Schedule of noncash investing and financing activities

| | Primary Government | |
|---|-----------------------|----------------------|
| | 2017 | 2016 |
| | <u>University</u> | <u>University</u> |
| Acquisition of capital assets | \$ 17,419,919 | \$ 16,193,497 |
| Accounts payable beginning of year | - | - |
| Accounts payable end of year | (115,077) | - |
| Payments made by DCAMM | (7,710,621) | (782,865) |
| Interest capitalized in CIP | (452,480) | (554,846) |
| Cash payments for capital assets | <u>\$ 9,141,741</u> | <u>\$ 14,855,786</u> |
| Unrealized gain (loss) on marketable securities | <u>\$ 737,752</u> | <u>\$ (486,942)</u> |
| Fringe benefits paid by the Commonwealth of Massachusetts | <u>\$ 14,765,927</u> | <u>\$ 12,778,016</u> |

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Combining Statements of Net Position of Major Component Units

June 30, 2017 and 2016

| | <u>Assets</u> | | | | | |
|--|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | | | 2016 | | |
| | Foundation | Assistance Corp. | Combined | Foundation | Assistance Corp. | Combined |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 1,412,112 | \$ 428,823 | \$ 1,840,935 | \$ 804,044 | \$ 385,805 | \$ 1,189,849 |
| Restricted cash and cash equivalents | 861,762 | - | 861,762 | 308,059 | - | 308,059 |
| Accounts, grants and other receivable, net | - | 16,158 | 16,158 | - | 26,562 | 26,562 |
| Pledges receivable, net | 1,303,299 | - | 1,303,299 | 1,844,881 | - | 1,844,881 |
| Note receivable | 40,000 | - | 40,000 | 51,111 | - | 51,111 |
| Other current assets | 2,407 | - | 2,407 | 26,998 | - | 26,998 |
| Total Current Assets | 3,619,580 | 444,981 | 4,064,561 | 3,035,093 | 412,367 | 3,447,460 |
| Non-Current Assets: | | | | | | |
| Investments securities | 29,486,822 | - | 29,486,822 | 26,559,559 | - | 26,559,559 |
| Pledges receivable, net of current portion | 4,174,556 | - | 4,174,556 | 1,521,280 | - | 1,521,280 |
| Note receivables, net of current portion | 206,667 | - | 206,667 | 246,667 | - | 246,667 |
| Capital assets, net | - | 11,755,930 | 11,755,930 | - | 11,043,297 | 11,043,297 |
| Total Non-Current Assets | 33,868,045 | 11,755,930 | 45,623,975 | 28,327,506 | 11,043,297 | 39,370,803 |
| Total Assets | \$ 37,487,625 | \$ 12,200,911 | \$ 49,688,536 | \$ 31,362,599 | \$ 11,455,664 | \$ 42,818,263 |
| | | | | | | |
| | <u>Liabilities and Net Position</u> | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 298,981 | \$ 41,843 | \$ 340,824 | \$ 311,587 | \$ 37,915 | \$ 349,502 |
| Unearned revenues | - | - | - | 39,000 | - | 39,000 |
| Note payable | - | 70,135 | 70,135 | - | 86,424 | 86,424 |
| Bond payable | - | 350,010 | 350,010 | - | 333,838 | 333,838 |
| Total Current Liabilities | 298,981 | 461,988 | 760,969 | 350,587 | 458,177 | 808,764 |
| Non-Current Liabilities: | | | | | | |
| Note payable, net of current portion | - | 1,352,031 | 1,352,031 | - | 1,421,433 | 1,421,433 |
| Bond payable, net of current portion | - | 1,297,681 | 1,297,681 | - | 1,802,562 | 1,802,562 |
| Other non-current liabilities | - | 26,953 | 26,953 | - | 34,078 | 34,078 |
| Total-Non Current Liabilities | - | 2,676,665 | 2,676,665 | - | 3,258,073 | 3,258,073 |
| Total Liabilities | 298,981 | 3,138,653 | 3,437,634 | 350,587 | 3,716,250 | 4,066,837 |
| Net Position: | | | | | | |
| Net investment in capital assets | - | 8,686,073 | 8,686,073 | - | 7,399,040 | 7,399,040 |
| Restricted: | | | | | | |
| Nonexpendable | 23,048,262 | - | 23,048,262 | 19,058,482 | - | 19,058,482 |
| Expendable | 12,580,873 | - | 12,580,873 | 11,033,273 | - | 11,033,273 |
| Unrestricted | 1,559,509 | 376,185 | 1,935,694 | 920,257 | 340,374 | 1,260,631 |
| Total Net Position | 37,188,644 | 9,062,258 | 46,250,902 | 31,012,012 | 7,739,414 | 38,751,426 |
| Total Liabilities and Net Position | \$ 37,487,625 | \$ 12,200,911 | \$ 49,688,536 | \$ 31,362,599 | \$ 11,455,664 | \$ 42,818,263 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Combining Statements of Revenues and Expenses
of Major Component Units**

For the Years Ended June 30, 2017 and 2016

| | 2017 | | | 2016 | | |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | Foundation | Assistance Corp. | Combined | Foundation | Assistance Corp. | Combined |
| Operating Revenues: | | | | | | |
| Gifts and contributions | \$ 6,088,753 | \$ - | \$ 6,088,753 | \$ 2,554,399 | \$ - | \$ 2,554,399 |
| Auxiliary enterprises | - | 860,594 | 860,594 | - | 557,563 | 557,563 |
| Other operating revenues | - | 116,443 | 116,443 | - | 199,219 | 199,219 |
| Total Operating Revenues | 6,088,753 | 977,037 | 7,065,790 | 2,554,399 | 756,782 | 3,311,181 |
| Operating Expenses: | | | | | | |
| Educational and general: | | | | | | |
| Public service | 1,888,100 | - | 1,888,100 | 1,663,933 | - | 1,663,933 |
| Institutional support | 335,854 | - | 335,854 | 1,360,763 | - | 1,360,763 |
| Scholarships | 445,941 | - | 445,941 | 380,449 | - | 380,449 |
| Depreciation and amortization | - | 165,798 | 165,798 | - | 169,365 | 169,365 |
| Auxiliary enterprises | - | 1,452,665 | 1,452,665 | - | 1,150,288 | 1,150,288 |
| Total Operating Expenses | 2,669,895 | 1,618,463 | 4,288,358 | 3,405,145 | 1,319,653 | 4,724,798 |
| Net Operating Income | 3,418,858 | (641,426) | 2,777,432 | (850,746) | (562,871) | (1,413,617) |
| Non-Operating Revenues (Expenses): | | | | | | |
| State appropriations, net | - | 1,194,450 | 1,194,450 | - | 1,249,979 | 1,249,979 |
| Contribution to the Assistance Corporation | - | 896,488 | 896,488 | - | 910,824 | 910,824 |
| Investment income | 2,757,774 | - | 2,757,774 | (258,049) | - | (258,049) |
| Other non-operating revenue | - | 3,600 | 3,600 | - | 3,600 | 3,600 |
| Interest expense | - | (130,268) | (130,268) | - | (151,319) | (151,319) |
| Net Non-Operating Revenues | 2,757,774 | 1,964,270 | 4,722,044 | (258,049) | 2,013,084 | 1,755,035 |
| Total Increase (Decrease) in Net Position | 6,176,632 | 1,322,844 | 7,499,476 | (1,108,795) | 1,450,213 | 341,418 |
| Net Position, Beginning of Year | 31,012,012 | 7,739,414 | 38,751,426 | 32,120,807 | 6,289,201 | 38,410,008 |
| Net Position, End of Year | \$ 37,188,644 | \$ 9,062,258 | \$ 46,250,902 | \$ 31,012,012 | \$ 7,739,414 | \$ 38,751,426 |

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies**

Organization

Salem State University (the “University”) is a public, State-supported, comprehensive four-year university, located in Salem, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and master’s degrees in education, business and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Association of Schools and Colleges.

Basis of Presentation and Accounting

The University is an agency 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 units. 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.

The following discretely presented component units have been aggregated into a single combined column:

The Salem State University Foundation, Inc. (the “Foundation”) was formed in 1977 to render financial assistance and support to the educational programs and development of the University. The Foundation is legally separate from the University, and the University is not financially accountable for the Foundation. The Foundation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Foundation’s administrative offices in Salem, Massachusetts.

In 1995, Salem State University Assistance Corporation (the “Assistance Corporation”) was formed as a result of legislation established by the Commonwealth of Massachusetts. The Assistance Corporation was created to promote the orderly growth and development of the University and to assist the University in securing physical and financial resources necessary for the acquisition and development of a site formerly known as the GTE Sylvania plant. In June 2012, legislation was approved further defining the parameters of this “site” to include other such properties determined by the Assistance Corporation to fulfill its mission.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

The Assistance Corporation owns and operates commercial rental properties at this site in Salem, Massachusetts and is legally separate from the University, and the University is not financially accountable for the Assistance Corporation. The Assistance Corporation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Assistance Corporation's administrative offices in Salem, Massachusetts.

During the years ended June 30, 2017 and 2016, the Foundation distributed scholarships in the amount of \$445,941 and \$380,449, respectively, directly to students of the University. Complete financial statements for the Foundation and the Assistance Corporation can be obtained from the Office of the Vice President for Finance and Business, Salem State University, 352 Lafayette Street, Salem, MA 01970.

The University has determined that it functions as a business-type activity, as defined by the Governmental Accounting Standards Board ("GASB"). The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues and expenses, changes in net position and cash flows on a combined University-wide basis.

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 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.

Salem State University 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 the Foundation's financial information in the University's financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

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

The accompanying statements of revenues and expenses demonstrate the degree to which the direct expenses of a given function are offset by programs revenues. Direct expenses are those that are 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.

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

Net Position

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three 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 by the University is subject to externally-imposed stipulations that can be fulfilled by the actions of the University pursuant to those stipulations or that expire by the passage of time.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - continued

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

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.

Cash and Cash Equivalents and Deposits

The University's cash and cash equivalents are considered cash on hand, cash deposits held with the Commonwealth's State Treasurer and Receiver-General, Massachusetts State College Building Authority ("MSCBA") and the Division of Capital Asset Management and Maintenance ("DCAMM"), which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. Provisions for losses on accounts receivables are determined on the basis of loss experience, known and inherent risks in the loan and receivable portfolio, the estimated value of underlying collateral and current economic conditions.

Pledges Receivable - Foundation

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected or paid in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received or paid. Amortization of the discounts is included in contribution revenue or expenses. Conditional promises to give are not included in support or expenses until the conditions are substantially met.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies - Continued

Investments

Investments held with the Commonwealth's State Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are reported at amortized cost. The MMDT is an investment pool for political subdivisions in the Commonwealth that 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 money market instruments. The MMDT, an instrumentality of the State Treasurer, is not a bank, savings institution or financial institution, and is not subject to FDIC insurance. MMDT operates as a qualifying external investment pool and is valued by MMDT's management on an amortized cost where the net asset value is \$1 per share.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in non-operating 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 Statement of Revenues and Expenses. 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 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Investments - continued

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 the 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 Salem 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's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair value. 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. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

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 loan programs provided by the federal government is refundable to the federal government upon ending (liquidation) of the University's participation in the programs. The amount due to the federal government upon liquidation is included as a noncurrent liability in the accompanying financial statements.

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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

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, construction in process, buildings, building and land improvements and furniture and equipment, are reported in the statement of net position at cost or fair market value, if donated. 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.

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 which range from 3 to 40 years.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms and can be extended at the end of these terms for additional 10-year periods each.

The University, in accordance with a management and services agreement between the MSCBA and the 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. The revenue assessment amounts are included in the residential life auxiliary enterprises in the accompanying statements of revenue and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

The Assistance Corporation does not maintain a formal capitalization policy. However, purchases of property and equipment exceeding \$200 are generally deemed capitalizable. Purchased property and equipment is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Contributions - Foundation

In-kind rent and services contributed are recorded as contributions in revenues and other support at their fair market values on the date of receipt. The related expenses or assets are also recorded depending on the form of benefits received.

Deposits Held by Other State Agencies

Funds held by the MSCBA and the DCAMM are primarily for ongoing construction projects and are from bond proceeds and University sources.

Pensions

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fringe Benefits

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

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30th each year. Compensated sick leave represents 20% of amounts earned by those employees with ten or more years of state service at the end of each year. Upon termination of employment, these employees are entitled to receive payment for this accrued balance.

Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue when earned.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Other scholarships or financial aid in excess of tuition and fees are generally reflected as expenses.

Interest Costs 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 2017 and 2016, total interest costs incurred were approximately \$1,684,000 and \$1,825,000, respectively. During 2017 and 2016, total interest costs capitalized were approximately \$453,000 and \$555,000, respectively.

Tax Status

The University is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

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 about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, net position classification, and determining the net pension liability.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements

GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for periods beginning after June 15, 2017. This Statement replaces Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of Statement 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (“OPEB”). It also requires additional information by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures.

GASB 75 also identifies the assumptions and methods that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service for defined benefit OPEB. As discussed in Note 19, management anticipates this standard will require the restatement of balances as of July 1, 2017.

GASB Statement 83 – *Certain Asset Retirement Obligations* (“AROs”) is effective for periods beginning after June 15, 2018. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs and requires that recognition occur when the liability is both incurred and reasonably estimable. Management has not completed its review of the requirements of this Statement and its applicability.

GASB Statement 84 – *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to establish criteria for identifying fiduciary activities. Activity meeting the established criteria would then be presented in a statement of net position and a statement of changes in net position. Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds would be reported, as applicable, according to this Statement. Information of component units of a primary government would be shown in the aggregate with the fiduciary funds of the primary government. Under this Statement, a liability could be recognized to the beneficiaries in a fiduciary fund if the government has been compelled to disburse fiduciary resources. Management has not yet evaluated the effects of the implementation of this Statement.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - continued

GASB Statement 85 – *Omnibus 2017* is effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Management has not completed its review of the requirements of this Statement and its applicability.

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2019. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Statement. Management is in the process of evaluating this Statement and has not yet determined its impact on the financial statements.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Note 2 - **Cash and Cash Equivalents and Deposits**

The carrying amounts of the University's cash and cash equivalents and deposits, net of amounts in transit at June 30, 2017 and 2016 were \$16,941,514 and \$16,656,992 respectively. This includes amounts held in deposit at MMDT of \$11,672,504 and \$11,975,615, as of June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the University had deposits of \$5,026,475 and \$5,016,890, respectively, held in a money market account which was insured by a third party up to a maximum of \$5 million.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 2 - **Cash and Cash Equivalents and Deposits - Continued**

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. The occurrence of such an event would limit the University's recovery of funds deposited with the institution to those amounts covered by the Federal Deposit Insurance Corporation ("FDIC") and other third-party insurance in effect at the time of the failure. The University's goal is to mitigate as much custodial risk associated with its cash assets as possible. Deposits in the bank in excess of the insured amounts are uninsured and uncollateralized.

The University places funds with the MMDT, which is an instrumentality of the Treasurer of the Commonwealth and therefore is not covered by FDIC insurance and its political sub-divisions. It is designed as a legal means to temporarily invest available cash in safe, liquid and high yield investment vehicles by offering participation in a diversified portfolio of high quality money market instruments.

The University does not have a formal policy with respect to the custodial credit risk. Custodial credit risk is that, in the event of a failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Amounts remaining that may be exposed to custodial risk at June 30, 2017 and 2016 were \$541,734 and \$300,356, respectively, which are primarily maintained as part of the University's investment portfolio.

The University maintains a \$50,000 target balance in its clearing account which is fully covered under FDIC limits. Any amounts greater than the target balance are transferred based on an overnight purchase agreement. The investments in these agreements are U.S. agency issued securities fully backed by the U.S. Government.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 2 - **Cash and Cash Equivalents and Deposits - Continued**

Credit Risk

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, 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; and return on investment. The University's investment policy generally limits the maturities of investments to not more than seven years. 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.

As of June 30, 2017, and 2016, the fair values of the University's deposits held at the Massachusetts Municipal Depository Trust were \$11,672,504 and \$11,975,615, respectively. At June 30, 2017, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 59% at 30 days or less; 25% at 31-90 days; 14% at 91-180 days; and 2% at 181 days or more. At June 30, 2016, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 54% at 30 days or less; 29% at 31-90 days; 11% at 91-180 days; and 6% at 181 days or more.

Note 3 - **Cash Held By State Treasurer**

Cash forwarded by the University to and held by the State Treasurer for payment of so-called "non-appropriated" liabilities at June 30, 2017 and 2016 through Massachusetts Management Accounting Reporting System ("MMARS") were recorded in the sums of \$1,751,316 and \$2,333,595, respectively.

Liabilities to be funded by state appropriations at June 30, 2017 and 2016 were \$969,059 and \$781,242, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments**

The University investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. The Foundation follows similar guidance in accordance with Financial Accounting Standards Codification ASC 820-10 which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for an asset or liability.

Mutual funds and common stock are valued at daily closing prices as reported by the fund while common stocks and corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. The stock and mutual funds are classified as Level 1 are deemed to be actively traded. U.S. Government obligations are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs.

University

The University's investments at fair value measurement are as follows at June 30, 2017:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 792,724 | \$ - | \$ - | \$ 792,724 |
| U.S. equities | 1,195,212 | - | - | 1,195,212 |
| Corporate bonds | 465,470 | - | - | 465,470 |
| U.S. Treasuries | 455,276 | - | - | 455,276 |
| International emerging | 252,038 | | | 252,038 |
| Mid Cap equities | 273,741 | | | 273,741 |
| Short-term fixed income | 182,090 | - | - | 182,090 |
| Total mutual funds | 3,616,551 | - | - | 3,616,551 |
| Common stocks | 6,407,622 | - | - | 6,407,622 |
| Corporate bonds | - | 3,494,845 | - | 3,494,845 |
| U.S. Government obligations | - | 25,025 | - | 25,025 |
| Total investment assets | <u>\$10,024,173</u> | <u>\$ 3,519,870</u> | <u>\$ -</u> | <u>\$ 13,544,043</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

The University's investments at fair value measurement are as follows at June 30, 2016:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 1,120,268 | \$ - | \$ - | \$ 1,120,268 |
| U.S. equities | 739,655 | - | - | 739,655 |
| Corporate bonds | 696,139 | - | - | 696,139 |
| U.S. Treasuries | 283,172 | - | - | 283,172 |
| Short-term fixed income | 119,413 | - | - | 119,413 |
| Total mutual funds | 2,958,647 | - | - | 2,958,647 |
| Common stocks | 6,324,554 | - | - | 6,324,554 |
| Corporate bonds | - | 2,821,655 | - | 2,821,655 |
| U.S. Government obligations | - | 255,171 | - | 255,171 |
| Total investment assets | <u>\$ 9,283,201</u> | <u>\$ 3,076,826</u> | <u>\$ -</u> | <u>\$ 12,360,027</u> |

Foundation

The Foundation's investments at fair value measurement are as follows at June 30, 2017:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------------------|---------------------|-------------|----------------------|
| Mutual funds: | | | | |
| International equities | \$ 2,996,051 | \$ - | \$ - | \$ 2,996,051 |
| U.S. equities | 2,216,383 | - | - | 2,216,383 |
| Large cap equities | 1,019,785 | - | - | 1,019,785 |
| Small and mid-cap equities | 737,405 | - | - | 737,405 |
| International bonds | 632,583 | - | - | 632,583 |
| Hard assets | 629,337 | - | - | 629,337 |
| International emerging | 619,887 | - | - | 619,887 |
| Short-term fixed income | 545,401 | - | - | 545,401 |
| Corporate bonds | 475,171 | - | - | 475,171 |
| Fixed income | 421,279 | - | - | 421,279 |
| Other | 328,971 | - | - | 328,971 |
| U.S. bonds and notes | 197,975 | - | - | 197,975 |
| Total mutual funds | 10,820,228 | - | - | 10,820,228 |
| Common stocks | 9,228,960 | - | - | 9,228,960 |
| Corporate bonds | - | 5,999,953 | - | 5,999,953 |
| Money market | 2,670,673 | - | - | 2,670,673 |
| U.S. Government obligations | 649,922 | - | - | 649,922 |
| Certificates of deposits | - | 116,586 | - | 116,586 |
| Other | 500 | - | - | 500 |
| Total investment assets | <u>\$ 23,370,283</u> | <u>\$ 6,116,539</u> | <u>\$ -</u> | <u>\$ 29,486,822</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

Foundation - continued

The Foundation's investments at fair value measurement are as follows at June 30, 2016:

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------------------|---------------------|-------------|----------------------|
| Mututal funds: | | | | |
| International equities | \$ 3,166,921 | \$ - | \$ - | \$ 3,166,921 |
| U.S. equities | 1,877,814 | - | - | 1,877,814 |
| Large cap equities | 990,665 | - | - | 990,665 |
| Corporate bonds | 973,455 | - | - | 973,455 |
| Hard assets | 680,620 | - | - | 680,620 |
| International bonds | 621,547 | - | - | 621,547 |
| U.S. bonds and notes | 417,472 | - | - | 417,472 |
| Small and mid-cap equities | 196,298 | - | - | 196,298 |
| Short-term fixed income | 163,452 | - | - | 163,452 |
| Total mutual funds | 9,088,244 | - | - | 9,088,244 |
| Common stocks | 8,305,369 | - | - | 8,305,369 |
| Corporate bonds | - | 5,362,503 | - | 5,362,503 |
| Money market | 3,066,192 | - | - | 3,066,192 |
| U.S. Government obligations | 620,165 | - | - | 620,165 |
| Certificates of deposits | - | 116,586 | - | 116,586 |
| Other | 500 | - | - | 500 |
| Total investment assets | <u>\$ 21,080,470</u> | <u>\$ 5,479,089</u> | <u>\$ -</u> | <u>\$ 26,559,559</u> |

University

The University categorizes short-term investments according to the level of risk assumed by the University. At June 30, 2017 and 2016, investments totaled \$13,544,043 and \$12,360,027, respectively. These holdings represent investments that are insured, registered and held by the University's investment agent in the University's name. At June 30, 2017 and 2016, there were no individual investments that represented 5% or more of the University's portfolio. The University currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal policies approved by the University's Board of Trustees.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

Investments of the University are exposed to interest rate and market risk. They are stated at fair market value and consist of the following:

| June 30, 2017 Investment Maturity in Years | | | | |
|--|----------------------|-------------------|---------------------|---------------------|
| Investment Type: | Fair Value | Less than 1 | 1-5 | 6-10 |
| Corporate bonds | \$ 3,494,845 | \$ - | \$ 2,076,238 | \$ 1,418,607 |
| Corporate bond funds | 465,470 | - | 221,602 | 243,868 |
| U.S. Government obligations | 25,025 | - | 25,025 | - |
| Short-term fixed income | 182,090 | 182,090 | - | - |
| U.S. Treasuries | 455,276 | - | 48,058 | 407,218 |
| Total fixed income | 4,622,706 | <u>\$ 182,090</u> | <u>\$ 2,370,923</u> | <u>\$ 2,069,693</u> |
| Equity securities | 8,921,337 | | | |
| Total investments | <u>\$ 13,544,043</u> | | | |

| June 30, 2016 Investment Maturity in Years | | | | |
|--|----------------------|-------------------|---------------------|-------------------|
| Investment Type: | Fair Value | Less than 1 | 1-5 | 6-10 |
| Corporate bonds | \$ 2,821,655 | \$ 497,450 | \$ 2,298,117 | \$ 26,088 |
| Corporate bond funds | 696,139 | - | 437,552 | 258,587 |
| U.S. Government obligations | 255,171 | 25,106 | 230,065 | - |
| Short-term fixed income | 119,413 | 119,413 | - | - |
| U.S. Treasuries | 283,172 | - | - | 283,172 |
| Total fixed income | 4,175,550 | <u>\$ 641,969</u> | <u>\$ 2,965,734</u> | <u>\$ 567,847</u> |
| Equity securities | 8,184,477 | | | |
| Total investments | <u>\$ 12,360,027</u> | | | |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 4 - **Investments - Continued**

University - continued

The following table summarizes the quality ratings of the University's debt investments at June 30, 2017:

| | Quality Ratings | | | | | | | | |
|-----------------------------|-----------------|------------|--------------|--------------|------------|------------|------------|------------|------------|
| | Fair Value | Ba2 | Baa1 | Baa2 | A1 | A2 | A3 | AGCY | Not Rated |
| Corporate bonds | \$ 3,494,845 | \$ 147,185 | \$ 1,034,966 | \$ 1,008,232 | \$ 231,042 | \$ 354,301 | \$ 719,119 | \$ - | \$ - |
| Corporate bond funds | 465,470 | - | - | - | - | - | - | - | 465,470 |
| U.S. Government obligations | 25,025 | - | - | - | - | - | - | 25,025 | - |
| Short-term fixed income | 182,090 | - | - | - | - | - | - | - | 182,090 |
| U.S. Treasuries | 455,276 | - | - | - | - | - | - | 455,276 | - |
| Totals | \$ 4,622,706 | \$ 147,185 | \$ 1,034,966 | \$ 1,008,232 | \$ 231,042 | \$ 354,301 | \$ 719,119 | \$ 480,301 | \$ 647,560 |

The following table summarizes the quality ratings of the University's debt investments at June 30, 2016:

| | Quality Ratings | | | | | | | | | |
|-----------------------------|-----------------|-----------|------------|------------|--------------|------------|------------|------------|------------|--------------|
| | Fair Value | Ba1 | Baa1 | Baa2 | A1 | A2 | A3 | Aa1 | AGCY | Not Rated |
| Corporate bonds | \$ 2,821,655 | \$ 97,810 | \$ 224,834 | \$ 150,609 | \$ 1,058,957 | \$ 668,677 | \$ 440,737 | \$ 180,031 | \$ - | \$ - |
| Corporate bond funds | 696,139 | - | - | - | - | - | - | - | - | 696,139 |
| U.S. Government obligations | 255,171 | - | - | - | - | - | - | - | 255,171 | - |
| Short-term fixed income | 119,413 | - | - | - | - | - | - | - | - | 119,413 |
| U.S. Treasuries | 283,172 | - | - | - | - | - | - | - | - | 283,172 |
| Totals | \$ 4,175,550 | \$ 97,810 | \$ 224,834 | \$ 150,609 | \$ 1,058,957 | \$ 668,677 | \$ 440,737 | \$ 180,031 | \$ 255,171 | \$ 1,098,724 |

Investment Income (Loss)

The following schedule summarizes the investment income (loss) in the statements of revenues and expenses for the University and Foundation for the years ended June 30:

| | University 2017 | University 2016 | Foundation 2017 | Foundation 2016 |
|--|---------------------|---------------------|---------------------|---------------------|
| Interest and dividends | \$ 502,758 | \$ 373,089 | \$ 598,409 | \$ 599,381 |
| Net realized and unrealized gains and (losses) | 1,312,778 | (484,011) | 2,254,172 | (733,394) |
| Investment fees | (60,060) | (59,041) | (94,807) | (124,036) |
| Total investment income (loss) | <u>\$ 1,755,476</u> | <u>\$ (169,963)</u> | <u>\$ 2,757,774</u> | <u>\$ (258,049)</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 5 - **Accounts, Grants and Other Receivables**

The accounts, grants and other receivables balances were comprised of the following at June 30:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Student accounts | \$ 11,452,495 | \$ 14,366,931 |
| Grants | 620,278 | 581,952 |
| Other | <u>1,067,392</u> | <u>788,296</u> |
| Total gross receivables | 13,140,165 | 15,737,179 |
| Less: allowance for doubtful accounts | <u>(7,181,405)</u> | <u>(6,914,099)</u> |
| Total accounts, grants and other receivables, net | <u>\$ 5,958,760</u> | <u>\$ 8,823,080</u> |

Note 6 - **Pledges Receivable and Notes Receivable**

Pledges Receivable - Foundation

Pledges receivable for the Foundation consisted of the following as of June 30 and are expected to be realized as follows:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|---------------------|---------------------|
| Within one year | \$ 1,303,299 | \$ 1,844,881 |
| Between one to five years | 4,696,662 | 1,646,793 |
| More than five years | <u>103,417</u> | <u>210,217</u> |
| Total pledges receivables | 6,103,378 | 3,701,891 |
| Less: | | |
| Allowance for doubtful accounts | (85,000) | (85,000) |
| Discount to net present value at 3% | <u>(540,523)</u> | <u>(250,730)</u> |
| Pledges receivable, net | 5,477,855 | 3,366,161 |
| Less: current portion of receivable | <u>(1,303,299)</u> | <u>(1,844,881)</u> |
| Long-term pledges receivable, net | <u>\$ 4,174,556</u> | <u>\$ 1,521,280</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 6 - **Pledges Receivable and Notes Receivable - Continued**

Notes Receivable - Foundation

During 2014, the Foundation provided a loan of \$600,000 to the Assistance Corporation to be used to purchase a property that was then leased to the University. The loan consisted of two notes: the first in the amount of \$200,000, requiring monthly principal payments of \$5,556 plus interest at 1.25%, maturing in August 2016; the second in the amount of \$400,000, requiring monthly principal payments of \$3,333 plus interest at 6.98% through August 2018, at which point the interest will be adjusted to the Federal Home Loan Bank of Boston Classic Rate for five-year maturities (2.28% and 1.57% at June 30, 2017 and 2016, respectively) plus 475 basis points. This note matures in August 2023. Funding was provided from the Foundation's investment portfolios and all repayments, including principal and interest, will be reinvested therein.

Future minimum maturities of the notes receivable for years subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | |
|--------------------------|-------------------|
| 2018 | 40,000 |
| 2019 | 40,000 |
| 2020 | 40,000 |
| 2021 | 40,000 |
| 2022 | 40,000 |
| Thereafter | 46,667 |
| Total | <u>\$ 246,667</u> |

Note 7 - **Loans Receivable and Payable**

Loans receivable and payable consist primarily of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Loan Program ("NSL"). The Federal Government originally provided the majority of the funds to support these programs. Under certain conditions loan payments from students made under those programs may be re-loaned after collection. The portion of the Perkins and NSL Programs provided by the Federal Government is refundable to the Federal Government upon the ending ("liquidation") of the University's participation in the programs.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 7 - **Loans Receivable and Payable - Continued**

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 lack of collectability and have been accepted (assigned) by the Department of Education. 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.

Loans receivable from students include the following at June 30,:

| | 2017 | 2016 |
|------------------------------|--------------|--------------|
| Perkins | \$ 1,433,891 | \$ 1,368,007 |
| Nursing | 573,197 | 615,411 |
| Other | 20,620 | 22,384 |
| Total loans receivable | 2,027,708 | 2,005,802 |
| Less: amount due in one year | (221,611) | (264,430) |
| Long-term loan receivables | \$ 1,806,097 | \$ 1,741,372 |

Amounts that would have to be repaid to the Federal Government upon liquidation by the University at June 30 are as follows:

| | 2017 | 2016 |
|---------------------|--------------|--------------|
| Perkins | \$ 1,425,966 | \$ 1,507,927 |
| Nursing | 764,207 | 751,605 |
| Total loans payable | \$ 2,190,173 | \$ 2,259,532 |

The Federal Perkins Loan Program Extension Act of 2015 (the "Extension Act"), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. Students that received a fall semester Perkins loan disbursement before October 1, 2017 can receive a spring semester Perkins loan disbursement. The University is currently evaluating alternative methods of financial aid for students affected by the Extension Act for the 2018-19 academic year.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets**

University

Capital asset activity for the University for the year ended June 30, 2017 is as follows:

| | Beginning Balance | Additions | Transfer to Capital Assets | Ending Balance |
|--------------------------------------|-----------------------|---------------------|-------------------------------|-----------------------|
| Capital assets not depreciated: | | | | |
| Land | \$ 2,536,173 | \$ - | \$ - | \$ 2,536,173 |
| Construction in process | 20,361,280 | 17,167,580 | (31,157,344) | 6,371,516 |
| Total capital assets not depreciated | <u>22,897,453</u> | <u>17,167,580</u> | <u>(31,157,344)</u> | <u>8,907,689</u> |
| Capital assets depreciated: | | | | |
| Buildings | 90,129,935 | - | - | 90,129,935 |
| Buildings and land improvements | 106,433,382 | - | 30,516,182 | 136,949,564 |
| Furniture and equipment | 29,507,734 | 252,339 | 641,162 | 30,401,235 |
| Total capital assets depreciated | <u>226,071,051</u> | <u>252,339</u> | <u>31,157,344</u> | <u>257,480,734</u> |
| Total capital assets | <u>248,968,504</u> | <u>17,419,919</u> | <u>-</u> | <u>266,388,423</u> |
| Less: accumulated depreciation: | | | | |
| Buildings | 24,897,058 | 1,928,972 | - | 26,826,030 |
| Building improvements | 35,878,971 | 5,181,620 | - | 41,060,591 |
| Furniture and equipment | 24,487,488 | 1,366,225 | - | 25,853,713 |
| Total accumulated depreciation | <u>85,263,517</u> | <u>8,476,817</u> | <u>-</u> | <u>93,740,334</u> |
| Capital assets, net | <u>\$ 163,704,987</u> | <u>\$ 8,943,102</u> | <u>\$ -</u> | <u>\$ 172,648,089</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

University - continued

Capital asset activity for the University for the year ended June 30, 2016 is as follows:

| | Beginning Balance | Additions | Transfer to Capital Assets | Ending Balance |
|--------------------------------------|-----------------------|---------------------|-------------------------------|-----------------------|
| Capital assets not depreciated: | | | | |
| Land | \$ 2,536,173 | \$ - | \$ - | \$ 2,536,173 |
| Construction in process | 12,455,886 | 15,228,683 | (7,323,289) | 20,361,280 |
| Total capital assets not depreciated | <u>14,992,059</u> | <u>15,228,683</u> | <u>(7,323,289)</u> | <u>22,897,453</u> |
| Capital assets depreciated: | | | | |
| Buildings | 90,129,935 | - | - | 90,129,935 |
| Buildings and land improvements | 98,373,297 | 862,795 | 7,197,290 | 106,433,382 |
| Furniture and equipment | 29,279,716 | 102,019 | 125,999 | 29,507,734 |
| Total capital assets depreciated | <u>217,782,948</u> | <u>964,814</u> | <u>7,323,289</u> | <u>226,071,051</u> |
| Total capital assets | <u>232,775,007</u> | <u>16,193,497</u> | <u>-</u> | <u>248,968,504</u> |
| Less: accumulated depreciation: | | | | |
| Buildings | 22,968,084 | 1,928,974 | - | 24,897,058 |
| Building improvements | 31,576,762 | 4,302,209 | - | 35,878,971 |
| Furniture and equipment | 22,842,001 | 1,645,487 | - | 24,487,488 |
| Total accumulated depreciation | <u>77,386,847</u> | <u>7,876,670</u> | <u>-</u> | <u>85,263,517</u> |
| Capital assets, net | <u>\$ 155,388,160</u> | <u>\$ 8,316,827</u> | <u>\$ -</u> | <u>\$ 163,704,987</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

Assistance Corporation

Capital asset activity of the Assistance Corporation for the year ended June 30, 2017 was as follows:

| | Beginning Balance | Additions | Ending Balance |
|--------------------------------------|----------------------|-------------------|----------------------|
| Capital assets not depreciated: | | | |
| Land | \$ 7,621,892 | \$ 539,590 | \$ 8,161,482 |
| Total capital assets not depreciated | <u>7,621,892</u> | <u>539,590</u> | <u>8,161,482</u> |
| Capital assets depreciated: | | | |
| Buildings | 1,446,719 | 338,841 | 1,785,560 |
| Building improvements | 4,214,941 | - | 4,214,941 |
| Furniture and equipment | 191,112 | - | 191,112 |
| Total capital assets depreciated | <u>5,852,772</u> | <u>338,841</u> | <u>6,191,613</u> |
| Total capital assets | <u>13,474,664</u> | <u>878,431</u> | <u>14,353,095</u> |
| Less accumulated depreciation: | | | |
| Buildings | 533,213 | 36,168 | 569,381 |
| Buildings improvements | 1,723,433 | 120,123 | 1,843,556 |
| Furniture and equipment | 174,721 | 9,507 | 184,228 |
| Total accumulated depreciation | <u>2,431,367</u> | <u>165,798</u> | <u>2,597,165</u> |
| Capital assets, net | <u>\$ 11,043,297</u> | <u>\$ 712,633</u> | <u>\$ 11,755,930</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 8 - **Capital Assets - Continued**

Assistance Corporation - continued

Capital asset activity of the Assistance Corporation for the year ended June 30, 2016 was as follows:

| | Beginning Balance | Additions | Ending Balance |
|--------------------------------------|----------------------|-------------------|----------------------|
| Capital assets not depreciated: | | | |
| Land | \$ 6,987,769 | \$ 634,123 | \$ 7,621,892 |
| Total capital assets not depreciated | <u>6,987,769</u> | <u>634,123</u> | <u>7,621,892</u> |
| Capital assets depreciated: | | | |
| Buildings | 1,170,018 | 276,701 | 1,446,719 |
| Building improvements | 4,214,941 | - | 4,214,941 |
| Furniture and equipment | 191,112 | - | 191,112 |
| Total capital assets depreciated | <u>5,576,071</u> | <u>276,701</u> | <u>5,852,772</u> |
| Total capital assets | <u>12,563,840</u> | <u>910,824</u> | <u>13,474,664</u> |
| Less accumulated depreciation: | | | |
| Buildings | 498,275 | 34,938 | 533,213 |
| Buildings improvements | 1,598,515 | 124,918 | 1,723,433 |
| Furniture and equipment | 165,212 | 9,509 | 174,721 |
| Total accumulated depreciation | <u>2,262,002</u> | <u>169,365</u> | <u>2,431,367</u> |
| Capital assets, net | <u>\$ 10,301,838</u> | <u>\$ 741,459</u> | <u>\$ 11,043,297</u> |

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 9 - **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses include the following at June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Accounts payable - trade | \$ 2,230,457 | \$ 1,884,259 |
| Accrued interest payable | 391,022 | 362,094 |
| Tuition due to state | 77,450 | 76,817 |
| Other | <u>1,336,547</u> | <u>1,078,611</u> |
| Total accounts payable and accrued expenses | <u>\$ 4,035,476</u> | <u>\$ 3,401,781</u> |

Note 10 - **Unearned Revenues**

Unearned revenues include tuition received in advance from students for courses commencing after June 30 primarily for summer and fall semesters (FY 2018) and grant funds received in advance. Unearned revenues of the University include the following at June 30,:

| | <u>2017</u> | <u>2016</u> |
|------------------------|---------------------|---------------------|
| Tuition and fees | \$ 2,726,159 | \$ 7,079,442 |
| Grants | 415,797 | 328,324 |
| Other | <u>1,294</u> | <u>20,038</u> |
| Total unearned revenue | <u>\$ 3,143,250</u> | <u>\$ 7,427,804</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities**

Long-term liabilities of the University at June 30, 2017 consist of:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| Bond, loans and note payable: | | | | | |
| Bonds payable | \$ 39,806,037 | \$ 3,795,907 | \$ 1,782,461 | \$ 41,819,483 | \$ 1,870,449 |
| Bond premiums | 3,583,843 | - | 200,903 | 3,382,940 | 200,892 |
| Loans payable | 2,259,532 | - | 69,359 | 2,190,173 | - |
| Note payable | 161,919 | - | 67,675 | 94,244 | 81,546 |
| Total bonds, loans and note payable | <u>45,811,331</u> | <u>3,795,907</u> | <u>2,120,398</u> | <u>47,486,840</u> | <u>2,152,887</u> |
| Other long-term liabilities: | | | | | |
| Accrued compensated absences | 9,557,763 | 202,453 | - | 9,760,216 | 6,120,020 |
| Workers' compensaton | 958,082 | 219,236 | - | 1,177,318 | 222,168 |
| Net pension liability | 44,297,126 | 2,676,270 | - | 46,973,396 | - |
| Total other long-term liabilities | <u>54,812,971</u> | <u>3,097,959</u> | <u>-</u> | <u>57,910,930</u> | <u>6,342,188</u> |
| Total long-term liabilities | <u>\$ 100,624,302</u> | <u>\$ 6,893,866</u> | <u>\$ 2,120,398</u> | <u>\$ 105,397,770</u> | <u>\$ 8,495,075</u> |

Long-term liabilities of the University at June 30, 2016 consist of:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|----------------------|----------------------|---------------------|-----------------------|---------------------|
| Bond, loans and note payable: | | | | | |
| Bonds payable | \$ 40,322,832 | \$ 1,090,000 | \$ 1,606,795 | \$ 39,806,037 | \$ 1,664,256 |
| Bond premiums | 3,730,972 | 53,758 | 200,887 | 3,583,843 | 200,892 |
| Loans payable | 2,290,470 | - | 30,938 | 2,259,532 | - |
| Note payable | 234,388 | - | 72,469 | 161,919 | 73,887 |
| Total bonds, loans and note payable | <u>46,578,662</u> | <u>1,143,758</u> | <u>1,911,089</u> | <u>45,811,331</u> | <u>1,939,035</u> |
| Other long-term liabilities: | | | | | |
| Accrued compensated absences | 9,202,884 | 354,879 | - | 9,557,763 | 6,029,533 |
| Workers' compensaton | 1,176,844 | - | 218,762 | 958,082 | 202,631 |
| Net pension liability | 21,889,032 | 22,408,094 | - | 44,297,126 | - |
| Total other long-term liabilities | <u>32,268,760</u> | <u>22,762,973</u> | <u>218,762</u> | <u>54,812,971</u> | <u>6,232,164</u> |
| Total long-term liabilities | <u>\$ 78,847,422</u> | <u>\$ 23,906,731</u> | <u>\$ 2,129,851</u> | <u>\$ 100,624,302</u> | <u>\$ 8,171,199</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable - University

Over the past 11 years, the University, in association with the MSCBA, DCAMM and the Massachusetts Development Finance Agency (“MDFA”), has entered into financing and construction agreements for various campus projects. The projects are as follows:

O’Keefe Athletic Complex Fields

During fiscal year 2005, the University entered into an agreement with the MSCBA to initiate a construction project to upgrade the University’s athletic field at the O’Keefe Athletic Complex. The scope of the services provided by MSCBA included planning and design as well as project management and construction. The project was completed during fiscal year 2006. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A via First Albany Capital, Public Finance).

Through its agreement with MSCBA, the University has an agreement to re-pay this debt in semi-annual installments, which started June 30, 2005 and ends June 30, 2025 at an annual variable coupon rate averaging approximately 4.25%. The outstanding balance of this obligation including unamortized bond premium was \$1,600,839 and \$1,746,756 at June 30, 2017 and 2016, respectively.

Central Campus Athletic Field and Tennis Court

During fiscal year 2006, the MSCBA issued Project 2006A bonds to support a project for the construction of a multi-purpose athletic field and tennis courts on the Central Campus of the University. The University has an agreement with the MSCBA to re-pay this debt in semi-annual installments, which started May 1, 2006 and ends May 1, 2026, at an annual coupon rate of approximately 4.26%. The outstanding balance of this obligation including unamortized bond premium was \$1,989,833 and \$2,150,153 at June 30, 2017 and 2016, respectively.

Clean Renewable Energy Initiatives

During fiscal year 2008, the MDFA issued Clean Renewable Energy Bonds totaling \$214,500 on behalf of the University. The proceeds from this issue were used to install solar panels on various buildings on campus. Through its agreement with MDFA, the University agreed to re-pay this interest free debt with annual principal installments of \$14,300. The term of the issue is from December 31, 2007 to December 31, 2020. The outstanding balance of this obligation was \$71,500 and \$85,800 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

In September 2010, the Commonwealth of Massachusetts issued Clean Renewable Energy Bonds (“CREBS”) at 3.5%. From this bond issue, the University received \$289,995 for the purpose of acquiring and installing solar panels on the O’Keefe Center. The University makes semi-annual payments of interest and principal. The bond holder is Century Bank. The term of the bond extends to May 2027. The outstanding balance of the obligation was \$170,585 and \$187,643 at June 30, 2017 and 2016, respectively.

Harold E. and Marilyn J. Gassett Fitness & Recreation Center at the O’Keefe Athletic Complex

In January of 2012, the MSCBA issued 2012A Project Bonds. The University was allotted \$16,028,603 for the construction of a Fitness Center as part of the O’Keefe Athletic Complex. The University’s portion of this issue consisted of principal of \$14,230,000 with a premium of \$1,798,603. The term of this debt extends to June 30, 2036 with a true interest cost (“TIC”) of 3.94%. The outstanding balance of this obligation including unamortized bond premium was \$14,114,243 and \$14,592,610 at June 30, 2017 and 2016, respectively.

With this issue, the 2005 and 2006 bond issues were refinanced at the lower TIC. This resulted in lower interest payments on both the 2005 and 2006 bond issues starting with the MSCBA 2012 spring assessment until the respective maturity date of each bond. The Debt Service Reserve for the 2005 bond was also reduced by approximately \$159,000 leaving a balance of \$88,612. A debt service reserve remains for the 2006 bond in the amount of \$245,737, which is unchanged from FY 2012.

Sophia Gordon Center for Creative and Performing Arts Theatre and Other Projects

During January 2014, the MSCBA issued 2014 project bonds on behalf of the University. These bond proceeds along with other University funds are being used to fund the construction of various projects on campus. These projects include the creation of the Student Navigation Center, comprehensive renovations to the Sophia Gordon Center for Creative and Performing Arts Theatre, relocation of the Public Safety station and the development and creation of a parking lot on Assistance Corporation owned land. These bonds consist of principal in the amount of \$19,030,000, issued at a premium of \$2,243,187. The average annual coupon rate is approximately 4.0% over the life of the issue, and the term of this debt extends to June 30, 2033. The outstanding balance of this obligation including unamortized bond premium was \$19,108,461 and \$19,923,996 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Land Acquisition Bond

In addition to the MSCBA issued 2014 project bonds, the MSCBA held additional bond proceeds for the University to use for future land acquisitions. These bond proceeds were used for land acquisitions on behalf of the Assistance Corporation during the 2016 fiscal year and have been included as a contribution (expense) to the Assistance Corporation in these financial statements under Non-Operating Revenues (Expenses). This bond amount consists of principal in the amount of \$1,090,000, issued at a premium of \$53,758. The average annual coupon rate is approximately 4.8% over the life of the issue, and the term of this debt extends to June 30, 2048. The outstanding balance of this obligation including unamortized bond premium was \$1,110,500 and \$1,127,129 at June 30, 2017 and 2016, respectively.

Clean Energy Investment Program

During July 2013, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project – Phase 1 (the project). In addition, during February 2014, the University entered into a second Memorandum of Agreement with DCAMM related to the same project but known as Phase 2. The project's goal is to upgrade the University campus wide lighting and lighting controls, water conservation and vending machine controls, motors, steam traps, pipe insulation, kitchen hood controls, energy management system upgrades, high efficiency gas boilers and HVAC modifications.

During March 2016, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project - Phase 3 (the project). The project's goal is a comprehensive energy and water saving performance contract which includes ice rink renovations, lighting upgrades, EMS and HVAC upgrades.

The total project cost for Phase 1 is \$1,694,560 and is to be repaid over 15 years at 4.0% interest per annum. Annual payments of principal and interest for Phase 1 in the amount of \$152,411 commenced in January 2015. The total project cost for Phase 2 is \$2,291,402 and is to be repaid over 15 years at 3.75% interest per annum. Annual payments of principal and interest for Phase 2 in the amount of \$202,505 commenced in January 2015. The total project cost for the University for Phase 3 is \$2,801,950 and will be repaid over 20 years at 3.0% interest per annum commencing on January 1, 2018. The annual payments of principal and interest for Phase 3 amount to \$188,335 per annum. The outstanding balance of the obligations for Phase 1, 2 and 3 was \$6,160,724 and \$3,575,793 at June 30, 2017 and 2016, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Property Acquisition – Garage Bond

MSCBA held excess bond proceeds on behalf of the University for future real estate acquisitions. These bond proceeds were used for property acquisitions on behalf of the Assistance Corporation during June 2017 and have been included as a contribution (expense) to the Assistance Corporation in these financial statements under Non-Operating Revenues (Expenses). This bond amount consists of principal in the amount of \$875,738 as of June 30, 2017. The average annual coupon rate is approximately 5.0% over the life of the issue, and the term of this debt extends to June 30, 2044.

Debt Service Reserves

Total debt service reserves held by the MSCBA for past bond issuances amount to \$1,473,340 at June 30, 2017 and 2016.

Bond Payable Maturities

Maturities of the bonds payable subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | Principal | Amortization of Premium | Interest | Total |
|--------------------------|----------------------|----------------------------|----------------------|----------------------|
| 2018 | \$ 1,870,449 | \$ 200,892 | \$ 1,903,314 | \$ 3,974,655 |
| 2019 | 2,000,775 | 200,892 | 1,959,121 | 4,160,788 |
| 2020 | 2,065,608 | 200,892 | 1,785,157 | 4,051,657 |
| 2021 | 2,155,281 | 200,892 | 1,693,582 | 4,049,755 |
| 2022 | 2,244,670 | 200,892 | 1,597,494 | 4,043,056 |
| 2023-2027 | 12,092,668 | 990,675 | 6,323,603 | 19,406,946 |
| 2028-2032 | 11,996,496 | 952,690 | 3,491,407 | 16,440,593 |
| 2033-2037 | 6,488,383 | 417,205 | 863,076 | 7,768,664 |
| 2038-2042 | 450,834 | 8,145 | 176,201 | 635,180 |
| 2043-2048 | 454,319 | 9,765 | 64,991 | 529,075 |
| Total | <u>\$ 41,819,483</u> | <u>\$ 3,382,940</u> | <u>\$ 19,857,946</u> | <u>\$ 65,060,369</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Note Payable University

During September 2013, a note payable was acquired for \$363,653 to purchase various equipment for use in the Gasset Fitness Center. The note payable term is for five years, requires monthly payments of \$6,364, has an average interest rate of 2% and is payable through August 2018. The annual principal payments on this note are as follows:

| Years Ending June 30, | |
|--------------------------|------------------|
| 2018 | \$ 81,546 |
| 2019 | 12,698 |
| Total | <u>\$ 94,244</u> |

Long-term Liabilities - Assistance Corporation

Long-term liabilities for the Assistance Corporation at June 30, 2017 consisted of:

| | <u>Beginning Balance</u> | <u>Increases (Reductions)</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Non-Current Portion</u> |
|---------------|------------------------------|-----------------------------------|---------------------------|----------------------------|--------------------------------|
| Notes payable | \$ 1,507,857 | \$ (85,691) | \$ 1,422,166 | \$ 70,135 | \$ 1,352,031 |
| Bonds payable | 2,136,400 | (488,709) | 1,647,691 | 350,010 | 1,297,681 |
| Other notes | 34,078 | (7,125) | 26,953 | - | 26,953 |
| Total | <u>\$ 3,678,335</u> | <u>\$ (581,525)</u> | <u>\$ 3,096,810</u> | <u>\$ 420,145</u> | <u>\$ 2,676,665</u> |

Long-term liabilities for the Assistance Corporation at June 30, 2016 consisted of:

| | <u>Beginning Balance</u> | <u>Increases (Reductions)</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Non-Current Portion</u> |
|---------------|------------------------------|-----------------------------------|---------------------------|----------------------------|--------------------------------|
| Notes payable | \$ 1,647,058 | \$ (139,201) | \$ 1,507,857 | \$ 86,424 | \$ 1,421,433 |
| Bonds payable | 2,609,043 | (472,643) | 2,136,400 | 333,838 | 1,802,562 |
| Other notes | 31,630 | 2,448 | 34,078.00 | - | 34,078 |
| Total | <u>\$ 4,287,731</u> | <u>\$ (609,396)</u> | <u>\$ 3,678,335</u> | <u>\$ 420,262</u> | <u>\$ 3,258,073</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities - Continued**

Notes Payable Assistance Corporation

The Assistance Corporation has two promissory notes outstanding with the Salem State University Foundation. Under the terms of the first promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$400,000 plus interest accruing at 6.98% per annum. Principal payments in the amount of \$3,333 plus interest are due monthly. Under the agreement, the interest rate will be adjusted so that it is equal to 475 basis points above the Federal Home Loan Bank of Boston Classic rate for 5 year maturities. The entire outstanding principal balance of the note along with any accrued interest is due on August 2023. Under the terms of the second promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$200,000 plus interest accruing at 1.25% per annum. Principal payments in the amount of \$5,556 plus interest are due monthly. The entire outstanding principal balance of the note along with any accrued interest was paid during the year ended June 30, 2017.

Notes Payable Assistance Corporation - continued

The Assistance Corporation maintains a loan with a bank. The loan is a five year adjustable rate mortgage due September 2022 with a 25-year amortization. Payments in the amount of \$6,856, including principal and interest at 3.95% are due monthly through August 2017 at which time the interest rate will be adjusted to 4.625% for the remainder of the term. A final balloon payment representing the outstanding balance is due in September 2022. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

The annual debt service requirements to maturity for the note payable are as follows:

| Years Ending | Principal | Interest |
|--------------|---------------------|-------------------|
| June 30, | | |
| 2018 | \$ 70,135 | \$ 68,187 |
| 2019 | 70,187 | 65,420 |
| 2020 | 71,613 | 61,199 |
| 2021 | 73,107 | 56,893 |
| 2022 | 74,671 | 52,517 |
| Thereafter | 1,062,453 | 13,724 |
| Total | <u>\$ 1,422,166</u> | <u>\$ 317,940</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 11 - **Long-Term Liabilities – Continued**

Bonds Payable Assistance Corporation

In August 2010, HEFA issued Revenue Bonds, Salem State University Assistance Corporation Issue, Series 2010A bearing interest at 3.26% with a maturity date of September 15, 2020 in the amount of \$4,700,000. HEFA sold the bonds to TD Bank and loaned the proceeds to the Assistance Corporation.

The loan proceeds were used to acquire additional rental property that would be leased to the University for approximately \$4,500,000 and to pay for associated financial and closing costs. This property is currently being leased under an agreement with Salem State University. Subsequent to June 30, 2017, principal and interest payments on the revenue bond payable for the next five years are as follows:

| Years Ending June 30, | Principal | Interest |
|--------------------------|---------------------|-------------------|
| 2018 | \$ 350,010 | \$ 48,516 |
| 2019 | 361,592 | 36,933 |
| 2020 | 373,558 | 24,968 |
| 2021 | 562,531 | 4,326 |
| Total | <u>\$ 1,647,691</u> | <u>\$ 114,743</u> |

Note 12 - **Pensions**

Defined Benefit Plan Description

The University makes contributions for employees paid by state appropriations through a benefit charge assessed by the Commonwealth. Such pension expense amounted to \$7,462,847 and \$6,866,271 for the years ended June 30, 2017 and 2016, respectively. Employees, who contribute a percentage of their regular compensation, fund the annuity portion of the retirement System. Annual covered payroll was approximately 68% and 70% of total related payroll for fiscal years end June 30, 2017, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Defined Benefit Plan Description - continued

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit-pension plan – the Massachusetts State Employees’ Retirement System (“SERS”) – administered by the Massachusetts State Board of Retirement (the “Board”), which is a public employee retirement system (“PERS”). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers’ payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees’ Retirement System does not issue a stand-alone financial statement.

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (“MGL”) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 are not eligible for retirement until they have reached age 60.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Contributions

The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets. Member contributions for SERS vary depending on the most recent date of membership:

| <u>Hire Date</u> | <u>Percent of Compensation</u> |
|---------------------|---|
| Prior to 1975 | 5% of regular compensation |
| 1975 - 1983 | 7% of regular compensation |
| 1984 to 6/30/1996 | 8% of regular compensation |
| 7/1/1996 to present | 9% of regular compensation except for State Police which is 12% of regular compensation |
| 1979 to present | An additional 2% of regular compensation in excess of \$30,000 |

The University is required to contribute at an actuarially determined rate; the rate was 9.95% and 9.45% of annual covered payroll for the fiscal years ended June 30, 2017 and 2016, respectively. The University contributed \$2,716,688 and \$2,446,187 for the fiscal years ended June 30, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 and 2016, the University reported a liability of \$46,973,396 and \$44,297,126, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2017, the reporting date, was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. The net pension liability as of June 30, 2016, the reporting date, was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. The University's proportion of the net pension liability was based on its share of the Commonwealth's collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2016 and 2015, respectively. The University's proportionate share was based on actual employer contributions to the SERS for fiscal years 2016 and 2015 relative to total contributions of all participating employers for the fiscal years. At June 30, 2016 and 2015, the University's proportion was 0.341% and 0.389%, respectively.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

For the years ended June 30, 2017 and 2016, the University recognized pension expense of \$4,746,159 and \$4,420,084, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| <u>Deferred Outflows of Resources</u> | | |
| Difference between expected and actual experience | \$ 2,231,111 | \$ 875,604 |
| Net differences between projected and actual earnings on pension plan investments | 3,153,237 | - |
| Change in plan actuarial assumptions, net | 5,209,037 | 7,671,355 |
| Changes in proportion from Commonwealth | 104,648 | - |
| Changes in proportion due to internal allocation | 6,211,803 | 8,084,944 |
| Contributions subsequent to the measurement date | <u>2,716,688</u> | <u>2,446,187</u> |
| Total deferred outflows related to pension | <u>\$19,626,524</u> | <u>\$19,078,090</u> |
| <u>Deferred Inflows of Resources</u> | | |
| Net differences between projected and actual earnings on pension plan investments | \$ - | \$ 1,272,915 |
| Changes in proportion from Commonwealth | 22,631 | 34,006 |
| Changes in proportion due to internal allocation | <u>3,867,474</u> | <u>-</u> |
| Total deferred inflows related to pension | <u>\$ 3,890,105</u> | <u>\$ 1,306,921</u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12- **Pensions - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - continued

The University's contributions of \$2,716,677 and \$2,446,187 made during the fiscal years ending 2017 and 2016, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

| Years Ending <u>June 30,</u> | |
|---------------------------------|---------------------|
| 2018 | \$ 2,947,461 |
| 2019 | 2,947,461 |
| 2020 | 4,213,615 |
| 2021 | 2,680,542 |
| 2022 | <u>230,652</u> |
| | <u>\$13,019,731</u> |

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Measurement date | June 30, 2017 | June 30, 2016 |
|--|----------------|----------------|
| Inflation | 3.00% | 3.00% |
| Salary increases | 4.00% to 9.00% | 3.50% to 9.00% |
| Investment rate of return | 7.50% | 7.50% |
| Interest rate credited to annuity savings fund | 3.50% | 3.50% |

For measurement dates June 30, 2016 and 2015, mortality rates were based on:

- Pre-retirement - reflects RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement - reflects RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability - the mortality rate is assumed to be in accordance with the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions – Continued**

Actuarial Assumptions - continued

The actuarial assumptions used in the January 1, 2016 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of the actuarial experience study performed as of January 1, 2016.

The actuarial assumptions used in the January 1, 2015 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of the actuarial experience study performed as of January 1, 2015.

Investment assets of SERS are with the Pension Reserves Investment Trust (“PRIT”) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, are summarized in the following table:

| Asset Class | 2016 | | 2015 | |
|---------------------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-term expected real rate of return | Target Allocation | Long-term expected real rate of return |
| Global Equity | 40% | 6.90% | 40% | 6.90% |
| Core Fixed Income | 13% | 1.60% | 13% | 2.40% |
| Hedge Funds | 9% | 4.00% | 9% | 5.80% |
| Private Equity | 10% | 8.70% | 10% | 8.50% |
| Real Estate | 10% | 4.60% | 10% | 6.50% |
| Portfolio Completion Strategies | 4% | 3.60% | 4% | 5.50% |
| Value Added Fixed Income | 10% | 4.80% | 10% | 5.80% |
| Timber/Natural Resources | 4% | 5.40% | 4% | 6.60% |
| | 100% | | 100% | |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 12 - **Pensions - Continued**

Discount Rate

The discount rate used to measure the total pension liability was 7.5% at both June 30, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

| June 30, 2017 | | |
|---------------------------|--------------------------|---------------------------|
| Current | | |
| 1.00% Decrease (6.50%) | Discount Rate (7.50%) | 1.00% Increase (8.50%) |
| \$ 61,213,612 | \$46,973,396 | \$ 34,904,261 |
| June 30, 2016 | | |
| Current | | |
| 1.00% Decrease (6.50%) | Discount Rate (7.50%) | 1.00% Increase (8.50%) |
| \$ 60,214,065 | \$44,297,126 | \$ 30,568,182 |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 13 - **Deferred Inflows of Resources**

Service Concession Arrangements

Deferred inflows of resources include contributions made by certain vendors. The University's food service operations are managed under an agreement by an outside party. In accordance with an agreement and subsequent amendments, the vendor has made several contributions over the period from January 2002 through October 2015 totaling \$4,380,000.

The term of the agreement was extended until 2022, and the amortization tables were adjusted accordingly. Either party may terminate this agreement at any time, without cause, by providing sixty days written notice. In the event of termination, the unamortized portion is to be returned. At June 30, 2017 and 2016, the unamortized portion of these contributions approximated \$658,000 and \$867,000, respectively.

Amounts related to agreements with other vendors at June 30, 2017 and 2016 approximated \$340,000 and \$442,000, respectively.

Note 14 - **Rental Income**

Assistance Corporation

The Assistance Corporation has long-term operating leases with lessees, including Salem State University. Minimum future rentals under the non-cancellable operating leases subsequent to June 30, 2017 are as follows:

| Years Ending June 30, | Amount |
|--------------------------|----------------------|
| 2018 | \$ 1,616,463 |
| 2019 | 1,271,363 |
| 2020 | 1,181,767 |
| 2021 | 1,365,607 |
| 2022 | 814,716 |
| Thereafter | 19,143,754 |
| Total | <u>\$ 25,393,670</u> |

The base rent under one of the lease agreements with the University is equal to the monthly debt service on the debt held by TD Bank. The terms of the lease agreement require the University to remit monthly rent directly to TD Bank. The University, at its discretion, may make additional rent payments to be applied to the outstanding debt balance.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 15 - **Operating Lease Commitments**

The University has numerous operating leases for property at various locations from the Assistance Corporation and for equipment from outside vendors. These leases contain options to extend from one to five years, and contain escalation clauses for increases in base rent. These leases expire in various years through 2040. Future minimum payments related to these leases are as follows:

| Years Ending June 30, | Assistance Corporation | Outside Vendors | Total |
|--------------------------|---------------------------|--------------------|---------------------|
| 2018 | \$ 1,771,183 | \$ 364,676 | \$ 2,135,859 |
| 2019 | 1,523,468 | 72,171 | 1,595,639 |
| 2020 | 1,004,923 | 10,539 | 1,015,462 |
| 2021 | 800,748 | 10,539 | 811,287 |
| 2022 | 820,825 | 2,635 | 823,460 |
| Thereafter | 19,043,321 | - | 19,043,321 |
| Total | <u>\$24,964,468</u> | <u>\$ 460,560</u> | <u>\$25,425,028</u> |

The rent expense on these leases amounted to approximately \$1,423,000 and \$1,501,000 for fiscal years 2017 and 2016, respectively.

Note 16 - **Restricted Net Position**

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30,:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| Restricted - nonexpendable: | | |
| Scholarship and fellowship | <u>\$ 810,323</u> | <u>\$ 732,690</u> |
| Restricted - expendable: | | |
| Scholarship, fellowship loans, research grants and contracts | <u>\$5,174,752</u> | <u>\$4,871,719</u> |

The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 17 - **Commitments and Contingencies**

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.

Various lawsuits are pending or threatened against the University which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened which would materially affect the University's financial position.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits becomes a liability of the University. In the opinion of management, such adjustments, 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 (the "Program"). This Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, 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 standard tuition rates in effect at the time of the individual's enrollment at the University. The effect of the program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The U.S. Environmental Protection Agency ("EPA") notified the University in August 1998 that it is a potential responsible party with respect to environmental impacts resulting from contaminated soil upon the removal of underground oil tanks in 1991. The EPA has not closed out their investigation. During fiscal year 2017 and 2016, the University paid no remediation costs and received no communication from federal or state agencies. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

Several of the employee union labor contracts have recently expired, including the Association of Professional Administrators ("APA") contract which expired on December 31, 2016. Negotiations are currently underway and may result in a retroactive payment of salaries. This payroll amount, along with its related fringe benefits is estimated to range between \$100,000 and \$225,000 and would be expected to be paid out during fiscal year 2018.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 18 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

| | 2017 | 2016 |
|------------------------------|----------------|----------------|
| Compensation and benefits | \$ 122,984,490 | \$ 116,804,359 |
| Supplies and services | 37,324,136 | 35,897,786 |
| Utilities | 4,179,198 | 4,276,343 |
| Depreciation | 8,476,817 | 7,876,670 |
| Scholarships and fellowships | 5,626,549 | 4,788,660 |
| Total operating expenses | \$ 178,591,190 | \$ 169,643,818 |

Note 19 - **Fringe Benefit Program**

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 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, as are any effects on net assets and the results of current year operations, due to the adoption of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The overall fringe benefit charge increased from 30.82% in 2016 to 35.16% in 2017 which includes 1.65% and 1.66% in payroll taxes, respectively. The retirement portion of the fringe benefit charge increased from 9.45% in 2016 to 9.95% in 2017. 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 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 19 - **Fringe Benefit Program - Continued**

The amount of funding by the University related to benefits other than pensions for the years ended June 30, 2017, 2016, and 2015 were \$6,528,137, \$5,202,742, and \$3,995,322, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program.

As discussed in Note 1, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal 2018 and is applicable for employees participating in a cost-sharing multiple employer plan such as the State Retirement Benefits Trust Fund. The University will be required to restate beginning net position as of July 1, 2017 to recognize the employer's proportionate share of the plan's net other postemployment benefit ("OPEB") obligation. OPEB expense reported in the University's financial statements will reflect the change in the net OPEB liability for the fiscal year.

Insurance

The 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, retirees, their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities and retired municipal employees and teachers in certain governmental units.

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations ("PPO"), an Exclusive Provider Organization ("EPO") and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its UniCare State indemnity and active employee Tufts Health plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the indemnity plans.

For active state employees only, the GIC offers a long-term disability ("LTD") program, two pre-tax employee programs - Health Care Spending Account ("HCSA") and Dependent Care Assistance Program ("DCAP"), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for Commonwealth retirees.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 19 - **Fringe Benefit Program - Continued**

Insurance – continued

The GIC administers a plan included within the State Retiree 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 11-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 June 30, 2017 and 2016, 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).

Note 20 - **Massachusetts Management Accounting Reporting System ("MMARS")**

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, MMARS, using 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.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 20 - **Massachusetts Management Accounting Reporting System (“MMARS”) – Continued**

The University’s state appropriations are composed of the following at June 30,:

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|
| General Appropriations | \$ 43,997,174 | \$ 43,541,763 |
| Other Appropriations | <u>938,772</u> | <u>1,002,071</u> |
| Total Appropriations | <u>\$ 44,935,946</u> | <u>\$ 44,543,834</u> |
| <u>Add:</u> | | |
| Fringe benefits for benefited employees on the state payroll | 14,765,927 | 12,778,016 |
| <u>Less:</u> | | |
| Day school tuition remitted to the state and included in tuition and fee revenue | <u>(934,235)</u> | <u>(905,670)</u> |
| Total unrestricted appropriations | <u><u>\$ 58,767,638</u></u> | <u><u>\$ 56,416,180</u></u> |

A reconciliation between the University and MMARS fund 901 activity as of June 30 is as follows (unaudited):

| | <u>2017</u> | <u>2016</u> |
|------------------------|-------------------|-------------------|
| Revenue per MMARS | \$ 67,280,576 | \$ 67,384,750 |
| Revenue per University | <u>67,280,576</u> | <u>67,384,750</u> |
| Difference | <u>\$ -</u> | <u>\$ -</u> |

Note 21 - **Pass-Through Student Federal Loans**

The University distributed approximately \$48,492,000 and \$47,580,000 for the years ended June 30, 2017 and 2016, for student loans through the William D. Ford Federal Direct Lending Program. These distributions and related funding sources are not included in the accompanying financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2017 and 2016

Note 22 - **Massachusetts State College Building Authority (“MSCBA”)**

The MSCBA was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and other facilities for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses. The residence halls are leased from the MSCBA for various terms, allowing for periods of up to 10 years.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. 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, as well as other major construction performed on campus, which has included athletic field construction and repair.

The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for residence halls, related maintenance, insurance, other costs, historical pooled obligations and other major renovations and improvements for the University for the years ended June 30, 2017 and 2016 were \$14,049,442 and \$12,857,064, respectively, and are included in auxiliary enterprises and operation and maintenance of plant in the accompanying statements of revenues and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

| Year ended | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|--|-----------------|-----------------|-----------------|
| Measurement date | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Valuation date | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Proportion of the collective net pension liability | 0.341% | 0.389% | 0.295% |
| Proportionate share of the collective net pension liability | \$ 46,973,396 | \$ 44,297,126 | \$ 21,889,023 |
| College's covered-employee payroll | \$ 25,885,577 | \$ 23,448,807 | \$ 21,870,164 |
| College's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 181.47% | 188.91% | 100.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 63.48% | 67.87% | 76.32% |

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|
| Statutorily required contribution | \$ 2,716,688 | \$ 2,446,187 | \$ 2,436,331 |
| Contributions in relation to the statutorily required contribution | <u>(2,716,688)</u> | <u>(2,446,187)</u> | <u>(2,436,331)</u> |
| Contribution excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 27,303,397 | \$ 25,885,577 | \$ 23,448,807 |
| Contribution as a percentage of covered-employee payroll | 9.95% | 9.45% | 10.39% |

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information (Unaudited)

For the Years Ended June 30, 2017, 2016 and 2015

Note 1 - **Change in Assumptions**

Changes in assumptions about the discount rate from 8.0% to 7.50%, using different scales within mortality tables, and other inputs resulted in additional plan wide pension expense of \$2.33 billion dollars to be charged to income over an amortization period of 5.5 years beginning during the fiscal year ended June 30, 2016. Previously, changes in assumptions about future economic or demographic factors and inputs resulted in additional plan wide pension expense of \$102 million dollars to be charged to income over an amortization period of 5.5 years beginning during the fiscal year ended June 30, 2015. The unamortized portion of the change is reported as a deferred outflow of resources in the statements of net position. The University's proportionate share of the net pension liability and the results of changes in assumptions is 0.341%, 0.389% and 0.295%, respectively, as shown on the Schedules of Proportionate Share of Net Pension Liability, and represents the relationship of contributions made by the University to total contributions by all participating State Agencies.

**SUPPLEMENTARY
INFORMATION**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)

June 30, 2017 and 2016

| | <u>Assets</u> | |
|---|-------------------------------------|-----------------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets: | | |
| Cash and equivalents | \$ 1,608,759 | \$ 1,391,316 |
| Accounts receivable, net | 169,855 | 202,233 |
| Other receivables, net | - | 33,240 |
| | <u> </u> | <u> </u> |
| Total Assets | \$ 1,778,614 | \$ 1,626,789 |
| | <u> </u> | <u> </u> |
| | <u>Liabilities and Net Position</u> | |
| Liabilities: | | |
| Accounts payable | \$ 78,756 | \$ 16,074 |
| Accrued payroll and fringe benefits | 139,944 | 106,132 |
| Accrued compensated absences | 260,155 | 260,789 |
| | <u> </u> | <u> </u> |
| Total Liabilities | 478,855 | 382,995 |
| | <u> </u> | <u> </u> |
| Net Position | 1,299,759 | 1,243,794 |
| | <u> </u> | <u> </u> |
| Total Liabilities and Net Position | \$ 1,778,614 | \$ 1,626,789 |
| | <u> </u> | <u> </u> |

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Revenues, Expenses, and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)

For the Years Ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Revenues: | | |
| Student fees | \$ 18,929,872 | \$ 18,351,760 |
| Less: scholarships and fellowships | (1,007,558) | (978,675) |
| Commissions | 269,019 | 57,893 |
| Rentals | <u>55,501</u> | <u>173,607</u> |
| Total Revenues | <u>18,246,834</u> | <u>17,604,585</u> |
| Expenses: | | |
| Regular employee compensation | 2,419,958 | 2,211,497 |
| Regular employee related expenses | 259 | 271 |
| Special employee compensation | 821,780 | 778,265 |
| Pension and insurance related | 831,956 | 694,857 |
| Administrative | 279,957 | 62,327 |
| Facility operational | 182,046 | 89,758 |
| Energy and space rental | 1,465,616 | 1,556,511 |
| Operational services | 33,681 | 60,425 |
| Equipment purchase | 22,232 | 47,253 |
| Equipment maintenance | 726,971 | 811,179 |
| Loans and special payments | 11,848,929 | 11,576,973 |
| Information technology | <u>8,047</u> | <u>18,859</u> |
| Total Expenses | <u>18,641,432</u> | <u>17,908,175</u> |
| Excess of Expenses over Revenues Before Transfers | (394,598) | (303,590) |
| Net Transfers | <u>450,563</u> | <u>457,537</u> |
| Total Increase (Decrease) in Net Position | <u>55,965</u> | <u>153,947</u> |
| Net Position, Beginning of Year | <u>1,243,794</u> | <u>1,089,847</u> |
| Net Position, End of Year | <u>\$ 1,299,759</u> | <u>\$ 1,243,794</u> |

**Independent Auditors' 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***



**INDEPENDENT AUDITORS' 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
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, the combining statements of net position of major component units, and combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated October 11, 2017. We also performed the audit of the Salem State University Foundation and the Salem State University Alumni Association's financial statements, as of and for the year ended June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor and Duen, P.C.

Certified Public Accountants
Braintree, Massachusetts
October 11, 2017

Salem State University
Interim Financial Review through the First Quarter (Q1) of FY18 (9/30/17)
Commentary

Introduction – The attached package includes the unaudited Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position by Natural Classification, Statement of Cash Flows and Financial Statement by Trust Fund for the three months ending September 30, 2017 (FY18). This information is for the University without the inclusion of the Assistance Corporation and Foundation and is derived from the financial system of record (PeopleSoft) as the numbers stood when the month of September for the applicable year was closed. FY17 yearend financial data is per the audited financial statements. The Statements of Net Position and related analysis presented in this package compares the June 30, 2017 fiscal year end to the three months ending September 30, 2017 in order to focus on what changed through the first quarter of FY18. The Statements of Revenues, Expenses and Changes in Net Position compare the changes for the three months ended September 30 for each fiscal year. The Statement of Cash Flows is presented for the first quarter of FY18 and shows the change in cash from June 30, 2017.

Summary – For the three months ending September 30, 2017 (FY18), Salem State’s net position increased by \$33.6 million which is \$1.2 million or 3.5% less than the same period in FY17 (*see chart below*). Cash position increased by \$0.8 million from the June 30, 2017 balance. At September 30, 2017, the accounts receivable balance stood at \$40.0 million, which is comparable to the first quarter of the previous year. In October, \$31.0 million in financial aid was disbursed and recorded, and resulted in a decrease in the accounts receivable balance and an increase in the University’s cash position after the close of the quarter.

For the three months ended September 30, 2017 (FY18), tuition and fee revenue net of scholarships and fellowships was 4.1% or \$1.7 million more than for the same period in FY17. This is predominately due to the increase in University and Differential fee rates. Auxiliary enterprise revenue was 5.7% or \$0.6 million higher than the prior year’s first quarter due to increased student housing fees. Operating expenses were \$4.9 million or 15.3% more due to the timing of an additional payroll and the associated fringe benefits in FY18 as compared to FY17.

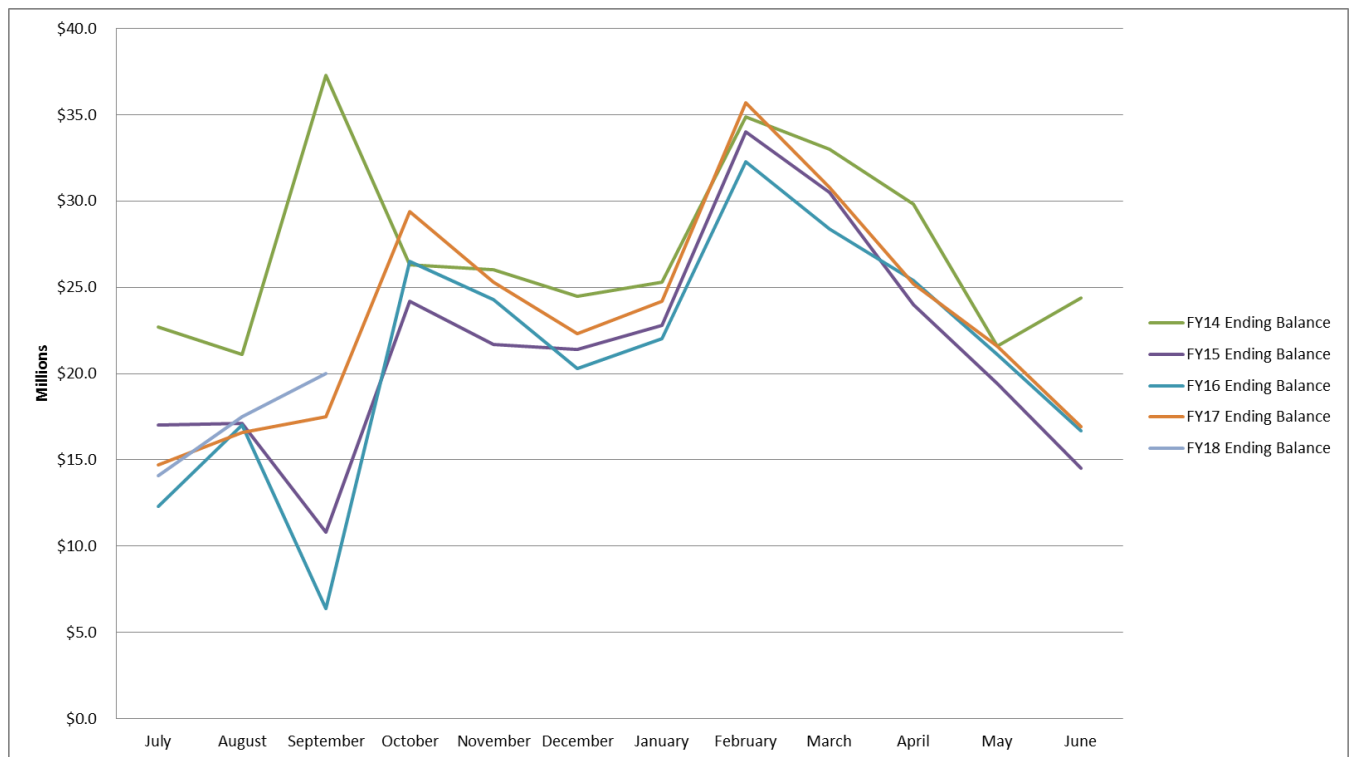
| | <i>(In Thousands)</i> | | | | Projection FY18 |
|---|-----------------------|-----------------|-----------------|--------------|--------------------|
| | FY17Q1 | FY18Q1 | \$ Change | % Change | |
| Total Operating Revenues | \$53,734 | \$55,162 | \$1,428 | 2.7% | \$114,224 |
| Total Operating Expenses | 32,350 | 37,286 | 4,936 | 15.3% | 183,260 |
| Net Increase/(Decrease) from Operations | 21,384 | 17,876 | -3,508 | -16.4% | -69,036 |
| Net Non-Operating Revenues/(Expenses) | 13,413 | 15,700 | 2,287 | 17.1% | 60,177 |
| Capital grants | - | - | - | - | 3,400 |
| Total Increase/(Decrease) in Net Position | <u>\$34,797</u> | <u>\$33,576</u> | <u>-\$1,221</u> | <u>-3.5%</u> | <u>-\$5,459</u> |

Changes in Non-Operating Revenues and Expenses – First quarter FY18 non-operating revenues net of non-operating expenses, which include State appropriations, gifts, investment income and interest expense were \$2.3 million higher than for the first quarter last year. State appropriations were \$2.7 million higher, primarily due to impact of payroll timing in FY18 as compared to FY17. (Certain payroll expenses generate state appropriation revenue to cover fringe benefits.) Gift revenue was lower due to timing of the receipt of scholarship monies from the Foundation. Capital grants are recorded during fiscal year end when the University receives the necessary information from DCAMM.

Looking Forward, FY18 Projection vs FY18 Budget – The forecast for the full fiscal year FY18 is a decrease in net position of \$5.5 million, which is an improvement over the budgeted \$6.4 million decrease. Significant FY18 budget variances are discussed below:

- An unfavorable variance of \$2.1 million in tuition and fees is anticipated, caused by reductions in Undergraduate headcount and Graduate and Continuing Education credit hours compared to the budget.
- An unfavorable variance of \$0.4 million in State appropriations is caused by the Commonwealth’s decision not to include formula based performance funding in its FY18 budget.
- Projected compensation and benefits expenses are projected \$0.3 million higher than the budget, primarily due to fringe benefit costs.
- Due to timing differences, the projection includes a \$3.4 million favorable variance in capital grant revenue associated with the Sophia Gordon Performing Arts Center and the CEIP III projects (DCAMM.)
- As is the university’s practice, neither the budget nor the projection includes a calculation of the impact of GASB 68 pension liability adjustments for FY18. This information is received from the Commonwealth as the books are being closed for the fiscal year.

Cash Operating Balances FY14 through FY18 (September) — Operating cash flows are cyclical as depicted below, especially after October. MSCBA assessments and financial aid receipts have fallen on various sides of September 30. During the Spring semester, both the MSCBA assessment and financial aid processing occur during February. To improve cash position going forward, the University will continually seek to grow revenues, contain expenses and process financial aid earlier. The chart below depicts cash balances by month (excludes cash with State and other agencies).



Financial reports and information herein are hereby certified by the President or designee (VP Karen House) that all records were maintained in accordance with proper procedures, including documentation of receipts, disbursements and bank accounts, and that all expenditures were made to advance Salem State University's mission.

Statements of Net Position
(*\$ In Thousands*)

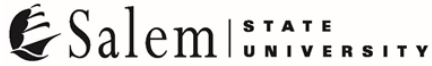
| | FY 2017 | FY 2018 YTD | Change | |
|--|-------------------|---------------------|------------------|--------------|
| | Year End | September 30 | \$ | % |
| Assets: | | | | |
| Cash | \$ 16,941 | \$ 20,041 | \$ 3,100 | 18.3% |
| Cash with State and other agencies | 3,514 | 1,165 | -2,349 | -66.8% |
| Accounts and other receivables | 5,959 | 40,003 | 34,044 | 571.3% |
| Capital assets | 172,648 | 170,749 | -1,899 | -1.1% |
| Investments | 13,544 | 13,951 | 407 | 3.0% |
| Loans receivable, net | 2,028 | 1,960 | -68 | -3.4% |
| Debt Service Reserve | 1,473 | 1,473 | - | 0.0% |
| Other Assets | 406 | 13 | -393 | -96.8% |
| Total Assets | 216,513 | 249,355 | 32,842 | 15.2% |
| Deferred Outflows | 19,627 | 19,627 | - | 0.0% |
| Total Assets and Deferred Outflows of Resources | \$ 236,140 | \$ 268,982 | \$ 32,842 | 13.9% |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 4,036 | \$ 8,313 | \$ 4,277 | 106.0% |
| Accrued Payroll | 7,711 | 5,156 | -2,555 | -33.1% |
| Bonds and notes payable | 45,297 | 45,207 | -90 | -0.2% |
| Compensated absences | 9,760 | 9,760 | - | 0.0% |
| Loan payable, federal financial assistance programs | 2,190 | 2,190 | - | 0.0% |
| Other liabilities | 4,621 | 2,320 | -2,301 | -49.8% |
| Net Pension Liability | 46,973 | 46,973 | - | 0.0% |
| Total Liabilities | 120,588 | 119,919 | -669 | -0.6% |
| Deferred Inflows | 4,888 | 4,823 | -65 | -1.3% |
| Total Liabilities and Deferred Inflows of Resources | 125,476 | 124,742 | -734 | -0.6% |
| Net Position: | | | | |
| Invested in capital assets | 131,099 | 128,836 | -2,263 | -1.7% |
| Restricted | 5,985 | 15,428 | 9,443 | 157.8% |
| Unrestricted | -26,420 | -24 | 26,396 | -99.9% |
| Total Net Position | 110,664 | 144,240 | 33,576 | 30.3% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 236,140 | \$ 268,982 | \$ 32,842 | 13.9% |

Statements of Cash Flows
(\$ In Thousands)

| | YTD 09/30/17 FY 2018 |
|---|---|
| | <hr/> |
| Cash flow from operating activities: | |
| Tuition and fees (net) | \$ 18,748 |
| Grants and contracts | 520 |
| Payments to vendors, employees and students | -30,462 |
| Auxiliary and other receipts | 400 |
| | <hr/> |
| Net cash used in operating activities | -10,794 |
| | <hr/> |
| Cash flow from non-operating activities: | |
| State appropriations (net) | 11,472 |
| Gifts, investment and other sources | 428 |
| | <hr/> |
| Net cash provided by non-operating activities | 11,900 |
| | <hr/> |
| Cash flow from capital, financing and investing activities: | |
| Purchases of capital assets | -446 |
| Debt service payments on bond payables | -40 |
| Investment activities (net) | 131 |
| | <hr/> |
| Net cash used in capital financing, and investing activities | -355 |
| | <hr/> |
| Net increase in cash and cash equivalents | 751 |
| | <hr/> |
| Cash and cash equivalents at beginning of period | 20,455 |
| | <hr/> |
| Cash and cash equivalents at end of period | \$ 21,206 |
| | <hr/> <hr/> |

Statements of Revenues, Expenses and Changes in Net Position by Natural Classification
(\$ In Thousands)

| | Year to Date thru September 30 | | | | Full Fiscal Year | | |
|--|--------------------------------|------------------|-------------------|--------------|------------------|-------------------|-------------------|
| | FY 2017 | FY2018 | \$ | % | FY 2017 | FY2018 | FY2018 |
| | Actual | Actual | | | Actual | Budget | Projection |
| Operating Revenues: | | | | | | | |
| Tuition and fees | \$ 42,180 | \$ 43,807 | \$ 1,627 | 3.9% | \$ 84,587 | \$ 90,295 | \$ 88,146 |
| Less: scholarships and fellowships | -777 | -725 | 52 | -6.7% | -17,694 | -17,204 | -17,200 |
| Net tuition and fees | 41,403 | 43,082 | 1,679 | 4.1% | 66,893 | 73,091 | 70,946 |
| Federal, state and private grants | 1,408 | 546 | -862 | -61.2% | 19,306 | 18,533 | 18,613 |
| Sales and services of educational departments | 330 | 332 | 2 | 0.6% | 1,333 | 1,275 | 1,275 |
| Auxiliary enterprises | 10,583 | 11,191 | 608 | 5.7% | 22,398 | 23,176 | 23,199 |
| Other operating revenues | 10 | 11 | 1 | 10.0% | 365 | 191 | 191 |
| Total Operating Revenues | 53,734 | 55,162 | 1,428 | 2.7% | 110,295 | 116,266 | 114,224 |
| Operating Expenses: | | | | | | | |
| Compensation and benefits | 22,851 | 28,196 | 5,345 | 23.4% | 122,984 | 123,992 | 124,262 |
| Supplies and services | 6,698 | 6,283 | -415 | -6.2% | 37,325 | 39,224 | 38,865 |
| Utilities | 606 | 510 | -96 | -15.8% | 4,179 | 4,421 | 4,407 |
| Depreciation | 2,081 | 2,229 | 148 | 7.1% | 8,477 | 9,326 | 9,326 |
| Scholarships and fellowships | 114 | 68 | -46 | -40.4% | 5,627 | 6,414 | 6,400 |
| Total Operating Expenses | 32,350 | 37,286 | 4,936 | 15.3% | 178,592 | 183,377 | 183,260 |
| Non-Operating Revenues/Expenses: | | | | | | | |
| State appropriations, net | 12,270 | 14,996 | 2,726 | 22.2% | 58,767 | 60,339 | 59,898 |
| Gifts | 1,061 | 591 | -470 | -44.3% | 1,801 | 2,139 | 2,056 |
| Investment income | 368 | 561 | 193 | -52.4% | 1,755 | 125 | 125 |
| Interest expense on bonds & other debt | -286 | -448 | -162 | 56.6% | -1,157 | -1,902 | -1,902 |
| Other non-operating expenses | - | - | - | - | -896 | - | - |
| Net Non-Operating Revenues/Expenses | 13,413 | 15,700 | 2,287 | 17.1% | 60,270 | 60,701 | 60,177 |
| Capital grants | - | - | - | - | 7,711 | - | 3,400 |
| Total Increase (Decrease) in Net Position | \$ 34,797 | \$ 33,576 | \$ (1,221) | -3.5% | \$ (316) | \$ (6,410) | \$ (5,459) |



EXE034 - Financial Statements by

FY 2018 / 1st Qtr / Fund_L3 (Trust Fund)

Run on: 11/22/2017 10:17:01 AM / Data as of: 11/22/2017 10:00 AM

| Account Description | FY 2017 Year End (\$K) | Unrestricted Auxiliaries | Educational & General Funds | Grants | Gifts | Residence Halls | Restricted Other | Total Restricted Endowments | Net Invested in Capital Assets | FY 2018 1st Qtr (\$K) |
|---|------------------------------|-----------------------------|--------------------------------|----------------|--------------|--------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Operating Revenue: | | | | | | | | | | |
| Net Tuition and Fees | \$66,893 | | \$43,132 | (\$67) | \$2 | (\$298) | \$313 | | | \$43,082 |
| Federal, State, Private Grants | 19,306 | | | 546 | | | | | | 546 |
| Sales & Svcs Education Depts | 1,333 | \$61 | 224 | 6 | | | 41 | | | 332 |
| Auxiliary Enterprises | 22,398 | 648 | 185 | | | 10,236 | 122 | | | 11,191 |
| Other Operating Revenues | 365 | | 11 | | | | | | | 11 |
| Total Operating Revenue | 110,295 | 709 | 43,552 | 485 | 2 | 9,938 | 476 | 0 | 0 | 55,162 |
| Operating Expenses: | | | | | | | | | | |
| Compensation | 118,273 | 25 | 26,705 | 450 | 12 | 975 | 29 | | | 28,196 |
| Support | 23,276 | 14 | 5,751 | 281 | 52 | 98 | 102 | | | 6,298 |
| Utilities | 4,179 | | 347 | | | 163 | | | | 510 |
| Depreciation and Amortization | 8,477 | | | | | | | | \$2,229 | 2,229 |
| MSCBA Assessment | 14,049 | | -15 | | | | | | | -15 |
| Scholarships and Fellowships | 5,627 | | 54 | 12 | 2 | | | | | 68 |
| GASB 68 Pension | 4,711 | | | | | | | | | 0 |
| Total Operating Expenses | 178,592 | 39 | 32,842 | 743 | 66 | 1,236 | 131 | 0 | 2,229 | 37,286 |
| Non-Operating Revenue/Expenses: | | | | | | | | | | |
| State General Appropriations | 58,768 | | 14,964 | 31 | | | | | | 14,995 |
| Gifts | 1,801 | | 35 | | 487 | | 70 | | | 592 |
| Investment Income | 1,755 | | 512 | 25 | | | | \$24 | | 561 |
| Contributions to SSUAC | -896 | | | | | | | | | |
| Interest Expense | -1,157 | | -18 | | | | | | -430 | -448 |
| Capital Grants | 7,710 | | | | | | | | | |
| Net Non-Operating Revenue/Expenses | 67,981 | 0 | 15,493 | 56 | 487 | 0 | 70 | 24 | -430 | 15,700 |
| Inter-Fund Transfers: | | | | | | | | | | |
| Inter-Fund Transfers | 0 | 0 | 461 | 0 | -1 | -65 | 1 | 0 | -396 | 0 |
| Inter-Fund Transfers | 0 | 0 | 461 | 0 | -1 | -65 | 1 | 0 | -396 | 0 |
| Total Increase in Net Position | (\$316) | \$670 | \$25,742 | (\$202) | \$424 | \$8,767 | \$414 | \$24 | (\$2,263) | \$33,576 |

Salem State University BOT Finance and Facilities Committee Business Model Discussion: Financial Aid

Jan. 24, 2018

Karen House

Vice President, Finance & Facilities

Scott James

Executive Vice President

From our 9/27 business model conversation...

Components of our business model to consider

- From whom do we obtain our **funding**?
- Who do we serve?
 - What *products* do we offer?
 - How do we **price** our offerings?
 - How do we *deliver* our product?
- What capital investments are necessary for future service delivery?
- What control over costs do we have?
 - Constraints?

Financial aid is a significant source of the university's **funding** and it also has an impact on the **net price** of our offerings

What is Financial Aid?

Money supplied by a source other than the family to assist with postsecondary education costs.



Categories of Financial Aid

Need-based aid

- The student must demonstrate financial need. Financial need is determined by analyzing the student's and his or her family's financial situation.

Non-need-based aid, aka merit aid

- Financial need is not considered. Aid is often given in recognition of special skills, talents, or abilities. Some forms of aid (primarily loans) may replace expected family contribution (EFC).



Types of aid

Scholarships and grant

This is free money or gift aid. Scholarships and grants generally do not have to be repaid or earned.

Loans

This is self-help aid. Loans must be repaid, unless the loan carries provisions allowing all or a part of it to be canceled or forgiven if the borrower fulfills certain requirements.

Employment

This is self-help aid. Employment provides compensation for work performed.

Funding Sources, eligibility & key program examples

- Federal (FAFSA, Need equation)
 - Pell
 - SEOG
 - Federal Work Study
- State
 - Mass Grant
- Private, including through SSU Foundation
- Institutional (operating budget)
 - Policies and practices

Financial Aid – FY2017

(In Thousands)
Funding Source

| Type of Aid | Federal | State | SSU** | Total | Pct |
|-----------------------------|------------------|-----------------|-----------------|------------------|-------------|
| Grants/Scholarships/Waivers | \$ 12,012 | \$ 6,398 | \$ 4,412 | \$ 22,822 | 32% |
| Loans | 48,937 | 117 | - | 49,054 | 68% |
| Employment | 421 | - | - | 421 | 1% |
| Total | \$ 61,370 | \$ 6,515 | \$ 4,412 | \$ 72,297 | 100% |
| Pct | 85% | 9% | 6% | 100% | |

** SSU includes Foundation + Operating Budget

Federal Need Equation

$$\text{COA} - \text{EFC} = \text{Financial Need}$$



- **Cost of Attendance minus Expected Family Contribution = Financial Need**
- **Costs of Attendance, aka student aid budget, includes Transportation, Supplies, Misc. expenses, Personal expenses + Billed charges for Tuition & Fees, Room & Board**

Reading (in packet)

AGB article FINANCIAL AID and ENROLLMENT *Questions for Boards to Consider* by Sandy Baum

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Questions for Boards to Consider (selected)

- Why do institutions charge different students different prices?
- Would it be better to simplify the pricing structure by lowering the sticker price and reducing the number and value of the discounts offered?
- How does financial aid affect students' enrollment decisions?
- What is the difference between need-based aid and non-need based or “merit-based” aid? Do these types of aid have different impacts on enrollment?



FINANCIAL AID and ENROLLMENT

Questions for Boards to Consider

Sandy Baum

About AGB

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country's unique form of institutional governance through its research, services, and advocacy. Serving more than 1,300 member boards, 1,900 institutions, and 36,000 individuals, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and institutionally related foundations with resources that enhance their effectiveness.

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About The Looking Under the Hood: Institutional Aid Benchmarking Tool

The *Looking Under the Hood: Institutional Aid Benchmarking Tool* was developed in collaboration with the Association of Governing Boards of Universities and Colleges (AGB) and the National Association of College and University Business Officers (NACUBO) and is supported by the Robert W. Woodruff Foundation. This new tool is for governing boards, chief executives, and chief business officers looking to review their institutional aid policies. It enables them to view and benchmark their institutional aid policies against a customized set of peers. The initial set of metrics included in the tool is based on financial data collected by IPEDS and the College Board's Annual Survey of Colleges.

This paper was written as part of this project to spur further conversations among board members about institutional student aid. Many of the questions posed for board members throughout this report can be addressed by using the *Looking Under the Hood: Institutional Aid Benchmarking Tool*. For more information about this project and the tool, please visit: <http://agb.org/determining-institutional-student-aid-policy>.

Financial Aid and Enrollment: Questions for Boards to Consider

As we emerge from the extreme financial pressures of the Great Recession, it is time for board members to take a step back and think about long-term strategies for ensuring that financial aid policies are consistent with institutional mission at the same time that they serve fiscal and enrollment goals.

All boards are aware that enrollment numbers are critical to the institution's long-term stability. It is common to ask whether small increases or decreases in the number of students might improve future prospects. Perhaps a lower enrollment goal would increase academic quality and selectivity and put less pressure on the financial aid budget. Perhaps a higher enrollment goal would bring in needed additional revenues. But there is no doubt that the number of students—and particularly the number of tuition-paying students—is a vital variable to monitor.

Financial aid policies may be more obscure to many board members. By now it should be understood that because of the discounts offered to students, net tuition revenues are lower than gross tuition revenues—and it is only the net revenues that can fund the activities of the institution. But the nuances of financial aid policy and its relationship to mission and enrollment goals are less transparent. The discussion that follows highlights some key concepts, trade-offs, and questions with which college and university administrators are grappling. While board members can determine these policies only at the broadest level, it is important that they understand the issues, provide constructive guidance, and clarify institutional priorities.

About two-thirds of full-time undergraduates attending private, nonprofit, four-year institutions and over one-quarter of those enrolled in public four-year institutions receive institutional grant aid.¹ Whether viewed as an expenditure category or as a discount from tuition, the impact on institutional budgets is significant and growing.

What is the relationship between tuition and financial aid?

When institutions raise their tuition prices, they are likely to spend more on need-based financial aid because of the larger gap created between ability to pay and sticker price. They may also spend more on non-need-based aid, designed to encourage students with particular characteristics to enroll.

Institutional grant aid creates a gap between the sticker price and the net price students actually pay to institutions, as well as a gap between gross tuition revenue (tuition times number of students) and the net tuition revenue the institution actually receives. Increases in institutional grant aid may reduce net revenues by simply lowering the prices students pay, or it may increase net revenues by bringing in more students.

Of critical importance, increases in financial aid accompanying tuition increases are sometimes so large that the institution does not generate any new net tuition revenue. It is net tuition revenue—not the amount of financial aid or the percentage of gross tuition dedicated to financial aid—that determines financial strength.

Questions Board Members Should Ask

How do trends in tuition prices and net tuition revenues compare over time at your institution?

How has the percentage of students receiving institutional grant aid and the average aid they receive changed in recent years?

Is there evidence that financial aid is bringing in desirable students who would not otherwise enroll?

Why do institutions charge different students different prices?

The awarding of institutional grant aid leads to different students paying different prices. Some students pay less because their financial circumstances make it difficult for them to pay. Others pay less—although they could pay the full price—because the institution is providing a discount in an effort to influence their decision about where to enroll.

This is a pricing pattern that economists call “price discrimination.” Movie theaters price discriminate when they charge lower prices for children or senior citizens. Airlines do this when they charge different prices depending on when and where you buy your ticket and how long you plan to stay. Car dealers price discriminate when they bargain differently depending on their sense of how much you are willing to pay.

¹ NCES (National Center for Education Statistics), National Postsecondary Student Aid Study, Power Stats calculations. <http://nces.ed.gov/datalab/>

Price discrimination is not a bad thing. Some students can easily afford the sticker price, and would be able and willing to pay even more. In most cases, they are paying less than the cost of their education because even the full sticker prices incorporates subsidies from the endowment, annual giving, state appropriations, or other sources. They are not being cheated, and lower prices would not necessarily change their opportunities or their choices. Other students are not able or willing to pay the current sticker price. Charging them a lower price makes it possible and desirable for them to enroll.

Financial aid is an expenditure made to shape the student body.

Some institutions have long waiting lists of students willing to pay their sticker prices. Most of these are highly selective, nationally known, private institutions or flagship public universities. These institutions discount their prices to attract different students than those who would enroll without financial aid. They want the best students they can get, and many of those students simply cannot pay on their own. They may also want students with particular capabilities who will be drawn in by financial aid. For those institutions, financial aid is an expenditure made to shape the student body.

Many other institutions would have empty seats if they did not discount so generously. If they lowered the sticker price enough to fill the class, their total revenues would be too low to operate. But if they can draw in some full-pay students, while charging others a lower price—something close to the maximum each student is willing and able to pay—they can fill their classes while taking in adequate net revenues. The full-pay students are no worse off because of the presence of other students who are there only because of the lower net prices they were offered. In fact, those students who are paying lower net prices probably increase the quality of the education that all students at the institution receive.

Questions Board Members Should Ask

How are the prices different students are asked to pay determined at your institution?

How do net tuition prices differ across students with different characteristics?

Is the institution transparent about how it determines the aid students in different circumstances and with different characteristics will receive?

Would it be better to simplify the pricing structure by lowering the sticker price and reducing the number and value of the discounts offered?

Many board members (and many other interested parties) are frustrated by the complexity of the pricing structure at colleges and universities and would like to know if there is a better model available. Some of the alternatives to consider might be:

- Lower the sticker price for all students and reduce financial aid;
- Raise the sticker price and increase financial aid;
- Promise students that the sticker price will stay the same for four years;
- Promise students that the sticker price will rise by the increase in the Consumer Price Index (CPI) or by CPI + 1 percent or + 2 percent every year;
- Promise need-based aid recipients the net price they pay will stay the same for four years (or increase by the CPI).

Some colleges and universities have implemented one or more of these strategies, but there are no magic bullets. Each institution must carefully examine its circumstances to find the optimal path. Institutions that discount for almost all students are more likely than others to seriously consider lowering the sticker price. Institutions facing uncertain non-tuition funding streams face greater risk if they make promises about future tuition levels.

Questions Board Members Should Ask

How do tuition and fees at your institution compare to the national average for your sector?
For your type of institution within the sector?

Have you looked at alternative pricing models to be sure yours is most appropriate for your circumstances?

Would lowering your sticker price end up subsidizing affluent students more and placing added strains on your need-based aid budget?

Can increasing efficiency and lowering costs solve the tuition problem?

Offering a quality college experience requires considerable resources. Every institution could find efficiencies that lower its costs, and it is vital that we find ways to make higher education more affordable, but the solutions are not likely to be simple. Despite impressions to the contrary, institutional expenditures have not, in most cases, been rising rapidly. The explanation for the rate of increase in tuition lies more with declines in non-tuition revenue sources (particularly at public colleges and universities) and a growing gap between sticker prices and the net prices students actually pay after discounts from institutional grant aid (particularly at private institutions).

There is reason to be optimistic that technology will facilitate declines in instructional costs, but to date, most high-quality online learning has not been cost saving. All institutions should be exploring this area, in addition to examining administrative structures, purchasing patterns, and potential collaboration with other institutions for potential efficiencies.

Some of the expenditure patterns to which colleges and universities have grown accustomed, such as the practice of adding new programs while rarely eliminating old ones, should change. Board members must ask hard questions about innovation and efficiency, but should remember that too much focus on cost cutting can erode the quality of education offered.

QUESTIONS BOARD MEMBERS SHOULD ASK

Has the administration carefully reviewed the budget with openness to making changes that would increase efficiency while maintaining quality?

How has the size and cost of the administrative structure changed over the past decade?

What is the attitude on campus toward using technology to lower instructional costs and toward cooperation with other institutions that might reduce duplicative efforts?

How does financial aid affect students' enrollment decisions?

Price affects the enrollment decisions of some students more than others. Not surprisingly, there is considerable evidence indicating that lower-income students are more sensitive to price differences than more affluent students are. It's easy to imagine a family with little discretionary income struggling to piece together the funds for college and seeing no choice other than allowing a \$5,000 price differential to be the deciding factor. In contrast, a family with an income of \$300,000 might well encourage their child to enroll in the best school she can get into—the one that feels most appropriate, regardless of price. And a \$150,000-a-year family will fall somewhere in between. Price will matter, but it will take bigger price differences to sway a decision away from a first-choice institution.

Some students and parents may react differently to a scholarship that provides a discount from a high price than they would to the same price without that appealing incentive. This may be because the high sticker price conveys a sense of quality, or it may be because the scholarship makes them feel that the institution particularly values their student.

It's not always easy to know how much of a discount particular students require to be convinced to enroll. Inquiries about better aid packages may not provide clear evidence, since low-income and first generation families are less likely to be assertive. Moreover, the factors distinguishing families with the ability to pay who are really likely to opt for the "best deal" from those who, while wanting to be sure to not to leave money on the table, don't have price at the top of their lists of deciding factors, are not obvious.

Many institutions rely on enrollment management consultants to guide decisions about allocating financial aid. These consultants can bring valuable expertise and experience, but they should not be making the decisions on their own. Their craft is not a science, and their priorities may not be identical to those of the institution. The widespread influence of this industry has almost certainly increased competitive expenditures on "merit" awards.

Questions Board Members Should Ask

Has the institution experimented with alternative-aid strategies and evaluated the effectiveness of both need-based and non-need-based aid?

Is the institution carefully monitoring the models and advice provided by external consultants?

Which students are most likely to be sensitive to changes in financial aid awards and which students would be more likely to respond to other efforts to attract them to the institution?

What is the difference between need-based aid and non-need-based or “merit-based” aid? Do these types of aid have different impacts on enrollment?

The term “merit aid” is frequently used to apply to any institutional aid that is not based on financial need. Sometimes it really is merit aid and is limited to the students with the strongest academic credentials. But sometimes it is just “non-need-based” aid, going to all or most accepted candidates.

The line between need-based aid and non-need-based aid is not so clear. Some institutions, particularly the most selective ones, allocate all of their institutional grants on the basis of financial need. Students with the most limited incomes and assets get the most generous aid packages, and those deemed able to pay the full price on their own are expected to do so. With relatively small percentages of applicants accepted, the reward for merit is the acceptance itself. These schools do compete with each other, but large percentages of accepted candidates choose to enroll, budgets are sound, and the purpose of financial aid is to ensure that the most-qualified class possible can be enrolled.

At other institutions, while supporting students who cannot afford to pay on their own is the primary purpose of financial aid, institutional grants are also used to increase the probability that students who can pay will choose to enroll. There may be merit awards for those with the highest test scores, for those with particular leadership skills, or for musicians.

Another model, which is increasingly common, is to give institutional grants—or discounts—to the vast majority, or even to all of those who are accepted. These “merit” awards are not really based on merit. They are just bargaining chips designed to increase enrollment.

Institutions that give the most generous grants to students with the highest test scores or the best high school GPAs may be heavily subsidizing relatively wealthy students, while leaving lower-income students to fend for themselves. But many non-need-based awards go to students who actually do have financial need. So if we ask what percentage of the aid budget is allocated based on criteria other than need, the answer is a larger number than if we ask what percentage of the aid dollars go to students who could afford to pay without assistance.

This is an important distinction. Some “merit aid” helps to meet financial need. Other “merit aid” takes dollars away from meeting need and from other parts of the budget in an attempt to increase the enrollment of students who can pay. Sometimes this merit aid diminishes the ability of the institution to address other priorities. But in some cases, if it is really effective, it can attract extra students and extra dollars and increase the net revenues available to meet those other priorities, such as adding courses, increasing faculty salaries, or providing more aid to low- and moderate-income students.

Questions Board Members Should Ask

How much of the financial aid at your institution is allocated on the basis of financial need and how much is allocated on the basis of academic, athletic, or other characteristics?

How much of the financial aid at your institution that is not need-based goes to students who have financial need?

Has there been careful thought given on your campus to the pros and cons of subsidizing students who can afford to pay the full sticker price?

How do we prioritize certain enrollment targets over others?

Financial aid serves multiple purposes, and it is important that boards discuss priorities, principles, and strategies with college and university administrators and other members of the community. There is frequently tension over the balance between need-based aid and “merit” aid, athletic aid, or other forms of aid designed to attract particular students.

Financial aid is sometimes required to fill seats. But on every campus, it is an important tool for shaping the class. Few institutions are satisfied with a student body that is homogeneous in terms of race/ethnicity or socioeconomic status. Without need-based institutional grant aid, enrolling low- and moderate-income students, black and Hispanic students, and others with particularly limited resources is not realistic. On the other hand, many institutions are dependent on net tuition revenues to fund their programs and do not think they can afford to focus on supporting access and diversity at the expense of attracting students with resources. It seems contradictory to speak of offering discounts in order to enroll full-pay students, since they are obviously not paying the full price under these circumstances. Rather, the issue is that a \$10,000 discount from a \$50,000 price yields much more net revenue than a \$30,000 award to a lower-income student.

On every campus, there should be conversations about institutional values and priorities. It is important to recognize that the financial aid budget can support multiple goals. That said, the tradeoffs are real, and institutions that emphasize increasing the test scores of their incoming students and use their financial aid budgets for this purpose are likely to be sacrificing access and socioeconomic diversity.

Questions Board Members Should Ask

Is the institution satisfied with the size and characteristics of the student body?

If the goal is to raise the level of the academic credentials students bring, what is the motivation for this goal?

What are the trade-offs involved in enrolling a class with more students who cannot afford to pay the full sticker price?

Should “need-blind admissions” and “meeting need” be goals for most institutions?

Over half of the four-year colleges and universities in the U.S. accept at least 75 percent of their applicants, so the question of whether or not financial circumstances should affect a student’s probability of admission is relevant for a limited number of institutions. However, for those colleges and universities in a position to use the admissions process to shape their classes, it is a very important question.

Many institutions find that they have more qualified applicants with financial need than their budgets will support.

The issue sounds straightforward. It’s hard to argue that it is fair or desirable that colleges and universities whose goal it is to provide educational opportunity to students who can make the most of the experience should turn away applicants because they can’t afford the tuition. Rather, financial aid should support these students. In fact, knowing the challenges of growing up in disadvantaged families, neighborhoods, and elementary/secondary schools, it would seem reasonable to be more favorable towards low-income

students than to those from more privileged backgrounds with the same grades and test scores.

But many institutions find that they have more qualified applicants with financial need than their budgets will support. Accepting candidates without meeting their financial need means either that they won’t be able to enroll, so the acceptance is not meaningful, or that they will enroll and face serious financial problems. It seems more responsible to turn them down. Most “need-aware” institutions accept most of their class without regard to financial need, but when they get to the marginal admits, they look for those who can pay. In other words, rather than using different admissions criteria overall for students who can pay the full price and those who cannot, they accept the most qualified students. However, because they have limited budgets for financial aid, at some point in the admissions process, they do pass over some students with financial need in favor of less qualified students who do not require financial aid. They may also grant admission to some applicants whose parents are alums and/or have made sizeable donations, even if those applicants are less qualified than some others who are not accepted.

Each institution facing the choice of committing to a need-blind admissions policy must carefully consider the pros and cons and ask the following questions:

- How many students are affected by the current policy?
- How are the students who gain admission because of the policy different from those who are rejected because of it?
- What impact would this commitment have on the budget?
- What would happen if another recession hit and many more applicants had more financial need?
- What priorities would lose out if the financial aid budget grew to support a need-blind admissions policy?

Institutions that do not have the necessary resources or are not willing to make the trade-offs involved in accepting all qualified low-income students in the pool and providing them with ample financial aid should acknowledge the constraints they face and be clear about their policies.

Questions Board Members Should Ask

Does ability to pay enter into admissions decisions at your institution and, if so, how many applicants are affected?

What would be the likely impact on the budget of ignoring financial circumstances in admissions decisions?

Is the institution meeting the financial need of the students who are accepted by packaging ample grant aid? Or are there significant gaps between the resources students need and those the institution can provide—gaps that would grow if more high-need students were admitted?

How are institutional enrollment and aid policies related to the growing concerns about student debt?

Press coverage of student debt is quite misleading. It is not uncommon to read about a student who borrowed \$80,000 or \$100,000 on the way to a bachelor's degree. Buried in the article might be a reference to the reality that among the 70 percent of bachelor's degree recipients who graduate with debt, the average amount borrowed is about \$30,000. Among 2011–12 bachelor's degree recipients, about 5 percent had accumulated as much as \$60,000 in debt. Less than one half of one percent borrowed \$100,000.²

A key problem with many of the discussions of the impact of student debt is that they compare people with student debt to people with similar levels of education and similar incomes who don't have debt. Of course those whose parents were able to pay are better off. But the real question is: When students borrow money to enroll in your institution, do they end up better off than they would have been making another choice?

² NCES (National Center for Education Statistics), National Postsecondary Student Aid Study, Power Stats calculations. <http://nces.ed.gov/datalab/>

Too many students leave college without a degree.

If many students borrow and don't graduate, or if many students graduate with more than \$40,000 or \$50,000 in debt, the institution has some real soul searching to do. Why are students borrowing so much? Are they getting an education and a credential that makes it worth it? What could the institution do to mitigate this problem? It's not just that the Department of Education and Congress have started to look more closely at institutions with many

students who have high debt levels. It's also that some institutions may be leaving their students worse off than they found them. Higher education's mission certainly goes beyond increasing students' lifetime incomes, but it is irresponsible and unethical to put students in a situation where they pay so much for college that they never see financial benefits.

Questions Board Members Should Ask

How many of your students borrow to help finance their education, and what is the average debt level at graduation? How many students borrow much more than the average?

How have borrowing patterns at your institution changed over time?

Are there changes in your financial-aid policies that might reduce the extent to which your students have to rely on loans?

How should institutions think about the shift in the national conversation from college access to college success?

As recently as 10 years ago, people concerned with unequal access to higher education across demographic groups and the population's overall level of educational attainment devoted all of their attention to college access. The concern was that the price of a college education excluded too many people from disadvantaged backgrounds. Public and institutional policies, therefore, should do as much as possible to correct this problem by subsidizing these students and bringing prices within reach.

While the access question remains very real and quite challenging, attention has broadened to focus more on college success and degree completion. We have done a much better job of getting students from all backgrounds into college than we have of supporting them in achieving their goals. Too many students leave college without a degree, and the gaps in completion rates across income groups are larger than the gaps in enrollment rates.

Board members should pay attention to their institutions' retention and graduation rates and consider the causes and implications. It's not just that the federal government is focusing on this issue and making the information public. It's also that institutions are not accomplishing their mission if students are not leaving with credentials of value.

There is not only one standard for an acceptable completion rate. Institutions that enroll better-prepared students have higher graduation rates than those that accept students facing greater challenges. However, increasing selectivity is not the best approach to solving the completion problem. Rather, finding ways to better support students and help them overcome challenges should be the goal. Financial aid may well play a part, since money problems contribute to many students' inability to achieve their academic goals.

Questions Board Members Should Ask

What percentage of students who enroll at your institution complete associate degrees within two to three years, to bachelor's degrees within four to six years? Are the rates very different for students from different socioeconomic and racial/ethnic backgrounds?

How does your graduation rate compare to those at other institutions enrolling similar student bodies?

What kinds of academic, social, and personal support systems are in place to help students complete their degrees?

Do institutions have to choose between a commitment to equity and access or a focus on efficiency and fiscal stability?

If an institution succeeds in winning desirable applicants from peer institutions by offering non-need-based aid, the peer institutions are not likely to sit by idly. They will offer competitive packages. It is easy to see how competition for these students can lead to a price war, depleting institutional funds without bringing any more-qualified and well-heeled students into the applicant pool. Everyone will lose in the long run—except those lucky students who could have paid full price, but who now enjoy lower net prices than even students from the lowest-income families.

The issue of destructive competition that can lead to losses for all is frequently difficult for institutions to grasp. They look at short-term successes and can't see how it could be in their interest to sacrifice those successes for the greater good. But the reality is that if all institutions behave this way, those students without the ability to pay will simply drop out of the pool, and collectively the institutions will not be able to improve the quality of the students they enroll.

Increasing selectivity is not the best approach to solving the completion problem.

In fact, equity and efficiency frequently reinforce each other, both from society's perspective and for the individual college or university. Equity dictates that each institution provide the best possible education to the students who are qualified to enroll—regardless of ability to pay. That means making need-based aid a priority—possibly at the expense of institutional prestige, some campus amenities, programs, or other worthy expenditures.

Efficiency means making decisions that allow the institution to provide as much quality education at the lowest cost possible and ensuring that the institution has a strong bottom line in both the short term and the long term. Rising in the rankings might be a good way to attract more applicants. Providing discounts to students who could afford to enroll elsewhere to draw them to campus might increase net revenues. Ensuring financial strength is a pre-requisite to providing equitable opportunities. In other words, a focus on equity does not mean ignoring efficiency. And a focus on efficiency cannot exclude equity.

Recognizing that making ethical choices is not always straightforward does not diminish—and in some ways underscores—the importance of keeping ethics at the forefront of the decision-making process. There is no question that, in recent years, the pendulum in admissions and financial aid has swung too far from a focus on equity and access and toward a focus on improving the prestige or the bottom line of the institution. Campus decision makers should reject the notion that ethical priorities are a luxury they cannot afford.

Questions Board Members Should Ask

How do your institution's merit-aid awards compare to those of your competitors?

Is there a good balance between long-term and short-term goals for aid?

Do people tend to debate need-based versus merit-based aid or are they open to the idea that these policies may complement each other?

Conclusion

Institutional financial aid serves multiple purposes. Without this assistance, students from disadvantaged backgrounds, and even many from middle-class households, would be unable to enroll. If these students do enroll, but receive inadequate financial support, their chances of succeeding in college are reduced, and if they do graduate, they risk accruing excessive debt.

But financial aid is not just about supporting students who cannot afford to pay. Grants—or discounts—to students also influence the enrollment decisions of students with financial means and multiple options. Board members should be part of the conversation on campus that defines enrollment goals, priorities for financial aid, and the principles on which decisions about unavoidable tradeoffs should rest.

About The Author

Sandy Baum is a senior fellow at the Urban Institute and a research professor at the George Washington University Graduate School of Education and Human Development. Professor emerita of economics at Skidmore College, Dr. Baum earned her BA in sociology at Bryn Mawr College, where she is currently a member of the board of trustees, and her PhD in economics at Columbia University. She has written and spoken extensively on issues relating to college access, college pricing, student aid policy, student debt, affordability, and other aspects of higher education finance.

Dr. Baum has co-authored the College Board's annual publications *Trends in Student Aid* and *Trends in College Pricing* since 2002. She also co-authors *Education Pays: The Benefits of Higher Education for Individuals and Society*. She wrote the 2011 AGB publication, *Tuition and Financial Aid: Nine Points for Boards to Consider in Keeping College Affordable*. She chaired the College Board's Rethinking Student Aid study group, which issued comprehensive proposals for reform of the federal student aid system in 2008, and the Rethinking Pell Grants study group, which issued recommendations in April 2013. She chaired a Brookings Institution study group that issued its report, *Beyond Need and Merit: Strengthening State Grant Programs*, in May 2012. Recent work includes studies of how behavioral economics can inform student aid policy, a meaningful definition of college affordability, and tuition and financial aid strategies for broad access to public institutions. She is a member of the board of the National Student Clearinghouse.

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Perkins Loan Status

What are Perkins Loans?

Federal Perkins Loans are low-interest federal student loans for undergraduate and graduate students with exceptional financial need. The school is the lender, although it must comply with highly detailed federal regulations pertaining to the loans, and collects payments from borrowers via a loan servicer.

How has the Perkins program been funded?

At one time, the Federal government used to contribute funding, called Federal Capital Contribution (FCC) and it required a partial match from participating universities, called Institutional Capital Contribution (ICC). The Federal government has not made an FCC since 2004. New loans have been able to be issued to students from repayments made by past borrowers, as this is a revolving loan fund.

What is happening?

For several years, the Federal Government has worked to terminate the program; others who disagree have prevailed in authorizing extensions. Several different alternatives have been described regarding what would happen to the accumulated FCC, indicating a potential liability for institutions in addition to the ending of a program that has helped needy students. Political and regulatory guidance remains somewhat in flux but it is clear as of an October 2017 Department of Education letter to institutions that new loans may no longer be issued; no Perkins Loan disbursements are permitted after June 30, 2018 "under any circumstances." The Department intends to begin collecting its share from institutions following submission of the annual report due in October 2018. Institutions can continue servicing existing loans, which will allow the institution to retain its share of ICC advanced over the years; otherwise that money will also revert to the Federal government.

For Salem State, how much money are we talking about?

During the year ended June 30, 2017, \$381.5 thousand of new Perkins loans were advanced. As of June 30, 2017, the loan balance receivable under Perkins was \$1.4 million. The amount that would have to be returned to the Federal government upon liquidation by the university was calculated to be \$1.4 million and was included as a liability in the university's statement of net position (balance sheet) at June 30, 2017. The cumulative amount of Institutional Capital Contribution at June 30, 2017 was \$592 thousand.

For context, the amount of Federal Direct student loans issued during FY17 was \$48.5 million.



(<https://www.insidehighered.com>)



Likely end of Perkins Loans sets off scramble by aid administrators

Submitted by Andrew Kreighbaum on October 24, 2017 - 3:00am

When a student encounters a serious financial emergency midsemester, such as a family medical emergency or sudden loss of income, Heather Boutell has often turned to the Perkins Loans.

Boutell, director of financial aid at Bellarmine University, in Kentucky, said despite the additional debt, students are happy to find additional resources to keep them in college.

“It makes a difference for them to be able to stay in school,” she said.

Most other aid programs can't be tapped midsemester in the same way. But that flexibility -- and the ability to fill gaps in aid at the beginning of the year -- will likely vanish after this year, barring last-minute action by Congress. The Perkins program expired at the end of September, after a two-year extension in 2015. And despite broad support in both parties in the House and Senate for extending Perkins for another two years, the chances appear slim.

Senator Lamar Alexander, the Tennessee Republican who chairs the Senate education committee, is a longtime opponent of extending the Perkins program and has argued keeping it only maintains an overly complex financial aid system. Alexander blocked a Perkins extension bill from Senator Tammy Baldwin, a Wisconsin Democrat, from advancing last month.

But aid administrators who use Perkins, among a number of aid options, to meet student need say letting the program die outside a comprehensive overhaul of financial aid will make their jobs more difficult without leading to greater simplicity. Alexander has argued students would benefit from having one grant and one loan program. But critics note he has effectively killed Perkins without adding to existing aid programs.

Those administrators say should the program go away for good, as many increasingly expect, they will look to fill the gap with other campus-based grants or loans. At smaller institutions with fewer resources, they'll likely look to work with private loan companies to meet students' financial needs. That's less preferable to financial aid officials than keeping Perkins, because private loans lack many of the protections for borrowers of federal student loans.

Perkins is unique among federal financial aid programs because colleges and universities act as the lender and the servicer of the loans, which have a maximum value of \$5,500 for undergraduates. Congress hasn't paid into the program since 2004, so new lending is paid for

Attachment H

when colleges collect on existing loans. The loans are used to cover remaining gaps in the cost of attendance after a student is awarded federal aid. (While some colleges will likely transfer outstanding Perkins loans to the Department of Education in the event the program expires, others will opt to continue servicing the loans.)

Although critics have labeled Perkins as a program primarily of elite Northeast institutions, many of the roughly 1,400 participating colleges and universities -- like Bellarmine -- are located elsewhere and don't have the ability to cover the loss of the loans on their own.

Wrestling With Options On Campuses

At Bellarmine, the Perkins portfolio is about \$100,000, with a typical loan size of \$1,000, Boutell said. Emergency Perkins loans are much smaller.

"We're not a big player, obviously. Some of your larger publics -- it's going to mean more to them," Boutell said. "But that \$1,000, while it may not seem like a lot, it makes a difference for students to attend here."

She said the administration at Bellarmine will have discussions about whether the university has the resources to launch its own campus-based loan program. Barring that, the financial aid office will have to resort to directing students to private loans, Boutell said.

At the University of San Francisco, the size of the Perkins program is about \$1.1 million and serves about 250 students. Mary Booker, assistant vice provost for student financial services at the university, said the end of Perkins is causing discussions there about whether San Francisco will still be able to admit as many low-income students as it has.

"Can we still afford to bring in low-income students, knowing they may have to go into a private loan option? And is that the right thing to do?" she said. "That's probably going to be the first decision we have to make."

Booker said the university will also look into whether it can find institutional funds -- hopefully through grant aid -- to cover the gap in need for students. If that's not possible, San Francisco's only option would be reaching out to private lenders, she said.

The university would attempt to find lenders who would be willing to modify their loans as well as repayment options -- a task aid administrators think they are better prepared for than individual students navigating financial options on their own.

One solution to the quandary posed by Perkins' expiration would be to grant colleges flexibility in the maximum amount of Federal Direct Loans they award to students, Booker said.

The University of Michigan has one of the largest Perkins portfolios, at \$13 million -- although only about \$9.9 million in loans was awarded in the last academic year. Students typically receive loans between \$4,000 and \$5,000, said Pam Fowler, executive director of financial aid at the university.

Michigan charges varying tuition rates based on division level and college. Students taking upper-level courses in engineering, business, kinesiology and art in particular will see a hole in their financial aid packages without Perkins. Fowler said the university has the funds to cover that gap -- but they're spread across 400 different campus-based loan funds.

Attachment H

“I can’t just throw it into a big pot and make an award,” she said. “I have to match up the student with the fund before I can make an award.”

That process promises to create a big headache for financial aid administrators at the university. And students themselves would still be making separate loan payments after graduation to the federal government and their college -- one of Alexander’s complaints about the system now.

Fowler said many times discussions of financial aid at the federal policy level lose sight of the fact that colleges and universities aren’t fully covering student need in the first place. She agreed with Booker that the simplest way to address that reality without adding complexity to the financial aid system is to lift borrowing limits on Federal Direct Loans for some students to give them the amount they need for a full academic year.

“Right now, most schools are giving students Pell, the Supplemental Education Opportunity Grant, Work-Study and Direct Loans, and it is not meeting the cost of education,” she said. “What happens is they start to work more, their grades suffer and they end up taking fewer credit hours per semester -- which means they’re in school longer and borrowing more.”

Student Aid and Loans ^[1]

Source URL: <https://www.insidehighered.com/news/2017/10/24/likely-end-perkins-loans-sets-scramble-aid-administrators?width=775&height=500&iframe=true>

Links:

[1] <https://www.insidehighered.com/news/focus/student-aid-and-loans>

**SSU Sustainability Update, Climate Benchmarking and Near-Term Plans –
January 3, 2018**

UPDATE

Climate Commitment/GHG Reduction/Water

- President John Keenan signed the “We’re Still In” declaration
- 29% reduction in GHG emissions from FY2002-15 from buildings and owned vehicles
- Anticipate our 5th building (Theater) receiving LEED certification in the next few months
- Water use dropped 21% from FY2014-17

Recycling and Waste Management

- Rolling out single-stream recycling with new containers and new signage
- Recycled 125 mattress via UTEC, a youth empowerment organization in Lowell, in September

Renewable/Alternative Energy

- 211 KW solar arrays on O’Keefe and on Atlantic Hall; geothermal at library
- Identified opportunities to place 407 KW solar arrays on the Library, Gassett, and Marsh Hall before the end of the SREC II program’s powerful credits

Transportation and Bike Share

- Zagster bike share program has exceeded expectations
- The two hubs on SSU’s campus represent 25% of the rides in the City of Salem’s 11-hub system

Food Services

- Awarded EPA’s Regional Food Recovery Achievement Certificate for the third year in a row for our composting program
- Composting has been expanded for the first time to office areas in the kitchens at 331 Lafayette
- Dunkin Donuts switched from Styrofoam to recyclable cups in response to student group request

Bookstore

- All plastic bags will be phased out by January 1, 2018, replaced with 100% recycled content paper bags; branded durable cloth bags are also for sale

Academics/Engagement

- Ten departments offer more than two-dozen sustainability-related courses. The Departments of Geography, Geological Sciences and Biology offer related concentrations and minors.
- Moving Forward, Giving Back: Salem State University's First Year Day of Service engaged groups of students in supporting seven different organizations with sustainability projects such as invasive weed control, garden maintenance and vegetation clearing in September 2017.

SUSTAINABILITY BENCHMARKING (Caveat: institutions vary in what they make public; this is based on public information, primarily from university websites)

- **9 Aspirant and 6 Peer Institutions**
 - 6 have American Association for the Advancement of Sustainability in Higher Education (AASHE) STARS silver or gold ratings
 - The AASHE Sustainability Tracking, Assessment & Rating System (STARS) is recognized as the most comprehensive framework for evaluating sustainability in higher education. Within the STARS program, there are various levels of recognition including Reporter, Bronze, Silver, Gold, and Platinum, with Platinum being the highest.
 - Many have little information on their websites and no readily accessible information on climate goals (even though they may have a STARS rating)
 - Southern Oregon University has a comprehensive program outlined on its website, including a climate action plan (undated) and a green fund for sustainability projects
 - Many have very developed recycling events (e.g., move out, competitions). Southern Oregon University has a 65% waste diversion rate
- **Sister Massachusetts State Universities**
 - Framingham State University leads the pack
 - Climate Action Plan is updated annually
 - Listed in Princeton Review's Guide to Green Colleges - for 7th year
 - Student Green Team and campus green fee to fund green projects
 - Altered class schedules to reduce commuting
 - Mass Maritime has a 660 KW wind turbine and multiple renewable and alternative energy projects
 - Worcester State University engages students through an annual 2-day sustainable food fair and other sustainability events
 - Many share our struggles regarding transportation impacts

- **Salem State**
 - **Operations:** We stand with the leaders with 5 LEED –certified buildings, >200 KW of solar power, geothermal energy at the library, cogeneration at O’Keefe, significant energy and water efficiency improvements
 - **GHGs:** Our Climate Action plan needs updating to clarify our goals and provide a vision to direct our efforts
 - **Waste:** Our composting is strong but recycling efforts have not yet fully engaged the community; we lack both good metrics and a plan to address move-out
 - **Academics:** Our Academic offerings are strong but there is an opportunity for us to coordinate/brand the programs in a more cohesive way
 - **Engagement:** Our First Year Day of Service and Earth Week programming are first rate

NEAR-TERM PLANS

- Calculate FY2017 GHG Emissions
- Engage community in updating 2010 Climate Action Plan and setting goals
- Promote recycling program

Salem State University Solar Projects 2018

PROJECT SUMMARY

Install rooftop solar arrays via a 20 year Power Purchase Agreement (PPA) contract to produce a portion of the electricity used by the Fredrick E Berry Library (17%), Gasset Fitness Center (26%), and Marsh Hall (6%)

BENEFITS

- Supports Salem State's 2050 carbon neutral goal and supports Commonwealth greenhouse gas (GHG) reduction and renewable energy goals
- No capital or maintenance funding required from the university
- Predictable energy pricing: a portion of our electricity costs for these buildings would be fixed for the duration
- Projected savings of \$746K based on assumed future electricity costs compared to fixed contract prices

| | Berry Library | Gasset Fitness Center | Marsh Hall | Total |
|----------------------------------|---------------|-----------------------|------------|------------|
| Contract Term CO2 Avoided (tons) | 3,200 | 2,200 | 1,500 | 6,900 |
| FY17 electricity costs (annual) | \$ 219,327 | \$ 96,876 | \$ 271,656 | \$ 587,859 |
| Contract Term savings (20 years) | \$ 386,913 | \$ 225,000 | \$ 134,355 | \$ 746,268 |

CONTRACTUAL MATTERS

- The MA Department of Energy Resources (DOER) worked with [Power Options](#), a non-profit energy-buying consortium to develop an RFP for state agencies. Solect Energy was chosen to be the provider
 - Solect Energy would pay for, design, install, own, and maintain the solar panels for the 20-year life of the contract for each project
 - Salem State would pay Solect a fixed rate per kWh for energy generated by the system. Solect assumes the risk if the system under-produces
- At the term end, Solect could remove the panels at their expense or we could extend
- The contracts must be approved and counter signed by MSCBA (Marsh Hall) or DCAMM
- There will be one contract for each project. Board of Trustees approval is not required; however, we are providing advance information due to the nature of the project

RISKS

- Electrical costs decrease, or increase less than projected, and financial savings are not realized in the amount projected
- For favorable pricing, the project must be substantially complete before Solar Renewable Energy Credit II (SREC II) program incentives expire (soon). DCAMM has not completed its contractual review
- Solect does not realize its financial goals or encounters other business difficulties and fails to properly maintain the equipment

TIMELINE

- 3 months from contract signing to substantial completion

**BOT/Finance & Facilities Update on Capital Projects
January, 2018**

CONSTRUCTION – CURRENT

Meier Hall steam line repair – Phase 2

Project budget: \$255,065 Anticipated completion: 2/2018

- Repair second portion of steam line that feeds Meier Hall

O’Keefe façade repairs

Project budget: \$777,000 (\$306,891 DCAMM funds) Anticipated completion: 2/2018

- Repair of the exterior walls of the apparatus gym to eliminate water infiltration

CONSTRUCTION – FUTURE

Meier Hall roof replacement - Phase 1

Project budget: \$1,892,875 (\$753,344 DCAMM funds) Anticipated completion: 8/2018

- Replacement of half of the Meier Hall roof
- In design to be bid in the spring

Berry Library perimeter heating upgrade

Project budget: \$232,000 (\$232,000 DCAMM funds) Anticipated completion: 8/2018

- Installation of additional perimeter radiation to address heating issues
- In design to be bid in the spring

Sullivan Building roof improvement

Project budget: \$550,000 (\$272,193 DCAMM funds) Anticipated completion: 8/2018

- Insulating the roof structure to prevent ice damming and water infiltration
- In design to be bid in the spring

PROJECTS IN PLANNING / STUDIES

Sightlines facilities condition assessment

Project budget: \$273,500 (273,500 DCAMM funds) Anticipated completion: 2/2018

Parking assessment

Project budget: \$62,500 Anticipated completion: 3/2018

- Comprehensive parking assessment to evaluate, current conditions, impact from enrolment growth, divestment of south campus, and long term plans.

Administration Building roof replacement study

Project budget: \$26,200 Anticipated completion: 4/2018

- DCAMM certified study for roofing replacement

**BOT/Finance & Facilities Update on Capital Projects
January, 2018**

Meier Hall science teaching lab addition

Project budget: \$64m

Anticipated completion: TBD

- Application submitted to DCAMM on 12/22/17

**Consultant Service Contracts FY17
Only 6H19 and 6H98**

| Description | Vchr Amt | Category Amt | Vendor Name |
|---|----------|----------------|-----------------------------------|
| Special Projects | | | |
| Expansion of Summer Conference Programs | 2,700 | | Capstone On Campus LLC |
| Development of Strategic Plan | 20,000 | | SOS Consulting Group |
| Search Firm for SSU President | 94,820 | | Witt/Kieffer Inc. |
| | | 117,520 | |
| Information Technology Consultations/Projects | | | |
| Student Finance General Ledger Interface Project | 14,021 | | Clemons, Kyle & Costello, Bill |
| | | 14,021 | |
| Marketing | | | |
| Marketability Study / 7/1/16-6/30/17 | 115,500 | | Stamats Inc. |
| | | 115,500 | |
| Academic Affairs | | | |
| Interim Dean of Bertolon School of Business | 231,733 | | Registry for College & University |
| | | 231,733 | |
| Enrollment Management | | | |
| 360 Assessment B. Galinski | 3,000 | | Masterman Executive Coaching LLC |
| | | 3,000 | |
| Legal Fees | | | |
| Professional Legal Services (personnel) | 154,517 | | Rubin & Rudman LLP |
| Legal Services regarding contracts | 37,000 | | Searson III, Esq. William |
| | | 191,517 | |
| Human Resources | | | |
| EAP Services 7/1/16-6/30/17 | 18,077 | | E4 Health |
| Management Consulting for retreat | 7,500 | | Justin Foster |
| Workshops and Consulting | 15,000 | | Masterman Executive Coaching |
| Implementing campus wide climate study | 25,054 | | Rankin & Associate Consulting |
| | | 65,631 | |
| Public Relations | | | |
| To provide strategic public relations and crisis management counsel | 38,612 | | Polaris Public Relations |
| | | 38,612 | |
| Finance/Audit | | | |
| Framework for Salem state University's financial planning needs | 10,000 | | Public Financial Management |
| | | 10,000 | |
| Total | | 787,534 | |

SUBJECT: Institutional Advancement/Marketing and Communications Committee Report for Wednesday, January 24, 2018

The Institutional Advancement/Marketing and Communications Committee met on Wednesday, January 24, 2018, in the Petrowski Room, on the Central Campus of Salem State University.

Present for the Committee were Trustees Chisholm, Duperval, Katzman, Lutts, Mattera, Russell, Scott, Zahlaway Belsito and President Keenan (ex-officio); Executive Vice President Scott James, Vice President Cynthia McGurren, Associate Vice President Cheryl Crouse, and Assistant Vice President Corey Cronin.

Chair Scott began the meeting of the Institutional Advancement/Marketing and Communications Committee at 4:30 pm. Chair Scott introduced Trustee Jamie Zahlaway Belsito, the newest trustee member. President Keenan also took the time to introduce Rita Colucci, the new general counsel.

Assistant Vice President Cronin provided an overview of digital marketing strategies with an emphasis on recruitment initiatives.

Cronin reminded the committee members that Salem State has been directing its marketing resources to digital brand development, advertising, email marketing, and other online strategies that support student recruitment—while positioning the university with donors and within the region. However, since last fall, the university has focused on micro-campaigns to generate undergraduate and graduate program leads and applications.

Cronin reviewed the timeline, budgets, development of user personas, automation features, and analytics of this program. He discussed the use of paid search using Google AdWords, the use of keywords and social media integration. He then discussed Facebook digital campaigns, shared the successful results from several fall 2017 strategies and highlighted a few of the advertisements. He discussed how the backend features allow Salem State to really find its target audience based on current student information. Use of these targeting tools aid his team in executing several micro campaigns at one time that allow the right message and call to action to find the right prospective student audience.

He also then reviewed other digital tactics that the university regularly undertakes to support recruitment efforts. These included: streaming services, targeted display, geo-fencing and first party data campaigns, retargeting, email drip campaigns, and the development of web assets. Cronin mentioned that the new

mobile and Google friendly salemstate.edu site, which launched in April 2017, helped make much of this work possible. He thanked the board of trustees for supporting that important initiative.

Success measurements include a 66 percent increase in application web traffic in October 2017 over the previous month; CTR rates ranging from one to four percent (average educate rate is .22 percent and Facebook's average CTR is .72 percent).

Assistant Vice President Cronin recognized Assistant Vice President for Enrollment Management Bonnie Galinski for her area's great partnering in helping with this process with the goal of getting "seats filled."

Overview of Digital Marketing Strategies

Board of Trustees Committee Meeting
Institutional Advancement/Marketing
January 24, 2017



Introduction

Over the past few years, Salem State has directed its marketing resources to digital brand development, advertising, email marketing, and other online strategies that support student recruitment—while positioning the university with donors and within the region.

This academic year, we're more focused on micro-campaigns rather than awareness promotion—and with improved metrics, we're on the path to success.



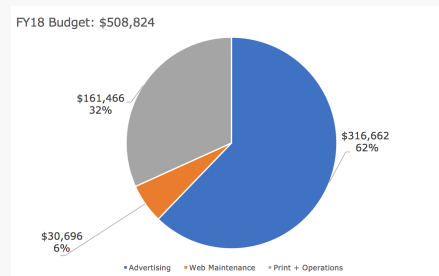
Digital Outreach Goals

- Generating undergraduate and graduate program leads
- Encouraging prospects to apply and guiding them through the admissions process
- Integrate efforts across platforms
- Establishing models for program-specific marketing initiatives
- Providing maximum returns on limited budgets through proactive campaign management
- Honing message and creative strategies that can inform marketing decisions across the board
- Ancillary: improving brand awareness throughout Salem State's core market



Planning Factors

- Timeline
- Markets and targeting
- Budgets
- Automation
- Analytics and assessment



Paid Search

- Marketing focuses on paid search using Google AdWords, which remains one of the most effective ways to connect with audiences exploring specific academic programs.
- Every paid search campaign aims to yield quality leads while keeping costs manageable.
- Strong campaigns identify relevant keywords likely to trigger conversions (e.g., link clicks, landing page visits and form completions) at the lowest possible cost.

Social Media

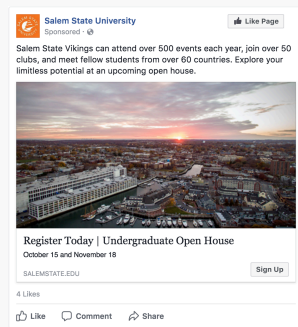
- Facebook, Instagram, Twitter, Snapchat, and LinkedIn all offer potential connections to undergraduate and graduate prospects.
- Social media marketing requires delivering great content to the right people at the right time.
- Paid campaigns are essential to connecting with users who don't already know or follow Salem State, and ensure wider reach among those who do.
- Many of these platforms have built-in tools that allow us even deeper targeting based on key audience attributes.
- We often run initial awareness campaigns for two weeks prior to launching lead generation campaigns, testing two different ads against each other, assessing which ad best resonates, and focusing on that ad for the duration of the campaign

Sample Paid Social Overview

| Ad (Fall 2017) | Reach | Clicks/click through % | Spend/spend per click |
|---------------------------|--------|------------------------|-----------------------|
| Grad Open House | 24,300 | 365/1.5% | \$188.15/\$0.52 |
| Transfer Open House | 21,711 | 227/1.04% | \$126.78/\$0.56 |
| MSW Saturday | 19,653 | 300/1.5% | \$305.89/\$1.01 |
| UG Open House (feeder HS) | 5,431 | 226/4.1% | \$148.57/\$0.66 |
| UG Open House (general) | 27,044 | 544/2.01% | \$252.78/\$0.46 |
| Grad Free App | 79,364 | 1,566/1.97% | \$493.92/\$0.32 |
| UG Free App | 45,724 | 1,342/2.9% | \$500/\$0.37 |



Paid Social Ads: Undergrad Open House



Targeting

Salem +50 Miles
Ages 15-19

Results

27,044 people reached
544 link clicks, 2.01% click rate
\$252.78 spent, \$0.46/click
Note: ad ran 10/1-11 and 10/15-10/30



Paid Social Ads: MSW Saturday



Targeting

Location within 25 miles of Salem
Age 22-50, men and women

Results

19,653 people reached
300 link clicks: 1.5% click rate
\$305.89 spent, \$1.01/click
Note: Ad ended October 10



Key Facebook Metrics, Oct. 2017 vs. 2016

| Metric | October 2017 | October 2016 |
|--|--|---|
| Organic Impressions | 98,402 | 94,442 |
| Viral Impressions | 360,876 | 497,693 |
| Paid Impressions | 752,014 | 118,311 |
| New fans (net) | 124 | 97 |
| Total fans | 15,239 | 13,803 |
| Engagement (reactions, comments, shares) | 2,088 (1,820 reactions, 60 comments, 35 messages, 173 shares) | 974 (703 likes, 108 comments, 122 shares) |
| Clicks (photo views, video plays, link clicks) | 14,980 (8,277 photo views, 179 video plays, 6,524 link clicks) | (comparable data not available) |



Other Digital Tactics

- Streaming services
- Target display
- Geofencing
 - First party data campaigns
- Retargeting
- Email sequences or drip campaigns
- Website assets

Integration and Assessment

- Create user personas with business goals
- Publish engaging program landing pages
- Build-in metrics
- Launch paid search campaigns
- Track leads and conversations
 - Google AdWords
 - Retargeting
 - Geofencing
 - Streaming services
 - Target display
- Integrate messaging with social media and email drip campaigns

Admissions Web Metrics

| Metric | October 2017 (change over previous month) |
|---|---|
| Page visits, Undergraduate Admissions | 7,464 (3,322 in September) |
| Unique visitors, Undergraduate Admissions | 5,980 (2,820 in September) |
| Page visits, Graduate Admissions | 4,323 (2,450 in September) |
| Unique visitors, Graduate Admissions | 3,380 (1,961 in September) |
| Application clicks | 8,717 (2,966 in September) |

Glossary

- Click through rate (CTR)** A ratio showing how often people who see an ad end up clicking it. Click through rate (CTR) can be used to gauge how well keywords and ads are performing. CTR is the number of clicks that an ad receives divided by the number of times the ad is shown: $\text{clicks} \div \text{impressions} = \text{CTR}$. For example, if you had 5 clicks and 1000 impressions, then your CTR would be 0.5%. Note that a good CTR is relative to what you're advertising and on which networks.
 - A good click through rate for the education industry is .22% with 2.20% being the absolute best rate
 - Facebook's average CTR is .72% and Twitter's is 2.00%
- Cost per thousand (CPM)** is a marketing term used to denote the price of 1,000 advertisement impressions on one webpage. If a website publisher charges \$2.00CPM, that means an advertiser must pay \$2.00 for every 1,000 impressions of its ad.
- Retargeting** Retargeting converts window-shoppers into buyers. Generally 2% of shoppers convert on the first visit to an online store. Retargeting brings back the other 98%. Retargeting works by keeping track of people who visit our site and displays our retargeting ads to them as they visit other sites online.
 - We launch program-specific campaigns that deliver tailored messages to visitors interested in particular programs that retarget visitors to program landing pages and core program pages on salemstate.edu.
- Facebook**
 - Impressions** Sometimes called a view or an ad view, is a term that refers to the point in which an ad is viewed once by a visitor, or displayed once on a web page. The number of impressions of a particular advertisement is determined by the number of times the particular page is located and loaded.
 - Organic Impressions** The number of times that SSU content is displayed, by organic rather than paid sources. Improving organic impressions means making it into news feeds more frequently and optimizing marketing tactics for Facebook's EdgeRank algorithm.
 - Paid Impressions** The number of times paid content was displayed.
 - Viral Impressions** The number of times content was displayed in a story published by a friend. Stories can include liking, commenting or sharing, answering a question or responding to an event.

OVERVIEW

This document serves to guide leadership and decision making around any future campaigns. The Institutional Advancement (IA) Senior Leadership have developed the following framework to help us measure success and sustainability so we know how to communicate those opportunities and successes as we look to the future.

Salem State University is more than a degree-granting institution; it's a community of people brought together by a shared belief that higher education can transform lives. The 10,000 Reasons Campaign – the university's first-ever comprehensive campaign – underscored our community's unwavering commitment to students. From enhancements to academic programs, facilities, and support services to increased opportunities for student-faculty research and experiential learning, this campaign has strengthened our ability to provide every Salem State student with a truly world-class education.

We hope you enjoy learning about the nuts and bolts, successes, and opportunities we encountered along our journey to the resoundingly successful completion of the effort.

CAMPAIGN ASSESSMENT

1. PLANNING AND PREPARATION

Salem State University began working with CCS consulting services in 2010 and delivered the final Campaign Planning Study Report in June of 2010 which included recommendations for a development assessment, a training program for IA staff and university staff and volunteers, and an external study with private conversations with 70-90 individuals. The work of the consultant was key in raising our own sights both internally and externally, however the expectations of the consultant were not always aligned with the capacity and abilities within the team. First, CCS suggested a goal of \$40 million dollars which was later reduced to \$25 million. Ultimately, \$20 million would have been a more realistic goal for the timeframe and with the prospects we had identified who could be solicited at the start of the campaign.

The contract for the consultant built in on-site full-time work from February of 2011 – November of 2011, after the Trustee and Foundation boards voted to unanimously to allocate resources to aid in the successful completion of a \$25 million campaign. The first thing CCS recommended was hiring a campaign manager before the timeframe of their contract was completed. In hindsight, the consultant contract should have been developed and agreed to in phases. Once the on-site was completed in November of 2011, it was more burdensome than helpful to have them on campus monthly. Staff spent numerous hours preparing for the consultant's arrival rather than focusing on the work that needed to get done. We would envision in the future less involvement from the consulting team now that our staff have been developed and have experience in managing campaigns. Therefore, funding the next campaign should carry less financial burden as the consulting contract was 45 percent of the foundation's campaign budget, we recommend maintaining a staff that is experienced in managing campaigns and having less involvement from consulting services.

CCS conducted an internal audit which resulted in 47 personal interviews with IA Staff, Campus leadership, reviewed job descriptions and current staff responsibilities; considered adherence to best

practices; and benchmarked against peer and aspirant institutions. Their recommendations determined while many strengths existed particularly the dedication and commitment of staff; enhanced and effective marketing efforts; and an event schedule that department manages that engages many alumni and friends. Need for more frontline fundraisers. It was noted that numerous priorities not directly related to fundraising impeded fundraising. IA could benefit from more interaction with campus partners like Deans, faculty, and others campus leaders while internally streamlining reporting process, and making clearer the office's quarterly and annual goals. IA was under resourced, and needed to reexamine the roles and responsibilities within the department to all for more direct focus on front line fundraising activity. The campaign as a catalyst is a consideration for addressed the above. They also recommended that M+C move out from under IA.

CCS noted strengths going into the campaign were: access provided and value of education, leadership of President Meservey, and community impact. Suggested challenges note by CCS were our declining financial support from state, retention and graduation rates and determining areas of distinction for Salem State University. Interviews with stakeholders were generally supportive of the notion of a campaign that focused on support for students while enrolled, financial assistance to provide access for the student and support for the faculty. Interviewees acknowledged the current lack of a "deep bench" in the IA office and encouraged careful review of how best to initiate such and effort. Issues as potential concern heard in every study – consideration of timing, economy, and competition for philanthropy were offered.

Our fundraising goal was based on mission and vision. CCS recommended a task force be developed of key donors, campus stakeholders and marketing & communications to define our fundraising priorities through case development. The team of staff, faculty, students and key leadership donors and volunteers were the primary drivers in defining our five campaign priorities: academic programs, faculty, student life, financial assistance and annual support (see attachment 1: campaign statement task force roster).

We believe a key achievement in the success of our reaching the \$25 million goal was that we had a very high level of organizational and leadership buy-in. We had a strong volunteer body that owned the success of the campaign. We had our two senior leaders, President Meservey and Vice President Cynthia McGurren, focusing a high percentage of their time to the success. We secured 100% participation from the Board of Trustees, Alumni Board and Foundation Boards and likewise internally we had 100% support for our President's Executive Council (PEC) whose leadership changed substantially during the campaign, and 94% from our full-time faculty and staff.

The university agreed to fund all of the personnel related expenses and the Foundation agreed to fund all operational expenses for the campaign. The Foundation model for funding consisted of campaign expenses being paid for with excess revenues annually. When the campaign budget was updated and finalized, there were not sufficient reserve funds available or projected to be available to support the operational expenses. In FY12 the President needed to authorize a transfer of \$168,000 from campaign unrestricted to cover the operational costs. See attachment 2: Board Approved use of Restricted Reserves Analysis that was prepared on 2/29/12 and shared with the president when she made the

decision to transfer the funds. This file contains the reserve analysis that was presented at the joint Foundation/BOT meeting voting on the campaign (chart at top of page) and a quote from the minutes regarding the funding expectations of the Foundation. The document continues to outline the operational budget set by fiscal year compared to the reserve estimates showing a significant deficit. See attachment 3: Draft campaign expenses detail 5 18 11 for the expense budget mentioned in attachment 2. Additionally, the campaign public launch was budgeted to cost more than was originally planned in FY14 for the campaign and the president authorized an additional withdrawal of \$47,000 from the campaign unrestricted fund to cover the cost of the campaign's public launch.

The Foundation's model for funding expenses was not prudent for a number of reasons. The dependence on excess revenues annually was a risk because if there were unforeseen operational expenses in that year, there would not have been enough resources to fund the budget. Also, the Foundation's portion of the budget was developed and revised and set without regard to the reserve document that was shared at the joint meeting voting to establish the campaign which resulted in a significant shortfall in funds available to fund the budget. The Foundation is preparing now for FY18 and going forward to focus on building its unrestricted net assets to fund the budget needs for any future campaign. See attachment 4: Comprehensive Campaign Expenses FY11 thru FY17 which contains budget vs. actual thru June 30, 2017.

2. FUNDRAISING PRIORITIES AND GOALS

It goes without saying that our most significant achievement was reaching our \$25 million goal which was surpassed by raising \$26.5 million. Within that, we saw some challenges in raising funds specifically within the area of faculty. Many alumni cited that they are fond of faculty relationships but are often tied to wanting to assist their academic program overall or specific exciting initiatives like the Center for Holocaust and Genocide Studies or the Center for Entrepreneurship. In fall of 2015, we worked closely with the provost and others in academic affairs in defining the various fundable opportunities within our faculty area; this work will be of great service for future fundraising efforts.

The area where we saw the greatest results, however, was to support students financially either through scholarships or internships. Our alumni cited financial struggles when they attended and so, empathized with the increasing costs of attending Salem State that has outpaced inflation. This was the priority that resonated with our alumni the most. We saw it, for example, when our phonathon started to describe the financial struggles of some students and what our Advocacy Department does to support them – we saw a direct uptick in support from donors who had never given.

The only priorities that were not originally outlined in the plan were campaign unrestricted and unrestricted endowment (see attachment 5: Final Campaign Snapshot_December 31). It's helpful to point this out so that in a future effort we will consider the role unrestricted funds play in driving support for the university both for funding the Foundation's budget, and for supporting the unmet needs of the university.

We also did not have a clear plan around naming opportunities going into the campaign and those had to be fleshed out as we simultaneously were fundraising. During FY15, we created policies and procedures that began to align in an increasing level to best practices in fundraising. We developed best practice Gift Acceptance Policy that was voted on by the SSU Foundation which provides guidance to

Foundation and university personnel regarding the acceptance and use of private gifts. The Board of Trustees and the university leadership were kept fully informed during the development of the policy and, in fact, will continue to play an ongoing role in gift acceptance decisions through the work of the Gift Acceptance Committee.

In attachment 6: Naming Opportunities Trustees, was a document reviewed and voted on by the Board of Trustees on February 16, 2011. Attachment 7: Naming Opportunities Policy was created to establish processes around naming opportunities. This was done in October of 2013 and was revised again in December of 2014. All of these policies have served us well in the final years of the campaign and will do so going forward. Two other policies for naming opportunities were created: attachment 8: Bench naming opportunities policy and attachment 9: Faculty funding opportunities policy

Finally, CCS was instrumental early in the campaign in helping to drive an overall plan for the campaign which can be found in attachment 10: Salem State Campaign Plan.

3. Donors

We had tremendous support from our volunteer boards in supporting the campaign. We reached 100% Board commitments to the campaign in each of the following: Board of Trustees, Foundation Board of Directors and the Alumni Association Board of Directors.

Of the 11,988 donors to the campaign, 6,183 were NEW donors (48% of donations). These donors had never previously made a gift to the university prior to the 10,000 Reasons Campaign. These first-time donors gave a total of \$4,154,161. We only received \$70,000 from unsolicited gifts of \$1,000 or more to the campaign. We realized a bequest from Alice McCarthy, which came in during the campaign, valued at nearly \$1.8 million for a scholarship to support the students majoring in Art + Design. New prospects were key to the successful completion of the campaign. Out of the prospects identified by CCS early in the campaign (spring of 2011), \$6 million or 20% of the total dollars raised in the campaign were realized from these individuals. It's clear from this evidence that a solid investment in donor qualification and cultivation was key to the success of this campaign.

We saw several special fundraising initiatives that drew in new donors, specifically the Viking Challenge launched due to the generosity of the co-chairs of the campaign. This first-time challenge brought us up to 10,304 donors in the campaign, raising \$19,149. In addition, we launched our first crowdfunding effort, involving campus partners, raising \$51,326 from 36 projects. A total of 719 gifts with 575 donors, and 299 new donors of which 221 were alumni.

The annual fund, which is comprised of unrestricted and restricted giving to the university, was one of the five designated priorities within the campaign with an initial goal of \$6.5 million. The goal for unrestricted funds was \$1.75 million and restricted giving was \$4.75 million. Annual support was included as a priority within the campaign with the following goals in mind:

- strengthen and highlight unrestricted funds and their unique relationship with the Foundation as a base for operational support; and for discretionary funds used by the President for pressing needs;
- strengthen giving to individual departments and programs;
- encourage a culture of philanthropy and involvement in the campaign at all levels.

In 2013, when the campaign was struggling to reach its key fundraising benchmarks we, senior leadership, in consultation with the Campaign Steering Committee, re-evaluated the progress toward all campaign priorities. That evaluation process yielded a lengthened timeline for the campaign; and the decision to increase the annual support goal as this was tracking to reach the goal early and was outpacing other campaign priorities. These goals were adjusted to adopt a deadline of December of 2016 and the final annual fund goal was set at \$7,216,000, with an unrestricted goal at \$2,925,000 and a restricted goal at \$4,291,000.

In FY12, the Comprehensive Campaign Unrestricted fund was added to support both growing campaign needs and to offer flexibility for funding critical needs both inside and outside the designated areas of support. (For example: The Sophia Gordon Center for Creative and Performing Arts or faculty support). When this fund was created, we saw some donors make larger, leadership size gifts to this fund instead of giving to annual fund unrestricted. In the future, we should take into consideration that having multiple unrestricted funds might be confusing to the donor.

The campaign saw many successfully completed naming recognition in stewardship of generous campaign support as follows:

1. Walsh Writing Center dedicated: *August 2013*
Salem State formally honored Rick and Jean Walsh '71 and their longstanding support to the university, with the dedication of the Mary G. Walsh Writing Center, named after Rick's mother, who loved to read. Jean and Rick have committed \$500,000 since the inception of the 10,000 Reasons Campaign.
2. Harold E. and Marilyn J. Gasset Fitness Center dedicated: *November 2013*
A ribbon-cutting ceremony with many city and state dignitaries officially marking the opening of the Gasset Fitness Center. The center offers Salem State's 9,600 students access to 45,000 square feet of top-tier exercise equipment, a new basketball court, studios for dance and yoga, a batting cage, and a lounge area. Named in memory of 1983 alumna Kim Gasset-Schiller's (83) parents, the center promotes a culture of health and wellness on campus; and recognized the significant philanthropy of Kim and her husband Philip.
3. McKeown Plaza dedicated: *July 2014* to a 'Regular' Person Who Made a Big Difference, honoring James L. McKeown '77
The James L. McKeown '77 Memorial Plaza honored the late "Jamie" McKeown, a magna cum laude graduate of Salem State's Class of 1977. The university dedicated the plaza to acknowledge the wonderful generosity of Joyce and Bill Cummings '13H made possible through the Cummings

Foundation. The Cummings' cited Jamie's "unwavering integrity, professionalism, friendliness, and dedication to his community and its young people," in their dedication remarks.

4. Ricciardiello Atrium dedicated: *September 2014*
During the annual celebration of giving event held at the O'Keefe Center, the new Atrium in the Gassett Fitness Center was named for alumna Joanne (O'Keefe) '68 and her husband Phillip Ricciardiello. Their major gift of \$250,000 will provide students with generous scholarship support.
5. The William "Bill" Gillis '66G Office dedicated: *March 2015*
Denise and Mike Gilligan '70 named a room in honor of William Gillis '66G who was a longtime faculty member, former coach, and athletic director who left a strong legacy in those he touched while at Salem State. The ceremony united many alumni who were former men's hockey players, including Gilligan. Mike, the university's first hockey player to earn All-American status, went on to coach at UVM and, ultimately, the women's Olympic hockey team.
6. Paul Petrowski '66 Conference Room Dedicated: *April 2015*
Marsh Hall 210 is now formally titled the "Paul Petrowski '66 Conference Room" which recognized Mr. Petrowski's \$400,000 commitment to the university through the campaign. Paul became a member of the Salem State Foundation in 2016.
7. Daniel F. Harrigan '27 Periodical Room dedicated: *August 2015*
Named in memory of Daniel F. Harrigan '27 a long time and much revered member of the faculty. Family and friends of Janet '68 and Kenneth Himmel '85H gathered in the library to pay tribute to Janet's father, Daniel, and to celebrate the naming of the Periodical Room in the Berry Library. The tribute also recognized the significant philanthropic support of Janet and Ken and their long-standing commitment to Salem State's Fine Wine Auction.
8. Drinkwater Way dedicated: *June 2016*
Dean Drinkwater '94 and father, Dennis '67, '12H, both longtime supporters of Salem State, joined with their extended families for the dedication of Drinkwater Way, a pedestrian stretch along the library on North Campus. The walkway was named in recognition of the Drinkwater family's longstanding support of Salem State, in particular the Salem State Series.
9. Gassett-Schiller '83 Endowed Chair in Accounting and Finance Installation: *September 2016*
The Bertolon School of Business welcomed Norbert Tschakert, PhD, the inaugural Gassett-Schiller '83 Endowed Chair in Accounting and Finance, the first appointed tenured endowed chair at Salem State University. The chair honors contributions of Kim D. Gassett-Schiller '83 and her husband Philip Schiller.

4. Campus Community

The campus community campaign effort was formed under the volunteer leadership of: Nate Bryant '87, assistant dean of the Center for Academic Excellence, and Amy Everitt, professor of Healthcare Studies, who leveraged support from 94 percent of the university's faculty and staff – contributing more than \$2.2

million dollars and an additional \$1 million in planned gifts recognized through membership in the Crosby Society.

With the guidance of PEC and President Meservey, and direct invitations being conducted by Nate and Amy as co-chairs, a committee of 36 members (FY11) were recruited to participate. The committee helped us anticipate questions and areas of known resistance, spread the word to their own departments and networks and with the planning and staging of events, performances and solicitation efforts. Nate and Amy were asked to lead the effort personally by President Meservey and Vice President McGurren. They in turn asked the proposed list of committee members to join us. Committee members were selected to provide a balance of recognition, union membership and departments in representation on the committee.

The primary goals established by the Campus Community Campaign Subcommittee(CCC) were as follows:

1. 100% participation
2. \$1,535,000 raised from the community which included current full and part-time employees and retirees
3. To seek involvement from the campus in the effort to be more volunteer driven in its outreach to faculty and staff

We measured participation with total donors from all audiences over the denominator we froze at the beginning of campaign period based off the then count of full-time employees. We reached a 94 percent rate due to involvement from the entire dedicated thirty-four member committee whose endorsement of the effort sought record-breaking levels of involvement including 100% of president's executive cabinet contributing to the campaign. Prior to this we measured our giving from faculty and staff annually averaging at 13 percent with the industry average for annual participation rates at 35 percent. Nate and Amy were well-known and respected on campus and well received by our colleagues as we made one-on-one visits with peers and met in group settings to appeal to our campus. The committee at large was helpful in getting us in front of various departments and in helping to promote our message.

We used a variety of methods to communicate with the campus: direct mail, email, notices in the weekly 'What's New', humorous low-production videos and flash mob performances. We held to one main appeal period per year and made our yearly celebration of success fun and informative.

The department visits which happened at the beginning of the campaign were well received and should be replicated annually going forward. They provide a great opportunity to promote giving and answer questions, as well as foster a sense of community amongst our campus while sharing what IA does for the campus more broadly.

We used many resources on campus: we utilized Salem State's media services to make a video and for recording events; we collaborated with a dance faculty member to choreograph our performances; and, we utilized on campus departments to print and mail our pieces. Though I think in the future, having closer partnerships with PR and M+C might serve us even better in a future effort and I'm sure we could explore many more.

Also, IA leadership, under Cheryl Crouse and Lori Boudo, spent a very involved (6 months) advising and collaborating with Nate and Amy on each ask visit. They met with each director, associate dean, and associate vice president on campus to ask for their participation. It was decided by the committee as a whole to ask everyone for the same amount at each level. We asked everyone at the Director level for a \$7,500 gift. Because of that, no one felt isolated or called out. It was truly up to the staff or faculty member to determine their own level of commitment to the effort since participation was stressed through the entire process. Please see attachment 11: \$25 million Gift Chart 2011-06-10 for the gift chart that was agreed on by senior leadership and CCS for the campaign.

We plan to continue to involve faculty and staff in giving going forward and have asked each member of the original committee to continue participating as part of the annual CCC effort going forward. We will be conducting a survey to measure engagement and recruit new committee members as well as continue to conduct departmental and campus visits.

The forms and guidelines for giving through payroll deduction (DDPAs) were modified over time. The processing of DDPAs was difficult in terms of working through payroll and financial services, including even the terminology (name) of the product. DDPAs are a great tool and provide flexibility for our donors. And it took a few cycles to iron on the issues but it now runs smoothly, albeit a manual process for the payroll team.

Leveraging the culture that was created during the 10,000 Reasons, we have an opportunity to continue to build awareness around faculty and staff giving in support of funding opportunities. We should explore inclusion in the new employee welcome process, either with packets or with a presence at orientations if welcomed by HR; department chair and office visits to promote fundraising outreach, IA services and giving opportunities.

We have an opportunity to further educate our faculty and staff on the mechanics and importance of donor stewardship. For some offices, there may be some confusion surrounding the difference between 1100-operating funds and 2313-department funds. Also, there continues to be concern about whether funds raised will be used to offset operating budget allocations, despite reassurances from the President and Institutional Advancement Leadership.

5. Volunteers

Salem State benefits from having several different volunteer boards. During the campaign, the steering committee made it a priority to focus attention on the various board's giving, creating a subcommittee to launch that work. The Boards sub-committee focused its work on a goal of securing 100% campaign participation from each of our volunteer boards. This work was expanded to started with the Board of Trustees, Foundation Board, and Alumni Board, and later in the campaign expanded to the Friends of Social Work, Friends of Education, Overseers, etc. In addition, the initial dollar goal set forth by the boards subcommittee was met and increased and met again during the campaign. While the overall fundraising from the boards was an enormous success, not all board members made a major gift

commitment during the campaign. This work surpassed its first \$3 million goal, and increased the goal to \$3.75, and ultimately raised \$4,308,581 and also secured 100% from the following groups; Alumni Association Board of Directors, Board of Trustees and the Foundation Board of Directors.

See the following attachments highlighting this work: attachment 12 Board Giving and attachment 13: Board Participation.

The campaign volunteer structure was set-up by CCS early on in the campaign. We believe that a close review of how volunteer boards could be maximized in the next campaign would be an important focus. There was a lot of duplication of reporting to volunteer boards and committees in the campaign that might benefit from a more streamlined model with less preparation time and more focus on raising the dollars.

The following committees made up the campaign. Key to recruiting these individuals, especially those on campus, was the personal outreach by president Meservey and the PEC in asking members to join these committees.

Campaign Case Statement Task Force (attachment 1: Case Statement Task Force Roster)

- managed by CCS
- met regularly during a 3 month period from January – March 2011

President's Campaign Cabinet (attachment 14: President's Campaign Cabinet Role)

- managed by CCS and the campaign manager
- met once per month, April 2011 – December 2011

Co-chairs: Kim Gassett-Schiller '83 and Henry Bertolon '74

- regular conference calls with Vice President, IA, and Campaign Manager

Campaign Steering Committee (attachment 16: Steering Committee Leadership Description and attachment 16: Steering Committee Org Chart)

- managed by the campaign manager
- met four times per year, September 2012 – December 2016

The alumni and parent subcommittee reported up to the campaign steering committee. The efforts of this committee were launched as the campaign went public in April of 2014. The strategy was to find co-chairs to assist us with this effort. After trying to find a parent to help with the work we ultimately decided to keep it to one chair. The goal was to find someone to assist us with bringing together alumni, friends, faculty, staff, parents and student with the common cause of raising money on behalf of the 10,000 REASON's campaign. It did not take long to identify Joanne Ricciardiello '68 as the perfect fit. With the help of Joanne, we were able to map out the work of our various "communities" and start doing outreach. At first, we identified different affinities that we knew would easily grasp onto the work and be willing to start a community. These communities included those who had an affinity to sports, various clubs and majors on campus. A faculty/staff liaison was identified from the communities to

assist with the work. Additionally, an individual from Institutional Advancement was also assigned to the group. Training was provided on a one-on-one basis with the IA representative.

In three years, there were over 35 groups that worked with us to form a community that focused on outreach, engagement and fundraising. The size of each group depended on the scope of the work and the reach they had within in their respective audience. Some communities had only one or two volunteers assisting with the work and others had large committees comprised of well over ten alumni and friends. The work of the community often included a direct mail appeal, email outreach, phone outreach, an invitation to an event and/or a crowdfunding initiative to assist with raising funds.

In 2015, we hosted our first-ever Party on McKeown Plaza (POMP) event during alumni weekend. This event served as an opportunity to engage various communities with a common cause of getting together for a reunion and university celebration. The event was met with enormous success and in 2016 we decided to include POMP into alumni weekends calendar again. In the first year, we attracted over 350 guests.

When we try to measure how many new volunteers were involved to support the campaign, it's difficult to calculate. We did not effectively track volunteer engagement in Raiser's Edge. We have done a relatively good job of tracking board volunteers. During the course of the campaign we identified and coded 308 people in Raisers Edge as serving on a community and/or one of our current boards. The boards include alumni association, board of trustees, foundation board, friends of education, friends of social work, BSB Alumni network and young alumni society. Some of these individuals have volunteered in other capacities in the past but the campaign gave a more fully engaged role.

A volunteer handbook was created early on to guide and train volunteers. Many staff including the campaign manager worked one-on-one with volunteers to provide necessary training for volunteers to make effective asks.

A one-on-one volunteer initial meeting was set between the IA liaison and the faculty/staff liaison. Subsequent meetings were established for communities that had larger groups of volunteer committee members.

In 2013 and 2015 we hosted the Volunteer Summit. The summit was a platform to educate current and prospective community members and liaisons with additional skills in building their fundraising initiatives. The summit allowed for panel discussions on giving, student speakers to discuss the impact of giving and general information about the campaign and the university with the goal of training our community representatives to be an informed ambassador.

A volunteer handbook was created to help educate and guide our community liaisons through the process. This handbook was comprehensive and included the following:

- Information about the campaign
- Frequently asked questions about fundraising
- A quick start guide to starting a community
- An event planning toolkit
- Confidentiality forms for volunteers

- Organizational chart on how the alumni and parents subcommittee is structured

Fundraising events and committees are key to bringing in new donors and enhancing our prospect pool. Committees are an essential involvement tool for our outreach and engagement efforts and also serve to help build audience and fundraising dollars. During the campaign, here are some efforts that were undertaken including volunteers are through:

- The Fine Wines and Fabulous Finds Auction committee was re-launched to bring back the event in 2016. The seven members of the committee not only acquired 18 of the 66 auction items, but they also privately provided over \$48,315 by purchasing auction items or underwriting the cost of the event.
- The Viking Pride Celebration in 2015 honoring retiring athletic director Tim Shea was also executed with the help from a committee that worked for over six months to fundraise on behalf of the athletic endowment. The committee provided \$7,000 themselves and assisted in bringing in over \$26,417 from all event attendees.
- Bill Bulloch celebration which was a part of alumni weekend in 2016 raised nearly \$11,000.

For work with the Campus Community Campaign Subcommittee, please see section 4: Campus Community for a full explanation of how volunteers were leveraged via this subcommittees work.

The Corporate and Foundation Relations Subcommittee formed in July 2012, just a few months after Lisa McFadden established the position of Associate Director, Corporate and Foundation Relations. The subcommittee was comprised of members of the Campaign Steering Committee, a structure that was created by the consultant firm, CCS was made of volunteers from beyond that leadership group: Brian Cranney, Cranney Home Services, chair; Gina Deschamps, Deschamps Printing; Geoffrey Hunt, retired from Osram Sylvania; Laura Kurzrok, Eastern Bank Charitable Foundation; and Deirdre Sartorelli, Rogue Wave Consulting. The subcommittee was staffed by both Eileen O'Brien, Associate Vice President, and Lisa McFadden.

The charge for the subcommittee was quite broad and undefined, to assist in corporate and, especially, private foundation fundraising efforts. Because of the relatively new focus on private foundation and corporate *philanthropy*, as opposed to sponsorships, within IA under the auspices of the campaign, there was no blueprint for how the subcommittee could be of the most help. Staff circulated lists of private foundation boards of directors and staff to see if anyone had connections that could help open doors for the university. Occasionally we circulated drafts of foundation proposals to comments and suggestions. Subcommittee members were asked to identify promising prospects from their broad professional and personal networks. Over the course of three years 2013-16, three targeted fundraising appeals were made to SSU vendors on behalf of the 10,000 Reasons Campaign.

Only twice did C&FR subcommittee members identify a connection on a private foundation board, and in neither instance were they willing or able to connect with the board member. Laura Kurzrok was particularly helpful early on in reviewing a couple of narratives for foundation proposals that were being submitted to prospects other than Eastern Bank Charitable Foundation; because of her position at EBCF, providing this type of input and assistance was the ethical limit of how she could participate in

the subcommittee. While subcommittee members expressed support at accessing their personal and professional networks, nothing came to fruition along those lines. And although Brian Cranney personally did much of the heavy lifting on SSU vendor appeals, signing letters and making follow-up phone calls, the monetary results of those activities were extremely disappointing.

By the middle of 2015, the subcommittee had stopped meeting as a group. Brian Cranney and Gina Deschamps remained engaged with the campaign at the Campaign Steering Committee level.

Major & Leadership Giving Committee was not an active committee but much work was done with volunteers to find new leads and to make introduction. We feel there is even greater opportunity in future efforts to build on this even further. While we had a few committed to do the work of the committee: Karen Morrissey (chair), Richard Elia, Paul Mattera, Tim Shea '83G much of the work that each did was independent and therefore the group did not meet formally at any point in the campaign. Tim Shea was extremely helpful in raising money from athletics, Paul Mattera was a partner in opening doors, and Richard Elia built up the wine auction to be an even to "must" attend by many of our community and it raised significant funding and found us new prospects as well. IA senior leadership met with the chair, Karen Morrissey on regular basis to brief her on the activity. She was incredibly supportive of all the efforts and reported on this work in the campaign steering committee meetings.

We do not have an understanding of those that would work with us again on the campaign. We would need to conduct a survey that directly asks about volunteering.

Also established during the campaign was the Board of Overseers which serve at the pleasure of the president. The Institutional Advancement team, along with university leadership recruited 68 members of the community to be ambassadors for the university. Though there was no financial commitment for being on the board 57 percentage of the membership gave in the campaign.

The Board of Overseers was conceptualized and launched in 2012. The reason the board was started was to assist the president and the university in a wide range of activities to advance Salem State's mission in the region. The Overseers are informed advisors to the president and university administration on issues of strategic importance through their active membership and serve as resources by sharing leadership skills and professional expertise, and by encouraging financial support to the university. Overseers also act as ambassadors to promote the interests of the university regionally, nationally and worldwide.

The Board of Overseers enables alumni and individuals in the community to become more engaged in and have an impact on Salem State University. Overseers offer a meaningful way for former university board members (Trustees, Foundation, Alumni and Assistance Corporation Boards) to continue their involvement while also providing a way to engage new leaders in the work at the university. Giving the volunteer and the university time to determine if it might be mutually beneficial for further involvement by serving on one of the other boards that require more time commitment.

The Board also provided opportunities for exclusive professional networking opportunities for the members including invitations to campus events, receptions, and presentations conducted by faculty experts on campus.

The effectiveness of the engagement is somewhat mixed as some board members were on campus this one time per year, at the annual meeting, and this is the only event they attended. Anecdotally Board members did not seem to use their business or social networking relationships to engage others through Salem State events. We did see many Overseers become board members on other boards so in this regard it was effective.

There are several challenges when it comes to the administration and management of the Board of Overseers. This was created as a presidential board; however, the president’s office was not heavily invested in their involvement or in the recruitment process. For several years, some of the Overseers didn’t have an assigned solicitor so very little follow-up was done after the annual meetings to further engage them. Annual strategies to engage the board members to further assist the university or the president almost never occurred, as well as not utilizing board members for professional networking or university speaking engagements.

Here’s the report on membership throughout the campaign.

Board of Overseers membership 2012-2016

| YEAR | New Members | | | | |
|------|-------------|---|--|--|--|
| 2102 | 15 | | | | |
| 2013 | 15 | 1 resigned in 2014, 2 moved to the Foundation Board | | | |
| 2014 | 19 | 1 resigned in 2016, 1 resigned in 2017 | | | |
| 2015 | 13 | | | | |
| 2016 | 9 | | | | |
| | 66 | Total members recruited | | | |

6. ALUMNI RELATIONS, ADVANCEMENT EVENTS, AND COMMUNICATIONS

A. ALUMNI RELATIONS

Our alumni relations focus during the campaign was to maximize our impact on segmented audiences verses offering programming that paints a broad stroke to all alumni. We implemented regional programming and focus groups to see what our alumni want whom live outside of the greater Salem Area. With the help of the alumni and parents subcommittee we offered programming specific to groups, clubs, organizations, majors and programs.

The alumni relations team also collaborated with many departments on programming, serving as a resource and connecting with students. We launched a student grant program, hosted the “From Senior to Alumni” event, piloted a Job Shadowing program and expanded our volunteer efforts both on campus and in the community. This approach allowed for students, faculty and staff to see the work of the alumni relations office and to identify more with the alumni association.

The Alumni Association Board of Directors implemented term limits at the very start of the campaign that allowed the board to recruit a more diverse board that is reflective of Salem State today. The work of the alumni board shifted from a more advisory role to an active and energetic board. With the guidance

of the alumni relations office, the board recruited new members to help drive some of the work of the campaign. In addition, they saw 100% participation in giving to the campaign.

Affinity groups such as the Young Alumni Society and the BSB Alumni Network were established during the campaign.

We worked to solicit sponsorships for key alumni programming to assist with growing revenue to support the alumni association. Events such as POMP, our alumni golf tournament, homecoming and some professional development activities were made possible with the help of sponsorships and help to build the funding for future alumni programming.

Class reunions for the classes 1961-1966 were successful during the campaign and raised over \$200,000 through the 50th reunion class fundraising efforts.

Due to lack of staffing and resources, we were unable to accomplish all the goals set at the beginning of each academic year. There are several areas of opportunity that the team was unable to dive into effectively. These include: partnering more with admissions and getting alumni involved in recruiting students to attend SSU, collaborating more with the multicultural and diversity office to engage our alumni of color, building stronger graduate student/alumni engagement opportunities and collaborating with the Center for International Education in engaging our international alumni.

We engaged more alumni during the course of the campaign than we have in the past. This is reflective in the number of volunteers that were recruited to serve on alumni and parent subcommittees. In addition, annual programming like alumni weekend saw record numbers of participation in 2015 with 661 registrants and 2016 with 392 registrants. Previous to this period we had been in the low 200s. Registrants are counted by whether they have a Raiser's Edge record.

The events that were most well received were: various Florida programming, Alumni Weekend with the addition of Party on McKeown Plaza, class reunions, alumni holiday parties in 2015 and 2016, professional development workshops, affinity based programming such as athletic, veteran, LGTBQ and major/class related events.

Also, we saw an increase in our alumni wanting to mentor students and give back to the community through civic engagement. The alumni association board has become more recognized throughout the alumni community and there are more alumni now than ever wanting to serve as a member of the board of directors. In 2015 we had 8 interested applications join the board, in 2016 and 2017 we had over 10 each year. There have been more applications than vacant seats leaving the board with a surplus of interested alumni. In addition, there were over 10 applications from interested alumni to serve in the role as alumni trustee when the seat became vacant in 2017.

With more staffing resources, we would be able to work more closely with various departments on campus and facilitate long-term strategies for engagement.

The Institutional Advancement relationship with career services is strong however there is much opportunity there to further advance the work in employer relations. There is potential to partner with them more on programming, internship and workforce development. If there were more resources, it

would be beneficial to our internal and external stakeholders for there to be position that lives in career services with a dotted line to alumni relations.

We have enormous opportunity to grow all areas of work within alumni relations. Although the campaign opened many doors to collaborating with alumni, faculty and staff, we were only able to scratch the surface of the work that could be done to further engage our graduates in the work of the university.

Opportunities for future growth in positions include; blended role between career services and alumni relations, International alumni, alumni of color, nursing, regional outreach, science related majors, groups and clubs affinity, partnering with enrollment management to name a few.

B. ADVANCEMENT EVENTS

The Series program was impacted by the focus of the campaign in two ways;

1. Human resources were directed to support advancement events that prior to the campaign focused on the Series. For instance, the number of advancement events in addition to the Series held annually increased from 4 in 2011 to over 20 in 2016. The area also had an additional position and half added. Resources from fundraising were also pulled away from fundraising to support sponsorships.

The sponsors of the program were asked to also contribute to the campaign above and beyond their annual contribution to the Series. This didn't prove to be a conflict until the final year of the campaign, when two Series events were held. It is possible that the announcement of the successful campaign deterred sponsors and donors of the Series to continue their support into the spring of 2017.

We hosted eight Series events including:

Deepak Chopra: September 23, 2010
Newt Gingrich: March, 30, 2011
John Irving: September 13, 2011
Bobby Valentine: November 8, 2012
Cory Booker: April 7, 2013
Tony Kushner: November 13, 2013
Tom Brady: May 7, 2015
Ed Davis and Richard DesLauriers: November 3, 2016

The campaign was leveraged throughout the Series in a few specific ways. First, in 2012 contracted speaker Anderson Cooper cancelled the afternoon of the event causing major financial damages to the Series fund through lost expenses. However, sponsors of the program were asked to donate the value of their event benefits back to the Foundation as a fully tax-deductible gift.

In addition, in 2014 it was decided to forgo hosting a Series event for the first time in the history of the program so the Foundation, and supporting staff could focus on the public launch of the *10,000 Reasons* campaign. In the absence of a 2014 Salem State Series, sponsors and ticket holders were

asked to renew their sponsorship or ticket contribution in the form of a fully tax-deductible gift to the campaign. This resulted in nearly \$14,000 raised toward the campaign goal from that group.

In addition, we had two major donors designate a portion of their support to continue their longtime support of the Series totaling \$250,000 in sponsorship dollars that was counted in campaign fundraising totals.

In 2015, the Series held its largest event in history with the appearance of New England Patriots Quarterback, Tom Brady. The event reached international news with its proximity to the *Deflate-gate* scandal. News of this came out the day before he was expected to speak at Salem State. We even heard from a graduate on the West Coast that she was excited to see such positive coverage in the media about Salem State. The positive impact this brought to the university and the foundation went far beyond the specific dollars, approximately \$40,000 in net revenue raised from the event. In addition, to the many prospect visits and follow up gifts that occurred, it also reached a broader audience. For instance, many patrons sent in follow up correspondence praising the event.

The campaign website statistics in March 2015, when Tom Brady's appearance was announced and sold, compared to previous months were extraordinary as outlined below:

- Page views increased 579.73% (23,274 vs. 3,424 page views)
- Unique page views increased 527.25% (18,184 vs. 2,899 page views)
- A total 9,314 page views for Tom Brady's speaker bio page

Finally, in general the Series event is a natural pipeline feeder, growing our reach and impact within the community and engaging prospects in exciting and exclusive access to our speakers. Since the inception of the campaign in the summer of 2010 there have been over 4,800 new unique series ticket purchasers, of which, 2,301 were not in our Raiser's Edge database.

Please note for the numbers below - the recording and statistics on advancement events were inconsistent prior to the department's creation in June 2012; therefore, the data in the first year and half of the campaign may not accurately depict outcomes.

The following reports provides data comparison between pre and during campaign events data. Below please find a reporting of advancement only events:

- Total of Advancement Events held (pre): 4
- Average annual events held (during): 15
- Total events held (during): 79

The following reports number of registrants who participated in any event:

- Average annual participants (pre): 4,713
- Average annual participants (during): 6,403 (does not include a series in 2014 because one was not held.)

The following reports of the philanthropic revenue generated by events:

In addition to qualitative benefits such as cultivation, visits, and follow-up gifts, event generated \$1,710,359 towards the campaign fundraising total including:

- Series: \$776,301
- Fine Wines and Fabulous Finds: \$578,374
- Retirement celebrations:
 - Stan Cahill – \$27,654
 - Tim Shea – \$227,073
 - Eileen O'Brien – \$27,316
- Youth at Risk Conference: \$60,996
- Alumni sponsorships via events (Homecoming, Golf, Social Work, POMP, etc.): \$12,645

This doesn't include alumni fundraising events like reunions and Alumni and Parent committee events. This does not include non-IA events in which we assisted with sponsorships that include a tax-deductible amount.

C. ADVANCEMENT COMMUNICATIONS

The Advancement Communications department was developed under the recommendation of campaign consul to more directly support advancement fundraising and engagement communication functions. Since the unit was a new one, many of the functions of Advancement Communication and Marketing & Communication needed to be worked through and sometimes created challenges given the high demand and productivity the campaign environment created.

Early on in the campaign, the assistant vice president, along with the new advancement communications staff embarked on two visits with other universities to learn more about resources and best practices that could be leveraged by Salem State. They visited Tufts University and Simmons College. Both organizations were extremely welcoming and were instrumental in our development as a department. We not only walked away with more knowledge of refining our operations but we had built partners to be able to call on when in need of a sample or template that could be useful to our ongoing evolution and development.

Key reasons why the 10,000 Reasons campaign marketing worked.

1. Powerful story telling element that the "reasons" could be replicated across channels of marketing from events, donor visits, campus community and beyond.
2. Buy-in – we had stakeholders from across campus, in our alumni base and donor base who weighed-in on the development of the marketing plan.
3. It spoke to who we were as a university and the inclusivity that we embrace as a community

There are two key times that a communication plan was put to great use during the campaign:

- We had a strategic messaging plan when the 10,000 Reasons Campaign was created. This plan is represented in attachment 17: 10,00 Reasons Brand.
- As we took the campaign public in 2013 we had a communication plan (see attachment 18: 10,000 Reasons launch plan and attachment 19: PMM launch week requests)

- As we exited the campaign we had a communication plan which can be reviewed in attachment 20: campaign end communication plan_FINAL.

Going forward and in future campaigns, a “comprehensive start to finish communication plan” would be key to our success. Hiring outside creative gave us someone who was looking at our organization in a fresh new way. I think this was key to our solidifying a creative messaging for the 10,000 Reasons.

We believe we could improve in the next campaign in the following areas; leverage Social Media Ambassadors more consistently by utilizing them throughout the campaign; showcasing REASONS on the main website and seeing more collaboration from M+C on the value of marketing the campaign more broadly as a university-wide priority; focus on retaining talent in Advancement Communications. Turnover in departments caused the university to request pulling funding that led to eliminating two positions in IA, and one of them directly impacted Advancement Communications because duties were spread across the division to cover those responsibilities and the two-remaining positions and those responsibilities were met with unrealistic expectations. That coupled with the late adoption of publications with one person, and no resources in the final 7 months of the campaign.

There was good coverage at the beginning and at the end of the campaign. The lack of it in between was partly due to turnover in both the Advancement Communications department and the public relations office. Also, before recent changes in the PR office, there was a lack of confidence in the PR team and plan. There were several missed opportunities for “feel good” stories being re-purposed.

We believe the campaign website was successful, though it did come with a hefty price tag of \$35,000 and needed to be heavily managed by the campaign manager when the campaign was going public due to staff turnover in the department.

It provided a successful platform for fully realizing the campaign goals. It was helpful to be able to update it frequently and easily. We will unfortunately not be able to create our own website in future campaigns.

At the start of the campaign the message was fully integrated into the university however, the messaging became more concentrated as time went on. There were opportunities for the stories that were featured on the campaign website to be synergized across channels, but that was not done. Messaging to students was successful toward the earlier stages (2013), but not toward the end. More recent students would probably not be as familiar with the campaign as earlier students were.

Campaign message was leveraged by events at every opportunity we shared our brand and messaging of the campaign with the exception of some professional development conferences. We maximized the 10,000 REASONS brand at every opportunity possible. We utilized the launch video at every event after our campaign launch celebration. We branded napkins, large size posters, pull-up banners, photo backdrops, swag items, t-shirts, logo bags, post-it pads and folders. Additionally, we used language at programming that highlighted the successes and reminded folks about the 10,000 REASONS campaign.

Finally, at every alumni association and affinity board meeting we had volunteers either from the steering committee or an educated member within the board speak about the importance of the campaign and the need for support.

Several alumni commented on the 10,000 REASONS in a positive way through the survey we did in spring of 2017. Please find the results of that survey in attachment 21: Campaign Survey Data Summary.

7. FUNDRAISING

A. CORPORATIONS & FOUNDATIONS PROGRAM

Corporate and Foundation Relations (C&FR) department was established in February 2012, a year into the quiet phase of the 10,000 Reasons Campaign. The associate director was reassigned from an IA events logistics role, which included responsibility for sponsorships, C&FR, with primary charge being to secure grants from private foundations. This was an area in which Salem State University had little experience or success, and university, CCS and leadership viewed it as an area of untapped potential for leadership support for the campaign.

Salem State was wise to devote resources to the function of foundation and corporate philanthropy, but the expectations were overly ambitious for an institution just establishing a private C&F office. The monetary goals were too high and staffing levels too low to achieve the quantity of proposals we had hoped to submit. Beyond that, we encountered a steep learning curve about the limitations and competitive nature of private and corporate foundation funding. For the duration of the campaign, C&FR had a single staffer, and the IA Events team maintained primary responsibility for securing sponsorships. A consultant was hired to determine the parameters and metrics by which the C&FR office would operate, and to provide initial research to inform that work. The consultant's goals were finalized with university leadership, based on the funds needed to meet campaign benchmarks rather than a realistic assessment of the relationships and successes the university had with private foundations and corporate funders. The returns for FY13 and FY14 fell far short of goal. With no other expertise within IA on private foundations, specifically, a significant amount of time was devoted to defining and honing procedures and managing expectations for "low-hanging fruit." Straight through the campaign, procedures were re-evaluated and changed in an effort to manage C&F fundraising efficiently and accurately. It is still a work in progress.

The university did benefit from both short- and longer-term wins in the C&F arena. By the close of the campaign, C&F fundraising accounted for 6.79% of the campaign total. In situations where a high-ranking SSU administrator or volunteer had a foundation connection, an occasional door was opened for a proposal that otherwise would not have been considered (example, UPS Foundation). Proposals that received grant funding were stewarded with extraordinary care, allowing funders to develop relationships with university leadership and appreciate the full value that their gift provided (for example, Cummings Foundation and Rogers Family Foundation).

The C&FR office quickly realized that private foundation funding was both extremely competitive and increasingly "closed" to unsolicited proposals. Salem State University had no real track record of foundation or corporate support beyond a small cadre of loyal sponsors to signature events, such as the Salem State Series, Honors Golf Tournament, and fine arts performances (playbill advertising), which meant that the majority of outreach was being made to businesses and foundations with little or no knowledge of Salem State, its strengths and successes, or its need for support. An additional

challenge is one that the university faces with all its potential donors: communicating effectively the need for private support of a large, publicly supported institution. Many C&F prospects stated outright that they channel their philanthropy to small, grassroots organizations where a relatively small grant can have a large impact.

At the same time, the university ran up against the opposite problem with national corporations (for example, Liberty Mutual and New Balance) and large private foundations (for example, Kresge, Lumina, and Spencer), many of whom are seeking to “move the needle” on enormous social justice issues. Our institution isn’t large enough to attract big-name corporate sponsors, faculty are engaged in relatively small research projects, and we haven’t built strong networks with other institutions to take on issues of regional or national importance.

The two biggest challenges that C&F faced during its formative years were internal. First, the culture was not primed to respond to the interaction and dedication necessary to develop competitive funding proposals. Not only were deans, department chairs, faculty and staff unaware of the potential to partner with Institutional Advancement’s new C&F function, when they became aware they were often reluctant to devote the time necessary to develop the substance for put a fundable proposal together. The C&F staffer handled project management and the majority of the writing, editing and proofreading, but requires specific faculty/staff to be the content experts. As the teams worked on budgets, limitations on the amount of funding that could be requested for faculty stipends or to cover APRs was disappointing, and several times projects were abandoned because a department didn’t have qualified faculty to cover a course release, should the proposal be funded. Happily, the C&F function is now very well known on campus, and is sought out for new partnerships on a regular basis. Now that the fire has been ignited, it will be more important than ever to increase the staffing capacity for C&F to work effectively on an expanding number of fronts.

The second challenge will be much harder to overcome, and is possibly more of a threat to successful C&F fundraising. That is the reluctance or inability for us to make a “cash” investment in the programs and projects for which it is seeking funding. During the campaign, we have represented the Salem State commitment to projects primarily through in-kind use of space and services that are part of the “overhead” of operations. Seasoned and savvy funders in both the corporate and foundation arenas are looking for applicants to show significant “skin in the game” to ensure that programs/projects are an institutional priority and, more importantly, that the institution is committed to continuing to support them in full once the grant period ends. With the very challenging budget environment in which the university operates, that is rarely a commitment that the institution can make.

Still, as we come out of campaign mode, corporate and foundations is on a decidedly upward trajectory with a number of areas where we could potentially enjoy growth. As the university’s successes are publicized and talked about with more pride and within a growing base of supporters, we should find it somewhat easier to be taken seriously in the regional funding arena. Our projects and applications will still have to be excellent matches for the funding guidelines, but the university is becoming better known for its programs and for its ability to raise private donations. Corporate leaders and foundation boards talk freely amongst themselves, and often provide informal references

for nonprofit organizations with whom they have had a successful partnership. We need to use that momentum to our advantage. Secondly, we need to expand our bandwidth and develop a C&F team that can focus as much energy on corporate philanthropy as we do on private foundation proposals – maybe even more. The turnaround time and the leeway for spending corporate philanthropy often offers more flexibility than foundation grants can offer.

In combination, aggressively pursuing sponsorship investments, corporate philanthropy and private foundation grants has the potential to provide an influx of funds to support university projects which, for the foreseeable future, will operate primarily as self-sustaining programs.

B. MAJOR GIFT PROGRAM

The major gift team was comprised of the vice president, associate vice president, assistant vice president and one major gift officer. At periods in the campaign we had an additional major gift officer but there was no consistency which was problematic in not having more people solely focused external doing major gift asks. If a future campaign is seeking to double the dollars raised, a more significant investment in frontline fundraising would need to be made.

A great deal of time was spent assigning ask amounts to prospects in the quiet phase of the campaign and several prospects lacked strategy behind the number selected as the ask because there was serious pressure from our consultants (CCS) to pick a figure therefore ask amounts were arbitrarily assigned causing inflated estimates resulting in as lots of additional work in the maintenance of the database on proposals. Additionally, we spent a lot of time assigning non-prospects to gift officers for outreach and fundraising with no strategy at the recommendation of CCS. There were several prospects that were moved from portfolio to portfolio because they had a proposal, but lacked any relationship with the university. As the campaign moved forward and gained sophistication these early ask amounts were adjusted and better metrics were created to predict campaign outcomes.

The creation of the gift table forced the staff to assign dollar amounts for our top donors. This was an incredibly important exercise. That said, the vast majority of the 7 figure gifts, as well as the \$500,000 never came to fruition (see attachment 22: all initial prospects with their proposals and the outcome) which outlines the outcomes of campaign asks determined early on in the campaign. As the campaign continued, more prospects were qualified and we began to see the gift table become validated in terms of being able to see success in the campaign. The report sample can be referenced in attachment 23: Forecasting Report. The enhanced forecasting report allowed us to better analyze the number of donors at each level, as well as better predict the outcome of the asks at each level. This is the new format we use for fundraising and campaigns going forward.

Of the individual donors who gave \$10,000 or more during the campaign (159), 23% (36) gave their very first gift during the campaign. This is a significant portion as most campaigns know 90% of their funding will come from the top 5% of their donors.

The major gift program is, without question, stronger today than at the beginning of the campaign. Every aspect of the work has been professionalized. Gift Officers are better prepared to go about the

business of fundraising. There is more structure around goal setting and expectations of gift officer performance and a team based approach to setting annual goals to realistic meet fundraising expectations. There is a more systematic approach to moving prospects through the pipeline. There is a more thorough process of creating major gift proposals and tracking moves.

In addition to the professionalization of the staff, there has also been an education of the donor base. Prospects are better aware of the needs of the university and the ways in which we will solicit their support. A more "aware" prospect base enhances the major gift program in general.

While we've seen great growth during in the 10,000 Reasons campaign, we have a tremendous opportunity to build off of its momentum. The next few years will likely see growth in the giving to our annual fund: both unrestricted and restricted. With this, there is significant opportunity to increase the membership in our Sullivan Society and the number of donors annually at the Major Gift level; as well as qualify new major gift prospects at the \$25K+ level to create a pipeline of new donors for the next campaign.

There is also opportunity in small, targeted campaigns matching funding opportunities with the major gift donors that we have gotten to know over the past several years. Projects like the Bloomberg Laboratory for example.

Lastly, there is an opportunity now to engage our future philanthropic leaders into a deeper relationship with the university. The next year to 18 - 24 months will be important in aligning the right people for future campaign solicitations. It's imperative that we take time to do this important discovery work while stewarding the donors that made this campaign possible while they are paying off their campaign pledges.

C. PLANNED GIVING

Planned giving played a significant role in the 10,000 Reasons Campaign, not only in overall dollars raised at \$2,768,930 but also the way in which we were able to engage our donors in a more comprehensive giving conversation. Our donors were prompted to think in a more long-term philanthropic manner; all while maximizing the impact of their gift on the campaign and celebrating their legacy today. It was also during the 10,000 Reasons Campaign that we re-branded, and re-launched our planned giving recognition group now called the Crosby Society.

A planned giving goal had not been fully integrated during the planning phase of the campaign and was added during the early part of the quiet phase. A great deal of research was done to create a best practice recommendation to be included in our gift acceptance and gift counting criteria. The steering committee and boards agreed that any planned gift documented during the campaign by any person(s) age 60 or older during the campaign would be counted at full value. A maximum of 20% of the overall campaign goal (\$5M) could be realized through a documented planned gift. Further refinement in both the way we count planned gifts and document them in Raiser's Edge is a further opportunity for enhancing planned giving down the road.

Of the \$26,500,701 raised during the campaign, 10.5% of the dollars raised were obtained through documented planned gifts. Out of the documented planned gifts during the campaign, 78% of the gifts are bequests with the remaining balance of 22% through other giving vehicles (IRA beneficiary, life insurance, investment account beneficiary, etc.). This falls in line with national data trends.

Also important to note is that we received several realized planned during the timeframe of campaign. These gifts are not included in the “planned gift” numbers as they were ultimately cash gifts that had never been accounted for in previous fundraising efforts. The most significant of these gifts was a \$1,791,176 bequest realized from the estate of Alice McCarthy who was a friend of the university, and took art classes at the university, and lived in the Salem community which further highlights the value in investing in further resources to grow our planned giving program. The total amount of realized planned gifts was \$2,463,545 including the nearly \$1.8 McCarthy gift.

It was a priority to educate our staff and key volunteers of planned giving during the 10,000 Reasons Campaign. After research and training, our director of major and planned gifts, gave several presentations to the boards on the value of focusing attention on the planned giving efforts during the campaign. In addition, the development team participated in intimate presentations to select alumni groups. All these efforts resulted in the documentation of several new planned gifts. It was also during the campaign that we created a solid network of professionals in the estate planning space. We got more involved with the Essex County Estate Planning Council and Planned Giving Group of New England. These groups gave our team access to hundreds of valued professionals who served as resources for Crosby Society events, as well as navigating challenging planned gift situations. This group of professional advisors will benefit the long-term health and growth of the Crosby Society.

Formerly the Alpheus Crosby Society, the Crosby Society was re-launched with a branded logo and strategic marketing approach. The advancement communications team drove wonderful support for Crosby by highlighting it in all major publications during the campaign and by offering writing support to help create several one-page marketing pieces that were used by gift officers as tools for launching conversation with interested prospective donors. These pieces served as good “leave-behinds” for donors to consider as well as share with their advisors. Many different giving vehicles were highlighted through articles in the Statement and Impact. Planned gifts were consistently recognized in Impact. Members of the Crosby Society were recognized at events with designation on their nametags and during remarks. Crosby members were given special invitation to events (included with Sullivan Society).

With an incredible transition of wealth still on the horizon (Baby Boomer generation passing along wealth to heirs/charities), it is critical to the university’s overall fundraising efforts to continue to focus on the growth of the Crosby Society. Donors are getting more sophisticated in the ways in which they give, and blended gifts are becoming more popular. Laying a solid foundation of planned gifts to the university will provide for the long-term financial health of the institution. There is opportunity in the continued strategic marketing, including a more targeted approach to identifying Crosby prospects. In addition, we have seen success with small Crosby prospect receptions. Creating a plan around these programs, and increasing the number, will benefit the growth of the Crosby Society. Lastly, it is important that planned giving is part of the conversation leading into the next campaign.

In summary, Crosby saw tremendous growth with 59 total living members to date. We had 22 at the start of the campaign and added 37 resulting in 168% growth in Crosby Society Membership during the campaign

D. ANNUAL GIVING PROGRAM

The advantage of having a comprehensive campaign was that every gift, of any size, or designation was included in our reporting. Current use restricted, and unrestricted gifts counted towards the Annual Support goal. Many solicitations early on in the campaign were conducted by gift officers and including both a restricted and unrestricted ask (or dual ask as referred to in our industry). Gifts at all levels were solicited using a variety of mediums including: direct mail, email, phone solicitations, personal asks, crowdfunding (similar to go fund me) and through event solicitations. Donors were responsive relative to their level of engagement, and inclination to give at the time of the ask.

Unrestricted giving grew from \$265,782 in FY10 to \$273,284 in FY16. The high point of unrestricted giving during the campaign came in the second year of the campaign, FY12, when we raised \$932,159. This was due to the dual asks we spoke of that were heavily administered by gift officers in the leadership phase of the campaign and included multi-year pledges to pay them off.

In FY10, prior to the start of campaign we secured 3,397 donors. In FY16, the annual fund (restricted and unrestricted campaigns) secured 3,383 donors, which was a decline in total overall donors giving, however we had 6,348 alumni give to the campaign or 11 percent of our alumni base. Of this same group of alumni donors, the average number of gifts was 3.2 donations. Crowdfunding was launched for the first time in the campaign and was used to garner support for specific projects initiated by faculty, departments and programs, students and administrators. It has proven very successful in raising funds for specific restricted current use funds; including raising over \$51,000 during the first crowdfunding campaign launched and securing several new donors to the university through these outreach efforts.

Crowdfunding is a unique opportunity for growth with our donors who are project/impact focused and also for those who have integrated technology into their transactional every day experience. Parents, students and young alumni are constituents we feel there is much opportunity to realize growth.

Online giving increased more than 1600% with a total of 2,249 gift transactions processed during the campaign. This was due in part to both more strategic digital solicitations, directing giving to online links, directing our mail donors to links and through social media fundraising like our crowdfunding campaigns. Industry trend points to the realization that donors are more inclined to make their gifts online because they are educated about the security of their data floating around in the mail, whether that be account information from checks or their credit card information.

The Sullivan Society, donors of \$1,000 or more, saw consistent and moderate growth of 21 percent, with membership at its peak at 391 members in FY15.

8. Advancement Services, Acknowledgement, Recognition and Stewardship

The systems and processes in place at the formal start of the campaign in early 2011 were inadequate at every level, but they continuously evolved and adapted as needs arose throughout the duration of the campaign. Overall, we entered the post-campaign period in January 2017 in a much stronger position, as the utilization of our systems and processes is substantially more sophisticated than it was six years ago.

Under the guidance of the campaign consultant, we instituted a number of new structures and procedures, most notably in how we utilized Raiser's Edge (RE). There was a change to the way we coded pledges and gifts, which affected reporting and counting and ultimately led to the creation of a number of new funds to match campaign priorities; it was a constant challenge to match the campaign priorities to our structures, and led to considerable clean-up and global changes. Making changes to the funds and campaigns throughout the campaign was necessary as priorities changed (e.g. "Restricted Non-Endowed", "Faculty + Academic Programs", etc.), nonetheless, it was a challenge from a systems perspective. All of these changes led to "exceptions" that had to be remembered when gifts were processed and reports were created and run.

However, we are utilizing Raiser's Edge in a much more robust fashion than at the start of the campaign. We have instituted structures and automated many of our processes, including:

- Entry and tracking of prospect visits via *Actions* tab for ease of reporting from RE; with prompting reminders to enter contact reports within week from the donor visit
- Deliberate and structured usage of proposals on the *Prospect* tab
- Developed a new system to track status in the solicitation cycle
- Storage of event biographies in RE for ease of reporting
- Instituted new policies and procedures, such as cash handling and PCI compliance
- Creation and revision of gift services forms (e.g. Direct Deposit Payroll Authorization form, Gift Form, In-Kind Gifts, etc.)
- Automation of monthly Automated Clearing House (ACH) and Electronic Funds Transfer (EFT) through RE and daily EFT batch processing directly through RE, and not entered manually into credit card terminal
 - Replaced manual Direct Deposit Payroll Authorization (DDPA) process with import procedure into RE
 - Refined the Tribute recognition process; but saw challenges with donor satisfaction due to monthly process that had to be adopted due to staff resources and the elimination of stewardship in the middle of the campaign
 - Pledge reminder process established for quarterly schedule; pledge fulfillment analysis and reporting
 - Contributions receivable report now ran six times per year
 - Monthly gift audit of all gifts \$250+ and batch audit procedures in place
 - Gift services quality control procedures put in place
 - Monthly batch post status to Financial Edge (FE)
 - Monthly adjustment post status to FE

- Cleanup tribute biographical and gift detail/relationships
- Quarterly cash payments on major gift pledges
- Monthly cash payments on phonathon pledges
- Crowdfunding updates on constituent codes and biographical updates
- Event linking, \$0 receipt and reconciliation upon request

Impressive strides have been made during the campaign in transitioning the Gift Services office towards a “paperless” environment. Gift backup archives that previously were stored in files and boxes have now been scanned, going back to 2006. Likewise, ACH, EFT and DDPA authorizations that were previously stored in binders have all been scanned. This move towards a paperless environment is one that will continue to grow and we could not handle this volume without the very capable assistance of our student employees in this important endeavor.

Our reporting capabilities have also grown considerably during the campaign with our report writer working closely with campaign staff to develop a number of standard and custom reports we still use today despite not being in a campaign. While only one custom Crystal report existed in RE prior to the start of the campaign *Donor History Report*, there are now approximately 49 unique reports available for IA staff to run. This includes a suite of custom reports for each solicitor that we are able to deploy as needed for metrics and prospect management. These reports provide the ability to not only measure our fundraising progress but also to predict future success by combining our data with best practices in fundraising analytics, see attachment 23: Forecasting Campaign Report).

The assistant vice president and campaign manager and senior IA leadership conducted a comprehensive review of campaign prospects and pending proposals in an effort to predict the feasibility of achieving our campaign goal by the projected completion date of June of 2015. The result of this exercise was presented to the campaign steering committee in spring of 2013 and was unanimously recommended to the Board of Trustees and the Foundation Board that the campaign be extended to December of 2016. Further consultation with both boards yielded an extension in time.

It is indisputable that having accurate biographical data for alumni and friends is crucial to the work of Institutional Advancement: it is the foundation for effective communication, successful events, prospect identification, donor outreach and ongoing engagement. It also presents the biggest challenge that advancement organizations face, especially as our recent alumni become a more mobile group and valid email addresses become even more valuable. Outdated mailing and email addresses and inaccurate career information impact event invitations, distribution of news and announcements, and capacity ratings of our donors.

While it is simply not realistic that our constituent data be accurate and complete at any point in time, Advancement Services has continued or undertaken numerous projects during the campaign to improve the state of our data. National Change of Address (NCOA) updates are run four times per year through RE, clean-up files are provided from large mailings such as the *Salem Statement* magazine, and returned mail is updated continuously. Several email and telephone appends were purchased and imported into the database during the campaign (most recently via Blackbaud in late 2016). We undertook a database screening in 2012, using Blackbaud's *Target Analytics* service; this is an exercise that should be repeated in advance of our next campaign during the planning phase.

Additionally, several resources (paid and free) continue to be utilized to code deceased constituents in the database.

A major undertaking to consolidate the Constituency Codes we utilize in RE took place in 2015-2016; this effort streamlines the number of codes and simplifies reporting. Other large data integrity efforts undertaken by our data management office during the campaign included the merging of hundreds of duplicate records, importing data from two *PCI Alumni Directory* projects (2012 and 2016), and the continuing research and addition of “missing” alumni records received from the Registrar’s Office (primarily pre-1980s graduates).

The ability to access new graduate data several times a year, in coordination with graduation cycles (May/August/December)—instead of being dependent on ITS to provide this data to us—is a huge help in the integrity of our alumni data. Too often, we would not be provided the files with the August and December graduates, leading to missing alumni in our database. This ability to access this data came to fruition at the end of the campaign (2016) and was greatly enhanced by the purchase of the *ImportOmatic* software tool in the summer of 2016.

While it is impossible to track our constituents’ every career change, our purchase of the *EverTrue* software platform (2015) has helped immensely in this regard, matching our constituents’ email addresses to LinkedIn profiles. While some business information is self-reported via the alumni directory projects or class notes submissions, the bulk of this information has historically been found via the monitoring of news alerts and manual searching (internet or LinkedIn).

Like so many of our processes and procedures in IA, the prospect research and management functions evolved throughout the campaign as our development efforts became more sophisticated. We instituted processes and procedures that allowed us to track donor visits, contact notes, fundraising proposals, ratings and statuses within the solicitation cycle with our donor prospects in a meaningful way. Some of these new processes include:

- Utilizing the *Prospect* tab to create and track fundraising proposals for individuals, corporations and foundations
- Entering pending donor visits on the *Action* tab in order to circulate the daily “Scheduled Visits Report” and ensure that contact notes are entered in a timely manner for distribution of the “Weekly Call Report”
- Utilizing the *Ratings* tab to track length of time prospects spend in each status within the solicitation cycle (Raiser’s Edge does not currently allow dates to be attached to the “Prospect Status” field)
- Wealth screening of Raiser’s Edge database by Target Analytics undertaken in early 2012 – wealth ratings were added to records to assist in major gift prospecting
- Created a process for the storage of Event Bios in RE on the *Notes* tab and corresponding Event Bio reporting for ease of distribution (483 records contained Event Bios at the completion of the campaign)
- The “Prospect Management Report” was created for each solicitor to best manage their portfolios and easily identify prospects in each solicitation phase (approximately seven new reports for solicitors were created to help them manage their portfolios and metrics)

- New report created to track donors in the last year of their pledges
- A *Salem State Capacity Rating* was created and implemented in January 2016 – 588 prospects had received this rating by the completion of the campaign on 12/31/16
- Created a template for campaign briefing memos to be used by solicitors to prepare for major gift asks – over 80 briefing memos were completed in the first full year of the campaign
- Online forms were created to streamline prospect research requests and the collection of newly identified major gift prospects – this quickly evolved into an online web portal for all IA departments to post forms, and link to social media platforms and development resources

The inaugural *Prospect Management: Policies and Procedures Guide* was drafted in 2012, putting into place structures for proposals, portfolio size, metrics, etc. This guide is currently being revised to reflect lessons learned from the campaign.

Finally, the reactive work in the early months of the campaign (researching and writing briefing memos, coding proposals, etc.) gave way to the capacity to do more proactive work with the addition of a staff assistant for prospect research in August 2012. With a directive to focus on feeding the prospect research pipeline for the *10,000 Reasons* (and future) campaign, over 400 new major gift prospects were identified by the end of the campaign. At several points, prospect research was asked to stop assigning these newly identified “discovery” prospects to solicitors, as there was neither the portfolio capacity nor staff to take on more prospects. As a result, there is a healthy cache of newly identified, rated prospects to draw from for the foreseeable future.

At the start of the campaign, the main fee-based technology tools that were utilized by Advancement Services (aside from our Raiser’s Edge suite of products) were *LexisNexis for Development Professionals* and *Obituary Data*.

During the course of the campaign, the following technology products were added, providing greater efficiencies and capabilities to identify and research prospects, accept donations, reconcile bookkeeping and enhance the integrity of our Raiser’s Edge database:

- Blackbaud’s *NOZAsearch* (the world’s largest searchable database of charitable donations) and *ResearchPoint* (wealth screening, analytics and giving information) software platforms were purchased early in the campaign, allowing us to work more efficiently in a small research shop (one person in the early campaign phase)
- Blackbaud’s *Financial Edge* (comprehensive accounting solution for nonprofits) software was added in 2013, providing seamless integration with RE for general ledger functions that were previously done manually
- Blackbaud’s *NetCommunity* solution for email marketing, online fundraising and alumni community underwent an upgrade with new “web skins” to match the look of the *10,000 Reasons* campaign website
- Blackbaud’s *MobilePay* credit card readers were purchased to allow secure mobile payments and donations at events to be processed via our Blackbaud Merchant Services account
- *MobileCause* digital fundraising and communication platform was purchased for use at the inaugural “Party on the Plaza” at Alumni Weekend in 2015 – the “text to give” tool proved ineffective and was not renewed

- *Scalefunder* crowdfunding software was added by the Annual Fund in 2015 – this had minimal impact on Advancement Services, as it integrates well with Blackbaud Merchant Services
- The *EverTrue* advancement platform was added in 2015, adding a modern sales and marketing software experience to our institutional data – EverTrue's ease of use and access to our constituent's social media have been invaluable to a small advancement operation
 - Salem State's social media efforts on *FaceBook* are easily tracked and analyzed with giving history of our engagers
 - Constituents' *LinkedIn* data matched by *EverTrue* is invaluable as we qualify prospects and update the career information of our alumni
 - EverTrue provides the ability for all users to easily create segments and lists for appeals, trips and events – far simpler interface than creating a query in Raiser's Edge
 - EverTrue provides the ability to segment constituents for fundraising appeals and create simple, mobile-ready online giving pages
- *Omatic's ImportOmatic* software was purchased for our use by ITS in the summer of 2016, to assist with the graduate load process – this software has proven extremely powerful and we continue to find new uses for various projects that require importing data into Raiser's Edge

It should be noted that new technologies and projects were adopted during the campaign by departments outside of Advancement Services; not all software and projects were vetted by Advancement Services prior to the decision to purchase. This was problematic as Advancement Services was then impacted by the work created by the technology or project, forcing us to adapt our workflows without proper planning (e.g. *PCI Alumni Directory 2016*, *MobileCause*). The implementation of the "Tech Working Group" in IA in spring 2016 has gone a long way to ensuring that all projects that involve new technologies are vetted by the group and each area that will be impacted is apprised of the challenges and benefits prior to purchase. Great examples of this new structure working successfully include the collaboration between the working group and ITS to move to the cloud with *RE/NXT* and *FE/NXT* and a renewed commitment to *NetCommunity*, as evidenced by the onsite training with Blackbaud that was undertaken over two days in October 2016.

Several new technology opportunities have been identified and some are already in the works:

- *iWave PRO* software is being purchased in FY17 to provide an additional tool to triangulate wealth and philanthropic data on prospects and donors – it is a relatively inexpensive subscription that will supplement and verify the information currently available to our prospect research efforts through LexisNexis, EverTrue and NOZAssearch
- Our *EverTrue* software will be moving to an enterprise level, two-year subscription (paid by ITS) in FY18, allowing for unlimited users and access to greatly enhanced tools, including the ability to perform keyword searches of contact reports and improved capabilities for gift officers
- Our Raiser's Edge and Financial Edge databases will be moving to the cloud in early FY18 with *RE/NXT* and *FE/NXT*, allowing enhanced reporting, email marketing and online giving capabilities

- *HEPdata's MatchPortal* has been identified as a product that we may wish to consider as a means to enhance our capabilities with matching gifts – this service manages and completes the matching gift paperwork for our donors
- The *DAFDirect* widget (www.dafdirect.org) is a free, easily installed widget sponsored by Fidelity Charitable and Schwab Charitable, among others, that allows donors with a donor advised fund at sponsoring organizations to recommend grants directly from our website – this should definitely be explored to see if we realize additional donations from donor advised funds

The former Director of Advancement Services attempted to create a report in the middle of the campaign that could quantify the length of time it took to process gifts and send acknowledgements and receipts. It was determined that there were too many variables to track this metric accurately in RE, such as staffing levels, absences, etc. That said, online gifts receive an immediate electronic receipt and all gifts are processed and acknowledged in as timely a manner as possible, certainly within several days for routine gifts that don't require special handling.

The current Staff Assistant, Gift Services created, documented and trained the former Staff Assistant, Stewardship in a process to automate the tracking and distribution of pledge reminders; pledge reminders now are distributed on a quarterly basis, and the Staff Assistant, Gift Services has performed this task since the Stewardship position became vacant in May 2014. The lack of a dedicated stewardship employee has been an issue for nearly three years and we eagerly anticipate that this position will be staffed again in early FY18. Similar to the pledge reminder process, the Staff Assistant in Gift Services has been performing stewardship duties related to the tribute process and endowment fund reporting in the interim. [I thought that Erica assisted w/ Endowment reporting?]

It is unclear if there was a process to steward endowed fund donors pre-campaign, but noteworthy work was performed during the campaign by the Staff Assistant, Gift Services to create a process and code all endowed funds and scholarship recipients in Raiser's Edge for ease of annual reporting to donors.

The Foundation Controller notifies campus departments each spring on the spendable amounts in the endowed funds and transfers same to Finance & Business. The "Foundation Fund Report" is mailed annually in late September to endowed fund donors and some campus departments (e.g. Honors Program, CHGS).

As of April 2017, a new quarterly report of donors to endowed funds is distributed to campus departments by the assistant to the associate vice president, with the hope that this will spur some outreach and stewardship by the departments in addition to the quarterly departmental fund reporting.

9. FOUNDATION

The campaign achieved its goal in supporting the growth of the Foundation and the following metrics help drive this message home:

- 112% = Total Endowment Market Value % increase since campaign inception
- 49% = Number of Scholarship Endowments % increase since campaign inception

- 41% = Number of Departmental Endowments % increase since campaign inception
- 162% = Scholarship Funds Market Value % increase since campaign inception
- 91% = Departmental Endowment Funds Market Value % increase since campaign inception

Please see the attachment 24: FY 2017 Highlights thru Campaign End 12.31.16 which contains all of the above statistics as well as the Endowment and Portfolio growth chart on the first tab.

Please see the attachment 25: Endowment Calculation growth since inception of Campaign which has a chart of the spending policy endowment calculation of funds available to the University that the Foundation Board votes to approve annually. This chart reflects that with the growth of the Foundation's endowment, so too does the Foundation's support to the University grow.

Due to the increase in number of transactions, number of funds maintained by the Foundation and an increased demand for reporting, in FY13 the Foundation was allocated 1 day/week of support from a new hire in the Advancement Services area to assist with the additional workload that the campaign produced for the Foundation. Also, in FY 2016 the Foundation Board approved the appointment of a Staff Assistant for the Foundation with a FY 2017 post-campaign hire date.

The work within the Foundation Board committees of Audit/Finance, Investment and Fundraising was professionalized by establishing Charters as well as revising policies such as the Investment Policy Statement. The Audit/Finance and Investment committees were directly involved with the Foundation's software implementations and with the challenges that arose from recording special transactions such as the loan from the Foundation's investments to the Assistance Corp. for the purchase of the Salem Diner (this is related to the Campaign because with the additional investments raised through the campaign, the Foundation was able to consider such a loan). The reporting from staff to Foundation Committees and the Foundation full board increased significantly in terms of frequency of reporting, level of detail provided and continuous improvement of those reports over the life of the campaign due to the increased demand for information regarding the status of the campaign which also resulted in an increase of the number of sub-committee meetings held. The outcome of holding additional meetings resulted in formalizing the meeting structure to include an agenda and minutes and scheduling the next meeting.

As a result of performing three system implementations during the campaign, internal processes needed to be updated to effectively utilize the new software. Policies and procedures also needed to be updated due to a change in workflow as a result of the implementations.

The increase in the number of endowment funds (Scholarship and Departmental endowments noted above) has increased the workload associated with maintaining donor intent for each donor agreement.

During the campaign, the following software packages were implemented to enhance efficiencies and reporting:

- Financial Edge software: replacing Peachtree accounting software this was integrated in FY12 and FY13 and the system was fully functional in FY13.

- Background: the Financial Edge system provides financial statements as well as accounting for all of the individual sub-accounts held and managed by the Foundation. This was not available in the very basic Peachtree accounting software. Prior to this implementation all sub-fund information was tracked in excel spreadsheets. This software has positively impacted the workflow in the Foundation.
- PaperSave software: implemented during FY13
 - This software allows scanned documents to be attached to individual records within Financial Edge. For example, if you pulled up an invoice you could see a scanned copy of the invoice within that record. Prior to this implementation the Foundation maintained paper copies of all documentation.
- Endowment Solutions software: failed implementation occurred during FY14 and FY15.
 - This vendor was sufficiently vetted by Foundation Board members, Foundation and Advancement Services staff and was retained to implement an endowment management software. Due to vendor non-responsiveness and inability to maintain established deadlines on the part of the vendor, we severed the relationship and agreement.
- Fundriver software: new software implemented during FY15 and FY16; system fully functional in FY16.
 - This vendor was chosen to replace Endowment Solutions. This software unitizes sub-funds maintained in an investment pool that contains multiple investment managers which allows the investment committee more flexibility in choosing multiple investment managers without the need to have separate sub-funds with each investment manager. This software eliminated the need for one of our investment managers to perform sub-fund accounting on the Foundation's behalf.

Initially, we did not have sufficient systems or processes to adequately handle the volume of support the campaign created but by the end of the campaign with three new software systems implemented the Foundation systems adequately supported the campaign. Due to limited staffing, the system functionality of Financial Edge and Fundriver have not been utilized to their full capabilities which, if maximized could have been more helpful during the campaign in terms of man power to perform reporting and analysis.

See attachment 26: Foundation Board Talent Inventory Worksheet 3 which outlines existing board member expertise as of March 2017 to help us understand areas of opportunity for future board recruitment.

We played a key role in the development of a MOA, Memorandum of Agreement, between the university and foundation. In cooperation with legal counsel and our colleagues at sister institutions, our Foundation and University signed a MOA which clearly outlines the role and responsibilities of each entity in supporting the solicitation, management and disbursement of private funds.

10. BUDGET AND STAFFING

The Institutional Advancement team has performed at extraordinary levels over the course of the campaign. The team is stronger than it has ever been and is performing at an extremely high level of productivity. It has a strong work ethic and solid moral compass to make key operational decisions to

direct our efforts in the most efficient and effective manner possible. We have become an increasingly more collaborative, professional, and effective team that is focused on success by using metrics to set and achieve our goals and assessment to measure our success. In spite of the challenges of fundraising for an institution which has not historically had a culture of philanthropy, the team operates with optimism, unwavering commitment to mission and sheer tenacity.

The nature of fundraising is to take advantage of opportunities which means continuous reprioritization for the staff. Each and every interaction with those we encounter prompts us to take advantage of the situation for the betterment of our community. Unfortunately, some staff have left the university which has forced us to realign our staff talents with internal promotions and change of duties; this happened four times during the campaign. Please see the following attachments to review the changes and evolution of the organization chart:

- attachment 27 Pre-campaign org chart 2010
- attachment 28 Post-departure of then AVP, R.Napolitano) 2013
- attachment 29 Elimination of two positions 2015
- attachment 30 Post-campaign org chart 2017

It is important to note that never has there been a more adaptive staff that's willing to embrace change that helps to improve our overall operations. Although the team is strong and cohesive we are, similar to most departments across campus, at maximum capacity workload and doing our best with reduced resources both human and financial.

Going forward, we'll continue to invest resources both human and financial budgets to the efforts that will gain the greatest return on investment for the university. As budget tightening continues to heighten we have become increasingly diligent about ensuring we're being good stewards of the limited resources we've been given to maximize revenue for the university. We continue to value exceptional work and have fostered a culture of continual feedback so that staff are aware of opportunities for continuous improvement.

At times, it felt like expectations for goals for staff were unreasonable given some considerable challenges we saw for team members where work and life balance was not evident because of the number of hours that were being completed to function. This is not a sustainable and healthy model and one that IA continues to struggle with in doing our business. Because there is so much untapped potential we see in increasing activities, it would unfortunately translate to unrealistic volumes of work for the entire team.

We had operational resources to do our work and sometimes had to get creative about in-kind contributions to pull off efforts in the most impactful way. This work sometimes led us off our main path of raising dollars. By in large, the campaign stayed on budget. We believe resources were spent at a different pacing that was predicted by CCS. In large part because we had never been through a comprehensive campaign and had some lack of understanding of all that would be needed from a resource perspective.

Presentation at the January 27, 2011 joint Foundation and Trustee meeting:
Board Approved use of Restricted Reserves Analysis thru 2/29/12

| Salem State University Foundation | | | | | | |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Comprehensive Campaign Funds | | | | | | |
| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | TOTALS |
| Comprehensive Campaign Expenses | \$ 190,000 | \$ 915,000 | \$ 895,000 | \$ 820,000 | \$ 680,000 | \$ 3,500,000 |
| Excess Revenues from FY08 - FY10 | \$ 85,764 | | | | | \$ 85,764 |
| Reduction of Board Reserve to 6 months | \$ 94,625 | | | | | \$ 94,625 |
| Money Market Quasi Interest | \$ 9,611 | \$ 24,000 | | | | \$ 33,611 |
| Projected excess revenues for FY11 | | \$ 66,000 | | | | \$ 66,000 |
| Projected excess revenues for FY12 | | \$ 70,000 | | | | \$ 70,000 |
| Projected excess revenues for FY13 | | | \$ 80,000 | | | \$ 80,000 |
| Projected excess revenues for FY14 | | | | \$ 90,000 | | \$ 90,000 |
| Projected excess revenues for FY15 | | | | | \$ 110,000 | \$110,000 |
| Total Foundation Contribution: | \$ 190,000 | \$ 160,000 | \$ 80,000 | \$ 90,000 | \$ 110,000 | \$ 630,000 |
| Balance to be paid by university | \$ - | \$ 755,000 | \$ 815,000 | \$ 730,000 | \$ 570,000 | \$2,870,000 |

Assumptions made: As noted in the January 27, 2011 minutes: "Approximately \$200,000 might come from foundation's unrestricted funds for FY11. Approximately \$110,000 would come from the foundation's unrestricted funds for FY12-15."

The below outlines the budget vs. reserve by fiscal year throughout the duration of the campaign:

| Campaign Budget as of 5/18/11 | Reserve Allocation | Variance |
|----------------------------------|-----------------------|--------------------|
| FY 11 - \$ 168,250 | \$190,000 | \$21,750 |
| FY 12 - \$ 328,000 | \$160,000 | \$(168,000) |
| FY 13 - \$ 165,750 | \$ 80,000 | \$(85,750) |
| FY 13 - \$ 122,500 | \$ 90,000 | \$(32,500) |
| FY 15 - \$ 57,500 | \$110,000 | \$52,500 |
| Total - \$842,000 | \$630,000 | \$(212,000) |

CHALLENGES:

FSA fee was not implemented (decided at the September 26, 2011 Board meeting) and the revenue and expense projections for the Campaign were not updated to reflect the potential shortfall in revenues.

Financial Edge (new Accounting software) was researched when the FSA was being considered. Although the Board did not implement the FSA, Jeff Cicolini recommended at the September 26,

2011 Board meeting that the software be implemented regardless: "... Our present accounting package cannot keep up with what we will be doing throughout the campaign." The software cost approximately \$18,000 and was paid out of the Board Reserve. This cost was not budgeted for in the campaign budget nor was it foreseen when the Foundation reserve allocations were presented (above table).

Implementing the Campaign Unrestricted and Unrestricted Endowment funds have taken donors away from Annual Fund Unrestricted which funds the Foundation's Budget (Operating and Campaign).

FY11 was an extraordinary year for the Annual Fund Unrestricted fund due to the "U" campaign. Since the campaign had not gone public an expectation that the same amount could be raised prior to that is unrealistic.

The FY12 Phonathon program saw the loss of Wednesday night as a call session beginning with the spring semester. This represents an approximate loss of \$11,500 (the total amount raised on Wednesday call sessions Spring 2011) for Spring 2012 and going forward.

Future Challenges:

The FY12 Annual Fund Unrestricted revenues are trending to be approximately \$270,000-\$300,000 which is \$55,000-\$85,000-under budget. This means that the above FY12 reserve projection of \$160,000 may be too low and the Foundation will need to use more reserves than anticipated.

In FY13 any funds previously raised for the Wine Auction (posted to Annual Fund Unrestricted) will now be designated to the General Scholarship Fund.

Finally, the measure of ultimate good work was that we saw our cost per dollar raised at 28 cents on the dollar. The detail of this calculation can be found in attachment 31.

11. TIMING and SURPRISES

The campaign was originally scheduled to be completed by June of 2015. The campaign was extended by a year and half after a mid-campaign assessment was done by IA Senior Leadership and determined we did not have the prospects in the pipelines to successfully complete in 2015. After further discussion with the campaign steering committee, who recommended to the Board of Trustees and the Foundation Board, we extended in order to successfully complete the campaign.

In hindsight, since the true fundraising started in July of 2011, the campaign timeframe should have been established 5 years from that point. We strongly believe in the next campaign that we should not wait until we are 70% to goal before we go public. The alumni population was only aware of the campaign for 2 ½ years which is not enough time to penetrate messaging and get others onboard with supporting the campaign.

Out of the prospects identified by CCS early in the campaign (spring of 2011), we realized \$6 million or 20% of the total dollars raised in the campaign came from these individuals. It's clear from this evidence that a solid investment in donor qualification and cultivation was key to the success of this campaign. We realized a \$1.8 million-dollar gift from the estate of Alice McCarthy. This was the largest unexpected gift received during the duration of the campaign.

One the largest factor's that impact the campaign's progress was related to personnel changes that occurred through the entire campaign. Due to budget constraints, leadership changes at the AVP

level, we went through three re-organizations during the time period of the campaign that proved to be quite disruptive.

The Northshore continues to be a hot-bed for non-profit fundraising. Due to this, we struggle to secure grants from organizations that see these small non-profits as priorities for them. We didn't see impact on our prospect base, per se.

In the early part of the campaign, the economy was struggling to recover however this was a time when we were speaking with some leadership donors so we didn't see it impact the campaign. Perhaps though, we might have seen even larger commitments if the economy had been stronger early on in the campaign.

We learned a few things from our audience. We did and still do have a lot of work to do in educating our community about state funding and the need for support. We are fortunate to have some truly committed and dedicated faculty, staff, friends and alumni who are willing to help fundraising on behalf of the university and create awareness for the needs of our students. There are many employees at Salem State who love the university and want to see it and our students succeed. And as well, there are many proud alumni that are willing to give back of their time, talent and treasure.

We also learned how to work more closely together as an IA team. Having one over-arching goal with individual area objectives helped us come together and collaborate more than ever.

Cost Per Dollar raised

| BUDGET SOURCE | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 (12/31/16) | |
|---|-----------|-------------|-------------|-------------|-------------|-------------|---|---------------|
| Foundation campaign operating actuals | \$159,016 | \$280,812 | \$123,030 | \$151,590 | \$62,462 | \$15,540 | \$30,146 | |
| University IA fundraising salaries + benefits | | \$927,168 | \$1,005,582 | \$949,705 | \$1,029,616 | \$1,066,874 | \$521,499 | |
| University IA fundraising support actuals | | \$187,265 | \$196,751 | \$173,677 | \$176,681 | \$183,655 | \$89,331 | |
| Total | \$159,016 | \$1,395,245 | \$1,325,363 | \$1,274,972 | \$1,268,759 | \$1,266,069 | \$640,976 | |
| | | | | | | | 1. Cost of fundraising | \$7,330,400 |
| | | | | | | | 2. Total Raised | \$26,500,701 |
| | | | | | | | Cost/Dollar Raised (1 divided by 2): | \$0.28 |

Timeline of each phase of the 10,000 Reasons campaign

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|---------------------|---------------------------|----------------------------------|-----------------|
| January 2010 - February 2011 | February of 2011 | June 2011 - April 2014 | April 2014 - December 2016 | 12/31/16 |

Timeline to goal for the 10,000 Reasons Campaign

| Date | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 (thru 12.31) |
|------------------|-------------|-------------|--------------|--------------|--------------|--------------|----------------------|
| Cumulative goal | \$2,050,000 | \$9,250,000 | \$11,418,466 | \$16,000,000 | \$20,768,998 | \$25,000,000 | \$25,000,000 |
| Dollars raised | \$2,185,493 | \$9,118,466 | \$12,051,456 | \$15,731,002 | \$19,545,726 | \$21,854,347 | \$26,500,701 |
| | | | | | | | \$1,500,701 |
| Actual % to goal | 9% | 36% | 48% | 63% | 78% | 87% | 106% |

Over goal

Timeline - proposed for campaign II

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|--------------------------|-------------------------------|---------------------|-----------------|
| January 2019 - December 2019 | January February 2020 | February 2020 - April 2022 | April 2022 - TBD | TBD |

March 2011

Salem State University Campaign
Case Statement Task Force
Meeting Roster

Campaign Assessment
Attachment 1

| Member Name | Title |
|-----------------------------|--|
| Roger Berkowitz '07H | Trustee |
| Nate Bryant '87, '03G | Asst. Dean, Student Academic Support Services |
| Karen Cady | Assoc. Vice President Marketing & Communications |
| Stuart Cohen | Foundation Board |
| Carol Glod | Dean of Graduate Studies |
| Quinn Gonell '09 | Alumni |
| Lindsey Humes | CCS Campaign Counsel |
| Josephine Kennedy '72, '76G | Alumni Association |
| Doug Larson | Professor, Bertolon School of Business |
| Mary Mader '85, '91G | Director, Sponsored Programs and Research Administration |
| Mike McCarthy | Director of Major Gifts |
| Cynthia McGurren '83 | Vice President Institutional Advancement |
| Patricia Maguire Meservey | President |
| Karen Morrissey '71, '93H | Alumni |
| Angel Rodriguez | Student |
| Nancy Schultz | Professor School of Nursing |
| Jacob Segal | Trustee |
| Kathy Skrabut | Professor, School of Nursing |
| Jim Stoll | Assoc. Vice President and Dean of Students |
| Patricia Zaido | Foundation Board |

Board Approved use of Restricted Reserves Analysis thru 2/29/12

Presentation at the January 27, 2011 joint Foundation and Trustee meeting:

| Salem State University Foundation | | | | | | |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
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| Balance to be paid by University | \$ - | \$ 755,000 | \$ 815,000 | \$ 730,000 | \$ 570,000 | \$ 2,870,000 |

Assumptions made:

- As noted in the January 27, 2011 minutes: “Approximately \$200,000 might come from foundation’s unrestricted funds for FY 11. Approximately \$110,000 would come from the foundation’s unrestricted funds for FY 12-15.”

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- Implementing the Campaign Unrestricted and Unrestricted Endowment funds have taken donors away from Annual Fund Unrestricted which funds the Foundation’s Budget (Operating and Campaign).

Challenges continued:

- FY 2011 was an extraordinary year for the Annual Fund Unrestricted fund due to the “U” campaign. Since the campaign has not gone public an expectation that the same amount could be raised prior to that is unrealistic.
- The FY12 Phonathon program saw the loss of Wednesday night as a call session beginning with the spring semester. This represents an approximate loss of \$11,500 (the total amount raised on Wednesday call sessions Spring 2011) for Spring 2012 and going forward.

Future Challenges:

- The FY 12 Annual Fund Unrestricted revenues are trending to be approximately \$270,000-\$300,000 which is \$55,000-\$85,000-under budget. This means that the above FY 12 reserve projection of \$160,000 may be too low and the Foundation will need to use more reserves than anticipated.
- In FY 2013 any funds previously raised for the Wine Auction (posted to Annual Fund Unrestricted) will now be designated to the General Scholarship Fund.

| COMPREHENSIVE CAMPAGN EXPENSES | Assumptions: These are over and above existing budgets and assumes that all | | | | | | |
|--|---|--------------------|-------------------|-------------------|------------------|--------------------|----|
| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | Totals | |
| UNIVERSITY PERSONNEL | | | | | | | |
| Director of Annual Giving | | \$85,000 | \$87,975 | \$91,054 | \$94,241 | \$358,270 | ** |
| Associate Dir. Advancement Services | | \$66,000 | \$68,310 | \$70,701 | \$73,175 | \$278,186 | ** |
| Administrative Asst. II - Corp/Fdn/Events | | \$38,000 | \$39,330 | \$40,707 | \$42,131 | \$160,168 | ** |
| Administrative Asst. II - Annual Fund | | \$38,000 | \$39,330 | \$40,707 | \$42,131 | \$160,168 | ** |
| Staff assistant for stewardship | | \$44,000 | \$45,540 | \$47,134 | \$48,784 | \$185,457 | ** |
| Staff assistant for Social Media | | \$45,000 | \$46,575 | \$48,205 | \$49,892 | \$189,672 | ** |
| Total without benefits | | \$316,000 | \$327,060 | \$338,507 | \$350,355 | \$1,331,922 | |
| 33% Personnel Benefits | | \$104,280 | \$107,930 | \$111,707 | \$115,617 | \$439,534 | |
| Sub-total UNIVERSITY PERSONNEL | | \$420,280 | \$434,990 | \$450,214 | \$465,972 | \$1,771,456 | |
| ECO II (Gift Processor) | | \$40,000 | \$41,400 | \$42,449 | \$43,935 | \$167,784 | ** |
| 33 % Personnel Benefits (Gift Processor) | | \$13,200 | \$13,662 | \$14,008 | \$14,499 | \$55,369 | |
| Staff Assistant for Call Center/Phonathon | | \$45,000 | \$46,575 | \$48,205 | \$49,892 | \$189,672 | ** |
| 33% Personnel Benefits (Staff Assistant) | | \$14,850 | \$15,370 | \$15,908 | \$16,464 | \$62,592 | |
| Campaign Manager | | \$105,000 | \$105,000 | \$105,000 | \$105,000 | \$420,000 | |
| 33% Personnel Benefits (Campaign Manager) | | \$34,650 | \$34,650 | \$34,650 | \$34,650 | \$138,600 | |
| Sub-total UNIVERSITY PERSONNEL | | \$252,700 | \$256,657 | \$260,220 | \$264,440 | \$1,034,016 | |
| TOTAL UNIVERSITY PERSONNEL | | \$672,980 | \$691,647 | \$710,434 | \$730,412 | \$2,805,473 | |
| CONSULTANTS | | | | | | | |
| Marketing assistance | \$12,500 | \$50,000 | \$50,000 | \$50,000 | \$25,000 | \$187,500 | |
| Counsel * | \$146,250 | \$195,000 | \$35,750 | \$0 | \$0 | \$377,000 | |
| TOTAL CONSULTANTS | \$158,750 | \$245,000 | \$85,750 | \$50,000 | \$25,000 | \$564,500 | |
| OPERATING | | | | | | | |
| Events / Cultivation | \$5,000 | \$20,000 | \$20,000 | \$20,000 | \$5,000 | \$70,000 | |
| Travel | \$2,000 | \$10,000 | \$20,000 | \$20,000 | \$20,000 | \$72,000 | |
| Materials: prospectus / case brochure / FAQ / magazine inserts / design / CD / mailing | \$2,500 | \$10,000 | \$25,000 | \$25,000 | \$5,000 | \$67,500 | |
| Office / Admin | | \$3,000 | \$5,000 | \$2,500 | \$2,500 | \$13,000 | |
| Research | | \$40,000 | \$10,000 | \$5,000 | | \$55,000 | |
| | | (data screening) | (select profiles) | (select profiles) | | | |
| TOTAL OPERATING | \$9,500 | \$83,000 | \$80,000 | \$72,500 | \$32,500 | \$277,500 | |
| TOTAL CONSULTANTS & OPERATING | \$168,250 | \$328,000 | \$165,750 | \$122,500 | \$57,500 | \$842,000 | |
| TOTAL CAMPAIGN BUDGET | \$168,250 | \$1,000,980 | \$857,397 | \$832,934 | \$787,912 | \$3,647,473 | |
| * Assumes full time campaign counsel for seven r 7 months | | | 72450 | | | | |
| ** Costs surviving the campaign; all other costs are campaign specific | | | | | | | |
| Proposed Personnel University Salaries increased by 3.5% FY13-15, estimated contractual raises | | | | | | | |

Comprehensive Campaign Expenses Budget vs. Actual by Fiscal Year as reflected in the

| | FY 2011 | | FY 2012 | | FY 2013 | | FY 2014 (Revised) | | FY 2015 (Revised) | | FY 2016 | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual |
| Office Expenses / Postage | - | - | 3,000.00 | 1,455.94 | 2,000.00 | 1,075.10 | - | - | 1,000.00 | 1,200.78 | 1,500.00 | 1,500.00 |
| Printing & Publications | 2,500.00 | 1,511.54 | 10,000.00 | 8,836.63 | 15,000.00 | 3,700.83 | 17,000.00 | 9,517.84 | 40,000.00 | 14,924.93 | 10,000.00 | 7,354.86 |
| Donor Cultivation & Stewardship | 7,000.00 | 304.00 | 30,000.00 | 20,663.10 | 45,000.00 | 35,849.82 | 76,500.00 | 68,877.59 | 26,500.00 | 22,336.47 | 26,000.00 | 1,946.70 |
| Consulting / Professional Services | 158,750.00 | 157,200.00 | 285,000.00 | 249,856.50 | 103,750.00 | 82,404.00 | 72,500.00 | 73,194.60 | 5,000.00 | 24,000.00 | 2,000.00 | 4,738.46 |
| Total: | \$ 168,250.00 | \$ 159,015.54 | \$ 328,000.00 | \$ 280,812.17 | \$ 165,750.00 | \$ 123,029.75 | \$ 166,000.00 | \$ 151,590.03 | \$ 72,500.00 | \$ 62,462.18 | \$ 39,500.00 | \$ 15,540.02 |
| | (9,234.46) | | (47,187.83) | | (42,720.25) | | (14,409.97) | | (10,037.82) | | | |

With shifting \$43,500 to
FY 2014, FY 2013 is
OVER BUDGET BY:

Original FY 14 Budget
2,500.00
With shifting \$15k
to FY 2015, FY 2014
is OVER BUDGET BY:
2,500.00
Original FY 15
Budget
2,500.00

\$ 779.75

\$ 590.03

Cumulative Campaign Expenses (FY 2011 - FY 2017)

| | Budget (original) | Actual | Difference |
|------------------------------------|-------------------|-------------------|------------------|
| Office Expenses / Postage | 10,000.00 | 5,231.82 | 4,768.18 |
| Printing & Publications | 57,500.00 | 45,846.63 | 11,653.37 |
| Donor Cultivation & Stewardship | 147,000.00 | 153,306.68 | (6,306.68) |
| Consulting / Professional Services | 627,500.00 | 618,210.80 | 9,289.20 |
| Total: | 842,000.00 | 822,595.93 | 19,404.07 |

25,000.00
40,000.00
55,000.00

\$ 122,500.00

\$ 43,500.00

(increase due to pushing FY 2013 expenses into FY 2014)

\$ 15,000.00

(increase due to pushing FY 2014 expenses into FY 2015)

| FY 2017 | |
|---------------------|---------------------|
| Budget | Actual |
| - | - |
| - | - |
| 20,300.00 | 3,329.00 |
| 27,000.00 | 26,817.24 |
| <u>\$ 47,300.00</u> | <u>\$ 30,146.24</u> |

**Salem State University Foundation
 Campaign Snapshot
 July 1, 2010 – December 31, 2016**

Campaign Assessment
 Attachment 5

To: ALL
 From: Cheryl Crouse, Assistant Vice President and Campaign Manager
 Date: January 23, 2017
 RE: Campaign financial update – as of 12/31/16

This is a report of giving for the 10,000 Reasons campaign for gifts received between July 1, 2010 through December 31, 2016. These totals include pledges, cash received, and new planned gifts from any person who reaches to the age of 60 within the timeframe of the campaign.

CAMPAIGN SNAPSHOT

\$25,000,000 Campaign Goal
\$26,500,701 Raised 7/1/2010 through 12/31/16
 \$0 Balance to be raised by 12/31/16

\$11,320,681 Endowed total dollars raised
\$15,180,020 Non-endowed total dollars raised

TIMELINE TO CAMPAIGN GOAL

| Date | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | DEC 16 |
|-----------------------------|-------------|-------------|--------------|--------------|--------------|--------------|---------------------|
| Cumulative goal | \$2,050,000 | \$9,250,000 | \$11,418,466 | \$16,000,000 | \$20,768,998 | \$25,000,000 | \$25,000,000 |
| Dollars raised | \$2,185,493 | \$9,118,466 | \$12,051,456 | \$15,731,002 | \$19,545,726 | \$21,854,347 | \$26,500,701 |
| Balance to be raised | | | | | | | +\$1,500,701 |
| Actual % to goal | 9% | 36% | 48% | 63% | 78% | 87% | 106% |

PLANNED GIFTS TO DATE

| | |
|------------------------------|-------------|
| Total amount to report* | \$5,000,000 |
| Actual reported | \$2,768,930 |
| Percentage to max. allowable | 55% |
| Total number | 25 |

*Reports on total allowable dollars that can be counted toward our \$25,000,000 goal.

COMPREHENSIVE CAMPAIGN FINANCIAL PROGRESS

| Campaign Priority | Goal | Total Raised | Balance | % to Goal | Cash Received as of 12/31 |
|-------------------------------------|---------------------|---------------------|---------------------|----------------|---------------------------|
| Annual Fund Unrestricted | \$2,925,000 | \$3,138,603 | -\$213,603 | 107.30% | \$2,397,116 |
| Annual Fund Restricted | \$4,291,000 | \$4,634,302 | -\$343,302 | 108.00% | \$3,755,257 |
| Faculty & Academic Programs | \$5,000,000 | \$7,691,882 | -\$2,691,882 | 153.84% | \$1,937,775 |
| Student Life | \$4,000,000 | \$2,856,000 | \$1,144,000 | 71.40% | \$2,581,585 |
| Financial Assistance | \$4,000,000 | \$5,661,357 | -\$1,661,357 | 141.53% | \$4,051,596 |
| Unrestricted Endowment | \$125,000 | \$225,000 | -\$100,000 | 180.00% | \$125,000 |
| Gordon Center Campaign | \$3,400,000 | \$1,271,862 | \$2,128,138 | 37.41% | \$1,171,376 |
| Comprehensive Campaign Unrestricted | \$1,259,000 | \$1,021,695 | \$237,305 | 81.15% | \$917,153 |
| Campaign totals | \$25,000,000 | \$26,500,701 | +\$1,500,701 | 106.00% | \$16,936,857 |

Note:

1. The \$1.2 million Bertolon Goal was attained 3/1/12. Those funds are now included in Annual Fund Restricted, Faculty & Academic Programs, Student Life and Financial Assistance.
2. In total, Salem State raised \$6,023,788 in a prior capital campaign for the Sophia Gordon Creative and Performing Arts Center.
3. The column titled campaign priority reports dollars raised by for each of our campaign priorities and does not report dollars raised for endowment vs. current use.

ANNUAL FUND PROGRESS

| Area | Goal | Total Raised | Balance | % to Goal |
|---|--------------------|--------------------|-------------------|----------------|
| Annual Unrestricted FY11 | \$250,000 | \$350,338 | -\$100,338 | 140.14% |
| Annual Unrestricted FY12 | \$475,000 | \$932,159 | -\$457,159 | 196.24% |
| Annual Unrestricted FY13 | \$475,000 | \$526,521 | -\$51,521 | 110.85% |
| Annual Unrestricted FY14 | \$517,200 | \$341,261 | \$175,939 | 65.98% |
| Annual Unrestricted FY15 | \$541,400 | \$545,853 | -\$4,453 | 100.82% |
| Annual Unrestricted FY16 | \$541,400 | \$273,284 | \$268,116 | 50.48% |
| Annual Unrestricted FY17 | \$125,000 | \$169,186 | -\$44,186 | 135.35% |
| Annual Unrestricted Total | \$2,925,000 | \$3,138,603 | -\$213,603 | 107.30% |
| Annual Restricted FY11 | \$800,000 | \$518,840 | \$281,160 | 64.86% |
| Annual Restricted FY12 | \$500,000 | \$708,795 | -\$208,795 | 141.76% |
| Annual Restricted FY13 | \$480,000 | \$476,848 | \$3,152 | 99.34% |
| Annual Restricted FY14 | \$670,800 | \$588,831 | \$81,969 | 87.78% |
| Annual Restricted FY15 | \$874,600 | \$1,006,956 | -\$132,356 | 115.13% |
| Annual Restricted FY16 | \$874,600 | \$928,455 | -\$53,855 | 106.16% |
| Annual Restricted FY17 | \$91,000 | \$405,576 | -\$314,576 | 445.69% |
| Annual Restricted Total | \$4,291,000 | \$4,634,302 | -\$343,302 | 108.00% |
| Annual Unrestricted + Restricted | \$7,216,000 | \$7,772,904 | -\$556,904 | 107.72% |

| Physical Spaces | Gift level | # available |
|--|---------------------------|--------------------|
| Campus Buildings (e.g. Library and Learning Commons, Marsh Hall, Atlantic Hall, CCPA Building Complex) | \$1,000,000 - \$5,000,000 | many |
| Building Components (e.g. Recital Hall, CCPA Gallery, Library Café, Locker Room Facilities) | \$25,000 - \$3,000,000 | many |
| Athletics (e.g. Baseball Field, Tennis Courts) | \$50,000 - \$100,0000 | many |
| Exterior Spaces (e.g. Marsh-Atlantic Courtyard, Library Quad) | \$50,000 - \$1000000 | many |
| Small Campus rooms (e.g. Faculty offices, Deans offices, study rooms) | \$10,000 - \$100,000 | many |
| Seats (e.g. Balcony, Recital Hall) | \$500 - \$1,000 | many |
| Academic & Student Life Entities | gift level | # available |
| Colleges (Arts and Sciences, Health and Human Services, Graduate Studies, Continuing & Professional Studies) | \$2,500,000 | 4 |
| Schools (Nursing, Social Work, Education) | \$1,000,000 - \$4,000,000 | 3 |
| Academic Departments | \$1,000,000 | 28 |
| Centers -- Academic (e.g. Center for Nursing Scholarship, Center for Education Leadership, Center for International Business, Center for Economic Education) | \$500,000 - \$3,000,000 | many |
| Centers -- Student Services (e.g. Writing Center, Center for Career Services, Center for Students with Disabilities) | \$250,000 - \$1,000,000 | many |
| Named Positions | gift level | # available |
| Endowed Deanship | \$1,500,000 | 7 |
| Endowed Chairs | \$1,000,000 | 28 |
| Visiting/Rotating Scholars | \$750,000 | many |
| Student Financial Support | gift level | # available |
| Endowed Scholarships (e.g. Honors, Diversity, Graduate, Need-based) | \$25,000, minimum amount | unlimited |
| Endowed Internships | \$25,000, minimum amount | unlimited |
| Student Internship/Co-op Fund | \$250,000, minimum amount | 1 |
| Student Leadership Fund | \$250,000, minimum amount | 1 |
| Academic Support | gift level | # available |
| Faculty Professional Development Fund/Faculty Research Fund | \$250,000 | 1 |

| | | |
|---|---------------------------|------|
| Faculty Recruitment Fund | \$250,000 | 1 |
| Technology Endowment (e.g. Science Equipment) | \$100,000, minimum amount | many |

Purpose

The purpose of this policy is to develop university-wide guidelines for gift naming opportunities and service recognition naming opportunities at Salem State University.

I. Introduction

Salem State University and the Salem State University Foundation, Inc., seek private funds to enhance the university's ability to meet the higher education needs of the community, particularly toward a level of excellence that would otherwise not be possible given state funding levels and restraints on student tuition and fees.

The foundation and the university will provide appropriate recognition to donors for their generosity. Recognition may take many forms and this policy seeks to establish guidelines for the naming of facilities, programs and funds.

The opportunity to recognize an individual, a family, a foundation, or a corporation by naming a space on campus or naming a fund is a matter of common practice among the more than 5,000 institutions of higher education in the United States. By naming facilities or academic programs, Salem State University recognizes high scholarly distinction, devotion, distinguished service, or a generous gift.

II. Policies and guidelines

The following are policies and guidelines for the permanent naming of facilities, programs and funds. They are designed to accommodate unpredictable situations and donor expectations while keeping the Salem State mission and policies at the fore in making decisions.

All naming opportunities are negotiable and the Salem State University Foundation recognizes that, notwithstanding this policy, the Board of Trustees of the university retains discretion to make exceptions or alter criteria or conditions as appropriate to the circumstances. There are innumerable ways the university may recognize an individual, a family, a foundation, or a corporation, just as there are many different types of contributions that are made.

General guidelines:

- The naming of any physical facility, campus grounds or academic program is usually only appropriate when a significant contribution has been received.
- Donor recognition does not need to be tied directly to a gift for that specific building or improvement, academic unit or endowment.
- Significant unrestricted gifts can be recognized through naming opportunities.
- MSCBA bonded projects that are supported by student usage fees (residence hall, for example) bear minimal direct cost to the university. Therefore donors who support such projects may make their gifts 'unrestricted' to the university.
- The naming of buildings owned by the Division of Capital Asset Management and Maintenance (DCAMM) may require approval from the Board of Higher Education.
- The merits of naming any physical facility, space, academic program, or endowed fund should be determined by carefully weighing a person's high scholarship, devotion or

distinguished service, and should be able to stand the test of time. Naming opportunities should be valued based on market benchmarks, taking into consideration historical value and location of space.

- Signage for naming opportunities could take up to six months.
- The minimum amount required to establish a named endowed fund is \$25,000. This policy, which pertains to scholarship funds and other similar student, faculty and program support funds, was instated on March 26, 2007. Endowment funds with lower levels were established prior to this and are grandfathered as endowed funds.
- Donors may wish to establish a named temporary fund for faculty support, financial aid or other funding priorities. Under such an agreement, the donor commits to providing an annual gift equivalent to the income from an endowment for a fixed period of time, at a minimum of three years.
- All naming requests should support the honoree's or donor's intent to meet the highest values and societal standards.

III. Types of gifts for naming commitments

Any and all combinations of gifts, pledges and irrevocable deferred gift arrangements are acceptable for naming commitments. Gifts made through irrevocable deferred gift types (including, but not limited to charitable gift annuities, deferred pledge agreements or bequests) should generally not be accepted in instances when private funds are needed to pay for current building projects or other programs; accordingly, the donor should be presented with other opportunities.

A naming opportunity may, however, be accepted for existing, unnamed opportunities not requiring major remodeling or renovation.

IV. Guidelines for naming physical facilities

- Buildings, campus grounds or other campus facilities will generally not be named for individuals currently employed by the university, unless a donor provides a sufficient gift in honor of that individual.
- When the person to be honored is living and no financial gift is being provided, at least three years should pass since any formal association with Salem State. Such affiliation includes time spent as a student, a compensated member of the faculty or staff, a volunteer board member, or a devoted public servant.
- Naming a building, wing, room, or lecture hall can be difficult, depending on size, age, prestige, location, original cost, etc. Recommendations on naming values are made by the vice president of institutional advancement, or his or her designee, in concert with the president and senior administrators, with ultimate review/approval from the chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee.
 - Facilities, rooms, and grounds built by MSCBA or that are university owned and operated can be named and funds may be directed by the donor or honoree for the benefit of Salem State University.
 - Unscheduled or unplanned facilities that a donor wishes to have constructed will require a 100 percent gift commitment, plus a fully endowed maintenance fund.

V. Guidelines for naming programs

In order to name a center, program or academic unit, the gift should be proportional to the amount of endowment (for example, principal times 4 percent annual payout, in accordance with the foundation's spending policy at the time of this vote) that would be necessary to sustain or propel the program to new heights on a permanent basis. For example, it would require at least \$2.5 million to permanently name a program needing \$125,000 in annual expenditures.

However, if an academic program is being named for someone of unparalleled scholarly distinction, that name should bring great honor as well as "promise" to the program, so that the naming is a value-added act of good will and thoughtfulness, as well as a magnet for additional financial resources.

Opportunities also exist to establish named endowment funds in support of faculty, student or academic priorities.

VI. Approval process for naming of facilities or programs

All permanently named facilities and programs of \$100,000 or greater value should be reviewed and approved by the president of the university, chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee, upon the recommendation of the vice president of institutional advancement in concert with the SSU Foundation, where appropriate, and ultimately subject to the approval requirements listed below. Gifts of \$99,999 or less are recommended by the vice president of institutional advancement to the president for approval.

The executive director of the Salem State University Foundation has the authority to review and approve names of support funds, such as scholarship endowments, on behalf of the foundation.

The following principles shall be fully adhered to in the naming process:

- All proposed names for buildings and other facilities are held confidential during the review and approval process. There should be a minimum of communication about the proposed naming before appropriate approval has been granted.
- The naming of buildings, grounds or endowed funds in recognition of a donor or honoree implies a promise to that donor or honoree that the space, site, facility, endowment fund, and other forms of tangible recognition will be permanently maintained, or, if change is unavoidable, that an alternative location of equal value will be found. See termination of agreement section for further detail on this.
- The university is responsible for maintaining a record of named rooms, buildings, grounds, and other spaces, in addition to endowed funds.

- Naming commitments and, in fact, all major gifts, whether recognized by naming rights or not, are reflections on the ideals and reputation of Salem State University. Accordingly, each gift and naming commitment should be reviewed carefully for full compliance with applicable laws and ethical principles. This is especially true where there is some direct or indirect business or other continuing relationship between the donor and the university, its officers or employees. Any questions about the applicability of state or federal laws on conflicts of interest and other ethical considerations should be referred to appropriate legal counsel.

Steps to follow:

- The donor, either in response to a formal solicitation or of his or her own volition, indicates to a gift officer at the foundation an interest in making a gift of significant value to the university.
- The individuals negotiating on behalf of the university determine the exact nature of the gift intention. Discussions with individual, family, corporate, or other organizational donors who seek naming rights must be conducted with the understanding that the president reserves final approval of naming up to \$100,000 and the chair of the Board of Trustees and chair of the Institutional Advancement & Marketing and Communications Committee reserve approval at the level of \$100,000 to \$999,999, and the full Board of Trustees will approve all naming opportunities of \$1 million or greater. Additionally, buildings owned by the Division of Capital Asset Management and Maintenance (DCAMM) may require approval from the Board of Higher Education.
- Once the individuals negotiating on behalf of the university determine the exact nature of the gift intention, and when the gift involves a proposal to name, they then forward the information to the vice president of institutional advancement for review with his/her peers at the university.
- It is the responsibility of the individual(s) negotiating on behalf of the university to advise potential funders that the acceptance of any philanthropic donation which involves a proposal to name is conditional upon approvals at all required levels.
- Upon approval from the vice president of institutional advancement, the naming opportunity and donor will be presented for approval at all required levels.
- Once the naming opportunity is approved at all required levels, a formal gift agreement is executed by the foundation, outlining parameters of the gift in support of the university (as well as the nature of the named recognition).
 - For an irrevocable deferred bequest will be recognized when following three documents are in order.
 - Wording within the will that clearly refers to the donor's intent as an irrevocable gift to the university

- An accompanying letter that clearly states the donor's intent, making an irrevocable pledge to Salem State University. This letter is also to be shared with legal counsel and the Salem State University Foundation office (preferable with family and/or advisors as well)
 - A signed naming opportunity agreement that clearly states that this gift will be fulfilled by an irrevocable bequest and that the naming may be removed if the full amount of pledge is not received.
- Recognition steps are then set in motion, including appropriate media announcements, signage installation, campus ceremonies, etc. (consistent with the wishes of the donor and the level of support he/she is providing). It is important to note that, throughout the review and approval process, the donor's intentions should be held in strict confidence.
 - A memo is sent by the vice president of institutional advancement to all senior administrators. The vice president of marketing and communications initiates communication to various news sources so the named gift is marketed as such in all publications and future announcements concerning this newly designated area.
 - The Board of Trustees and the foundation board will be advised of naming agreements of \$100,000 or greater.

VII. Timeframe for pledge gifts

Endowed gifts have five years to reach the minimum endowment funding level of \$25,000. For endowment pledges that do not reach the minimum level within the five-year period, the donor or representative of the gift will be consulted to determine the most useful course of action, which may include a pledge extension or the transfer of the fund to the unrestricted endowment fund.

Naming will take place once a minimum of 25% of the pledge is fulfilled. In the event the pledge of cash or deferred gift (including, but not limited to charitable gift annuities, deferred pledge agreements, or bequests), by a donor is not fulfilled in accordance with the signed letter of intent, the university reserves the right to ask the donor(s), or his or her representative, to forfeit the naming opportunity at Salem State University.

VIII. Termination of naming agreement

The university may terminate an agreement and all rights and benefits of the donor(s) or honoree(s), including terminating the naming, in the unlikely event the university determines in its reasonable and good faith opinion that circumstances have changed such that the naming chosen would adversely impact the reputation, lineage, mission or integrity of the university.

Upon such termination of agreement and/or the naming, the university and the foundation have no obligation or liability to the donors and are not required to return any portion of the gift already paid. The president and the foundation may, however, have discretion on

determining an alternative recognition for the portion of the gift already received, if appropriate.

1. Also, if a named space is ever transferred or conveyed from the university, closed, deconstructed, destroyed or severely damaged, relocated, or replaced, then the naming will cease. In addition, if the named space is ever significantly renovated, upgraded or modified at a significant cost to the university then the naming will cease. In such event, however, the Board of Trustees for gifts of \$1 million or greater, the chair of the Board of Trustees and the chair of the Institutional Advancement & Marketing and Communications Committees for gifts between \$100,000 and \$999,999, and the president for all gifts under \$99,999, will have the right, for no additional payment, to designate the name of another available and equivalent university facility related to the purpose of the original gift intent. If the original donors are living and competent, they would be consulted by the university to discuss mutually agreed upon space. All naming right agreements will provide for termination detail as outlined in the above policy.
2. A signed naming opportunity agreement that clearly states that this gift will be fulfilled by an irrevocable bequest and that the naming may be removed if the full amount of pledge is not received.

IX. Approval and review of this policy

The naming opportunities policy is reviewed with the Board of Trustees and foundation board as new fundraising plans are initiated for a campaign, when specific fundraising initiatives are launched or as the vice president of institutional advancement or president deem necessary.

Bench Naming Policy

as of December 2015

A three-tiered hierarchy is recommended to cover all potential bench naming opportunities. Gift levels are suggested at several times the anticipated cost of purchase/installation in order to direct funds to three places: (1) bench purchase/installation including dedicatory plaque, (2) the donor's programmatic interest, and (3) a maintenance fund to be created. Bench naming opportunities are to be sited as donor wishes arise, rather than mapping out the full campus in advance.

TIER ONE: Custom design new bench

\$250,000

- Designed in consultation with landscape architect for the existing space
- Named in perpetuity, with university committing to lifetime maintenance
- University retains right to remove or relocate as needed but pledges to consult with donor first
This would likely only happen in the event of major construction on the bench site

TIER TWO: Standard design new bench

\$10,000 - 12,000

- Follows standard design appropriate to that campus' architectural vernacular as determined by Facilities
*For North Campus, this would be the wooden benches lining the library quadrangle
Central Campus would be similar, but likely somewhat different.*
- Tribute expires with the life of the bench, a minimum of 10 years
- University will pay for maintenance and one replacement, if needed, within the 10-year window
- At tribute expiration, donor has right of first refusal to renew at current full Tier Two rate
- University retains right to remove or relocate bench as needed

TIER THREE: Existing bench

\$5,000

- Cost includes plaque production/installation and any refurbishment needed
- Tribute expires with the life of the bench
- At tribute expiration, donor has right of first refusal to renew at current full Tier Two rate
- University retains right to remove or relocate bench as needed

The funding levels listed below are recommended minimums. It is understood that some colleges, schools or departments may require higher minimums. When establishing any of the below opportunities, it is to the university's advantage to craft terms broadly, with as few restrictions as possible.

University Level Naming Opportunities

DEANSHIP — \$5,000,000 (\$200K/yr. expendable)

DISTINGUISHED PROFESSORSHIP— \$2,500,000 (\$100K/yr. expendable)

PROFESSORSHIP — \$1,000,000 (\$40K/yr. expendable)

Goals: To attract and retain the most exceptional faculty and to bolster the leadership potential of faculty members whose current efforts are focused on honing teaching skills and/or establishing a superior record of scholarship.

Uses: Awarded at the discretion of the provost, who may use expendable amounts from such an endowment to fill or supplement the position's salary and to support related academic departmental and outreach endeavors. Funding may also support professional development and activities within the college/school/department, including travel, scholarship, graduate assistants, summer support, and release time for special administrative projects

Incentives and Restrictions: Term limits are strongly favored over lifetime appointments, offering prestige without the pressure of an indefinite commitment. Five-year terms with renewal evaluation at the four-year mark will offer a clear performance incentive. Suggest two-term limit. A named position within a college/school could rotate to different departments.

College/School Level Naming Opportunities

DISTINGUISHED FELLOWSHIP — \$500,000 (20K/yr. expendable over four awards)

FELLOWSHIP — \$100,000 (\$4K/yr. expendable over two awards)

Goals: To retain and attract sought-after rising stars, to help them establish their identity as a particular type of teaching scholar, and to leverage their efforts for the benefit of the university's own internal growth.

Uses: With terms created in collaboration among academic affairs and the supporting dean and his/her staff, fellowships must be competitively awarded by a faculty committee and may support up-and-coming or mid-career faculty members in their pursuit of notable scholarship. Faculty fellows with particular expertise may also work to address specific administrative needs within the university and fill gaps where the university is growing.

Incentives and Restrictions: Fellowships (and awards) should be framed around the three guiding principles of the current strategic plan (student success, diversity/inclusion, and sustainability) and reflect the university's key identity points (student-centered learning, addressing real-world problems, applying liberal arts skills critically, academic innovation, service to the common good, community representation and inclusion). Current opportunities with momentum behind them include internationalization, entrepreneurship, civic engagement (local non-profits or int'l NGOs), STEM teaching and learning, and FYE (where there are two existing opportunities). Successful fellowships may "tee up" Fulbright applications or attract additional grant funding (e.g. DHSI).

NAMED FUND -- \$125,000 endowed or \$5,000 annually; multiple awards from \$1,000 to \$2,500 apiece

Goal: To support project-oriented work as opposed to tasks of a more administrative nature.

Uses: Awards must be given by a faculty research committee and shall include minimal criteria in their terms. Current fund use suggestions include the following: *Faculty Tools and Technology* (\$1,000 per award)—one-time expenditures for the purchase of software, hardware, books, supplies, etc. in support of scholarly endeavors. *Scholarly Engagement Abroad* (\$2,500 per award)—assistance for a faculty member or a faculty-student team in meeting the cost of professional travel to attend conferences and to do scholarly field work.

Campaign Assessment Attachment 10

CAMPAIGN PLAN

SALEM STATE UNIVERSITY FOUNDATION



May 2011

Prepared by:



TABLE OF CONTENTS

| | |
|---|----|
| Executive Summary..... | 3 |
| Introduction | 4 |
| Essential Principles of Fundraising | 5 |
| Case Elements | 6 |
| Key Campaign Leadership Roles and Responsibilities..... | 7 |
| Role of the President’s Campaign Cabinet..... | 8 |
| Campaign Steering Committee..... | 9 |
| Fundraising Plan..... | 13 |
| Campaign Principles..... | 14 |
| Campaign Timetable | 15 |
| Table of Gifts..... | 16 |
| Prospect Identification and Tracking..... | 17 |
| Prospect Stages | 18 |
| Public Relations Program | 19 |
| Named Gift Opportunities | 20 |
| Campaign Policies | 21 |

EXECUTIVE SUMMARY

Salem State University was established in 1854 and today enrolls over 10,000 undergraduate and graduate students from 27 states and 70 nations. With state funding accounting for about 35 percent of Salem State University's \$130 million operating budget, the university has begun a comprehensive campaign to raise much needed annual, capital, endowment and program funds.

After conducting an Assessment and Planning Study in 2010, the university's Board of Trustees and Foundation Board voted to move forward with a major comprehensive campaign with a recommended minimum goal of \$25 million.

Salem State University is now in the quiet phase of this comprehensive campaign—including goals for support of faculty, student academic support services, financial aid, capital renovations and endowment. As we begin the campaign, the following document is presented to highlight the key planning concepts necessary for the design of a comprehensive campaign strategy. Through your efforts as a member of the President's Campaign Cabinet, these planning concepts should be tailored to fit the uniqueness of Salem State University.

INTRODUCTION

Community Counselling Service (CCS) is pleased to present this plan for the Salem State University Foundation's Comprehensive Campaign. This initial campaign plan is based on the extensive experience of CCS, and on information obtained during the Campaign Planning Study conducted from March through August 2010.

This important undertaking by Salem State will be organized and implemented to provide funds for endowment, programs, renovation of the Main State Theater and operating support. The campaign objectives are to:

- Secure \$25,000,000 in private philanthropic support;
- Build on the current momentum of the Salem State University Foundation to promote its long history of accomplishment, its present dynamism, its compelling plan for the immediate future and beyond, and heighten the visibility of Salem State among all its constituencies;
- Utilize the considerable leadership talents of Salem State's board(s) members, alumni, friends, faculty and staff and expand the potential leadership of the institution.
- Broaden the donor and volunteer base, and strengthen relationships with existing supporters;
- Position Salem State in the strongest way possible for future fundraising endeavors to maximize its fundraising potential;
- Significantly strengthen Salem State University as an academic institution serving students from the state, region and around the world.

ESSENTIAL PRINCIPLES OF FUNDRAISING

Every successful fundraising campaign has at its core four main fundraising principles. These principles are the building blocks upon which a campaign is formed, and the first steps in beginning a fundraising effort. The principles are as follows:

- **Compelling Case for Support**

The Case Statement is the rationale for raising funds. It provides the story behind the campaign and gives a chronological progression to the steps that were taken to begin a campaign. It also provides the justification for the request of funds from donors. The case elements were arrived at as a result of the assessment and planning study, and in alignment with the Salem State strategic plan.

- **Strong Volunteer Leadership**

In addition to the executive administration at Salem State University, there is also the need to recruit committed volunteers to assume executive committee roles and assist the administration in steering the campaign to success.

- **Strategic Fundraising Plan**

Every successful campaign requires a thorough and well thought out plan. Plans are tailored for individual institutions but historically, the most successful are built on the following:

Personal Solicitation: All Leadership and Major Gifts will be solicited in person.

Peer to peer Solicitation: Prospects should be solicited by volunteers capable of giving at financial levels at or above the amount of the current prospect request.

Campaign Phases: The campaign will be divided into sequential phases. The phases will be distinct and have specific minimum financial requests, select volunteers and a clear number of carefully chosen prospects. This enables Salem State to focus on fewer prospects at a given time, thereby increasing its chances of success.

Pledged Commitments: The campaign encourages pledges with a three-to-five year payment period.

- **Committed Prospects**

Every organization has its own unique groups of constituents from which to request support. Prospects for campaigns are divided into phases characterized by their propensity to give at different levels to the campaign. Prospects in the early stages of the campaign will be asked to consider gifts at the Leadership Gifts level of \$500K+, and the Major Gifts level of \$100,000+.

CASE ELEMENTS

Development of the Case Statement is a critical step in positioning the Salem State University Foundation's Comprehensive Campaign for leadership support. The Case Statement presents the rationale for a realistic, well-designed and organized campaign. This is the source document for the campaign.

The Case Statement is designed to share the history and mission of Salem State, discuss the challenges ahead, the components of the development plan, and explain the reason for the request for financial support. It also serves as the resource from which other campaign material will be produced.

| | | |
|---|----------------------|----------------------------|
| CAPITAL IMPROVEMENTS | GOAL: | \$3,500,000 |
| ENDOWMENT | GOAL: | \$15,000,000 |
| ANNUAL SUPPORT FY2011 THROUGH FY2015 | GOAL: | \$6,500,000 |
| | <u>TOTAL:</u> | <u>\$25,000,000</u> |

KEY CAMPAIGN LEADERSHIP ROLES AND RESPONSIBILITIES

The success of the comprehensive campaign for Salem State will be assured by the recruitment of outstanding leadership. Campaign leaders will be drawn from every constituency, and will be primarily responsible for soliciting pacesetting gifts and recruiting volunteer solicitors.

President Patricia Maguire Meservey

Vice President, Institutional Advancement Cynthia McGurren '83

President's Campaign Cabinet Robert Lutts and Pamela Scott, Co-Chairs
Henry Bertolon, Jr. '74, Lucy Conboy '64, Brian Cranney '01H Tom Feeley '68,
John Galaris '67, Kim Gassett-Schiller '83, Bernard Gordon '85H, Lloyd Hamm,
Janet Himmel '68, Dean Langford '89H, Robert Korzeniewski '79, Robert Lutts,
Karen Morrissey '71 '93H, Julie Palen '89, Joanne Ricciardiello '68,
Deirdre Sartorelli '83, Pamela Scott, Jacob Segal, Frank Sparicio '53, Jean Walsh '71

Campaign Steering Committee To be determined

Case Statement Task Force Nate Bryant, Karen Morrissey '71 '93H,
Nancy Schultz, Tri-Chairs
Roger Berkowitz '07H, Stuart Cohen, Carol Glod, Quinn Gonell '09, Doug Larson,
Josephine Kennedy '72, Mary Mader '85 '91G, Angel Donahue-Rodriguez '12, Jacob
Segal, Kathy Skrabut, Jim Stoll, Patricia Zaido, *Staff*: Patricia Maguire Meservey,
Cynthia McGurren '83, Karen Cady, Mike McCarthy, Lindsey Humes

CSC Subcommittees To be determined

Counsel CCS Fundraising:
Lindsey Humes, Bob Kissane, Brian Nevins

Role of Campaign Counsel

Counsel will be responsible for the day to day direction of the campaign and the following:

- Design and implementation of the Campaign Plan and Timetable
- Personal training of campaign volunteers
- Meetings and Agendas
- Gift plans and named gift opportunities
- Campaign materials and manuals
- Solicitation strategy and plan for each constituency
- Personal solicitation where practical and most advantageous
- Campaign progress reports to Salem State Campaign leaders

ROLE OF THE CAMPAIGN CABINET

The Salem State University President's Campaign Cabinet process is extremely important to the planning and organizational phase of the campaign for the university. The cabinet's input and decision-making will shape the campaign plan and set the overall tone for a successful campaign.

PURPOSE OF THE CABINET:

- Collaborate on campaign plan and important campaign decisions including case for support, gift crediting policies, executive leadership, top prospects, table of gifts, theme and goal
- Create ownership of plan and campaign among top leaders
- Cultivate best leaders to take the first steps towards leadership
- Address challenges identified in the planning study
- Implement planning study recommendations
- Seek good ideas
- Transition from Campaign Planning Study Committee to full Campaign Steering Committee

CABINET MAKE-UP

- Recruit highest level of leadership
- Include Board Chair
- Include major donors who are pivotal to the campaign's success
- May include non-trustees

TIME COMMITMENT

- Six meetings over a six-month period
- Brief personal meetings between cabinet sessions with campaign staff as needed

CABINET MEMBER RESPONSIBILITIES

- Advocates for Salem State and endorses the strategic plan
- Approves the Case for Support
- Approves the campaign plan and timeline
- Oversees the effective transitioning/sequencing of the campaign
- Introduces friends and colleagues to the campaign's initiatives
- Identifies and recruits prospective leaders
- Cultivates and solicits key prospects
- Personally supports the campaign with a gift commensurate with their leadership in the effort.

CAMPAIGN LEADERSHIP - CONTINUED

In addition to the President's Campaign Cabinet and Case Statement Task Force, it will be critical that the following campaign groups be assembled, bringing 65+ volunteer leaders into key campaign committees and task forces:

CAMPAIGN STEERING COMMITTEE

10 – 12 Members

October 2011 – June 2015

Meetings/conference calls every other month

The individuals who comprise this group must assume, in partnership with Salem State leadership, responsibility for the campaign's ultimate success. Particularly within the first three years of campaign-specific activity, discipline and strategic decisions are critical. Focus must remain on securing support from seven-figure prospects, no matter the constituency: individual, corporate, or foundation.

LEADERSHIP AND MAJOR GIFTS SUBCOMMITTEE

5 - 7 Members

2011-2012

Two to four conference call meetings per year

This committee should be established early on, to focus on identifying, cultivating and soliciting prospective donors at the lead and major gift levels.

BOARDS SUB-COMMITTEE

4 – 6 Members

2011-2012

Meetings as needed

This group should focus its energies on the cultivation and solicitation of current and former members of the Board of Trustees, Foundation Board and Assistance Corp.

CAMPUS COMMUNITY SUB-COMMITTEE

15 - 20 Members

May 2011 – June 2012

Meetings as needed

This group should focus its energies on the cultivation and solicitation of current and former faculty, administrators and staff.

ALUMNI AND PARENTS SUB-COMMITTEE

20 – 25 Members (to start; could grow larger)

2012-2015

Meetings/conference calls every other month

Developing an Alumni Committee specifically created to cultivate and solicit this audience will be critical. Immediate work includes screening the alumni database, developing new possibilities, and advancing potential supporters through the campaign pipeline.

CORPORATIONS AND FOUNDATIONS SUB-COMMITTEE

4 – 6 Members

2012-2015

Meetings three times per year

This group should focus its energies on the identification, cultivation and ultimate solicitation of existing or new foundation possibilities. Involving key foundation donor representatives, along with staff, will be critical.

C A M P A I G N C O - C H A I R S

Qualifications

Prominent, well-known and respected people who are committed to Salem State and in full agreement with the campaign's purpose and objectives. Strong leaders and capable communicators who can effectively advocate the merits of the case. These individuals should be capable of making a leadership gift to the campaign.

Responsibilities

- Serve as chairs of the campaign, convene meetings and provide guidance and leadership for all campaign volunteers.
- Focus primary attention on soliciting Leadership Gifts with the President and/or appropriate volunteers.
- Will serve as the major representatives and spokesperson for the campaign, and will relate to all of Salem State's fundraising constituencies.
- Particularly in the early stages of the campaign, take an active role in the identification and solicitation of Leadership and Major Gift prospects.
- Assist in the recruitment of capable, dedicated leadership to serve on campaign committees.
- Work closely with professional counsel and the Vice President, Institutional Advancement, in evaluating progress and identifying opportunities to advance the campaign.
- Set example for all campaign volunteers through personal commitment, interest, involvement and financial support.
- Make the campaign a top personal philanthropic priority.
- Report on campaign progress to appropriate audiences.

Time Requirements

The time commitment for this top leadership position could range from ten to fifteen hours per month, depending on the phase of the campaign and the requirements for success. Attendance at campaign committee meetings is essential, as well as attendance at several special functions, events and solicitations.

C O - C H A I R S , L E A D E R S H I P & M A J O R G I F T S

Summary

Serving as the principal leaders of the campaign's Leadership and Major Gifts effort, these individuals are asked to provide purposeful leadership to the Leadership and Major Gifts Sub-Committee in identifying, evaluating, cultivating and strategizing solicitations for prospects at the \$100,000 level and above.

In keeping with the campaign standards, it is strongly recommended that these positions be filled by people who have personally given a Leadership or Major Gift.

Responsibilities

- Work closely with campaign leaders and professional counsel.
- Take the lead in identification, evaluation, development of strategy, cultivation and solicitation of all Leadership and Major Gift prospects.
- Serve on the Campaign Steering Committee and attends meetings.
- Communicate frequently with members of the committee, encouraging activity and reporting
- Report to the Campaign Chair [or Campaign Co-Chairs]

FUNDRAISING PLAN

An intensive effort is being implemented from February 2011 through June 2015. The initial emphasis will be on raising \$3.5 million in 2011 to complete the funding needed to create the Sophia Gordon Creative and Performing Arts Center through the renovation of the Mainstage Theatre. The emphasis will be on the solicitation of leadership and major gifts. It is expected that a minimum of 70% of the total funds raised in the campaign will come from financial commitments at these levels. All leadership and major gifts will be solicited personally by volunteers trained to request the gifts in the most effective way. Special gifts (\$25,000 - \$99,999) will be solicited in a personal manner to the greatest extent possible.

The solicitation schedule is planned as follows:

- ❖ **Leadership Gifts.** The Leadership Gifts Phase will run from February 2011 through June 2012. Solicitors will focus on gifts that will set the pace for the campaign. Volunteer leadership for other phases will be recruited during this period.
- ❖ **Major Gifts.** The Major Gifts Phase will run from March 2012 through March 2014. Solicitors will continue to solicit remaining leadership gifts during this time, but the primary focus will be on the solicitation of gifts in the range of \$100,000 +.
- ❖ **Alumni and Special Gifts.** The Alumni/Special Gifts Phase will run from June 2013 through June 2015. All leadership and major gifts solicitations will be completed during this time. The primary focus of this phase will be on the solicitation of gifts in the \$25,000 + range by constituency group (alumni, corporation members, etc.)

The plan will seek the **largest gifts at the outset of every campaign phase**. This will create an example and inspire confidence for donors throughout the campaign. The campaign features attractive **gift recognition opportunities**: named facilities, classrooms, endowments, etc. A greater variety of named giving opportunities will be developed. The plan calls for involving prospective benefactors throughout the campaign in specifically designed **cultivation activity**; e.g. special receptions, private campus tours for leadership gifts prospects, special cultivation events, and regional events for alumni.

Throughout the campaign there may be a need to opportunistically create “**micro-campaigns**” that will have their own case, leadership, prospects and plan. The micro-campaign seeking to raise \$3.5 million to complete the funding for the renovation of the Mainstage Theatre is one example. The micro-campaign seeking to raise \$1.1 million to complete the Bertolon School of Business campaign is another example.

Finally, the plan incorporates **public relations activities** into every phase of the campaign. These will include targeted brochures, newsletters, special events, website updates, and speakers to heighten the campaign’s visibility and to inform and motivate donors.

CAMPAIGN PRINCIPLES

The primary objective of the capital campaign is to allow every constituent the opportunity to participate in the future vision for the Salem State University. At the heart of the CCS approach to raising funds is personal contact.

Our experience has proven that people give and respond to people, in addition to responding to the organization's mission and cause. Trustees will respond most favorably to a fellow trustee, businesses to another business person and an alum to another alum taking the time to explain the case and illustrate the effect a successful campaign will have on Salem State. All solicitation of significant level gifts should be made personally. Volunteers should be recruited in as personal a manner as possible, either face-to-face or over the telephone.

Effective Fundraising

The ability to effectively raise money for Salem State University comes down to the nature of "the ask." While seeking gifts and pledges for the campaign, the following principles are incorporated into the campaign plan.

Planned: An organized approach where each volunteer fully understands their role, and receives proper training and an achievable workload.

Personal: "People give to people." People give most often and most generously when asked personally, face-to-face by another campaign leader or volunteer committed to the mission of the institution.

Proportionate: Every potential donor will be asked to consider a gift/pledge that is in proportion to their individual capacity to give. All potential donors identified to be solicited have the ability to support the campaign, but not all will participate at the same level.

Pledges: Pledges to be fulfilled over a period of three to five years will provide donors the opportunity to make substantial gifts over time.

- ❖ Attract historic level gifts to the Salem State University Foundation
- ❖ Emphasis on Leadership Gifts (\$500K+) from February 2011 through June 2012
- ❖ Emphasis on Major Gifts (\$100,000+) from March 2012 through 2014
- ❖ Effective leadership to solicit leadership and major gifts and to re-establish/build relationships with past and future donors
- ❖ Thorough prospect research and review of all constituencies
- ❖ Specific gift requests
- ❖ Attractive recognition opportunities
- ❖ Dynamic and effective communications and public relations program

CAMPAIGN TIMETABLE

| CAMPAIGN PHASE | DATES | ACTIVITIES |
|--|--|---|
| Campaign Planning Phase | 2010 | <ul style="list-style-type: none"> • CCS Development Assessment • Feasibility Study |
| Campaign Orientation Phase | January – September 2011 9 months | <ul style="list-style-type: none"> • Case Statement Task Force – guide case development • President’s Campaign Cabinet – review campaign operative materials (prospects, timeline, benchmarks, policies, naming opportunities, case statement, etc.) • Conduct select campaign solicitations • Research to develop campaign prospects list |
| Leadership Gifts Phase [Gifts \$500K+] | February 2011 – June 2012 17 months | <ul style="list-style-type: none"> • Focus on approaches at \$500K+ level • Obtain all Foundation Board campaign commitments by 12-31-11 • Obtain all Board of Trustees campaign commitments by 9-30-11 • Obtain \$3.5M in additional CPAC commitments • Obtain \$1.1M in additional Bertolon campaign commitments • Identify, recruit train Campaign Steering Committee – Fall 2011 • Conduct lead gift campaign solicitations • Campaign website online |
| Major Gifts Phase [Gifts \$100K+] | March 2012 – March 2014 24 months | <ul style="list-style-type: none"> • Focus on approaches at \$100K+ level • Campaign e-newsletters to volunteer leadership and campaign donors • Campaign Steering Committee meetings • Identify, recruit and train Subcommittees (Alumni, Corporations/Foundation, etc.) • Conduct major gift campaign solicitations |
| Alumni/Special Gifts Phase [Gifts below \$100K] | June 2013 – June 2015 24 months | <ul style="list-style-type: none"> • Focus on approaches at levels below \$100K • Campaign Steering Committee and Subcommittees • E-updates and campaign website updates • Exceed goal – campaign celebration event! |

TABLE OF GIFTS

\$ 2 5 M i l l i o n G o a l

Campaigns of this nature are designed to encourage multi-year pledges from carefully selected prospects at varying financial levels. The following table of gifts summarizes the number of commitments required at different levels to raise the goal of \$25 million, taking into account the inclusion of the Annual Fund which will bring in the majority of the gifts at \$10K and below.

| <u>Gift Level</u> | <u>Number of Gifts Needed</u> | <u>Level Total</u> | <u>Cumulative Total</u> |
|------------------------------------|-------------------------------|--------------------|-------------------------|
| \$2,500,000 | 1 | \$2,500,000 | \$2,500,000 |
| \$1,000,000 | 3 | \$3,000,000 | \$5,500,000 |
| \$750,000 | 2 | \$1,500,000 | \$7,000,000 |
| \$500,000 | 6 | \$3,000,000 | \$10,000,000 |
| \$250,000 | 8 | \$2,000,000 | \$12,000,000 |
| \$100,000 | 25 | \$2,500,000 | \$14,500,000 |
| \$50,000 | 35 | \$1,750,000 | \$16,250,000 |
| \$25,000 | 56 | \$1,400,000 | \$17,650,000 |
| \$10,000 | 85 | \$850,000 | \$18,500,000 |
| | 221 | | |
| Annual (five year cumulative goal) | many | \$6,500,000 | \$25,000,000 |

Five-Year Pledge Plans

“How much should I give?” is the question most often asked in a capital campaign. It would be impossible to suggest an “average gift” that would be equitable for all. In estimating the type of giving necessary to achieve the goal, it is clear that there must be many gifts ranging from \$25,000 up to \$1,000,000+.

PROSPECT IDENTIFICATION AND TRACKING

Prospect Identification

To identify leadership (\$500,000+) and major gift (\$100,000+) prospects, a number of steps must be taken:

Step 1: Assemble a list of ‘suspect’ names from the following sources:

- * Previous donors to Salem State
- * People who have a relationship with Salem State and have indication of significant wealth
- * People who have received awards from Salem State or attended special events and have an indication of significant wealth
- * Major donors to similar organizations
- * Executives of major corporations and foundations with a history of philanthropy to similar organizations
- * Smaller level donors to Salem State determined to have significant wealth through electronic screening of Salem State’s database

Step 2: Prioritize these names based on the following criteria:

- * Amount of past giving to Salem State
- * Strength of relationship to Salem State and passion for the case
- * Wealth screening
- * Access to corporate or foundation decision makers

Step 3: Review the list with the President’s Campaign Cabinet, top leaders and administrators

Step 4: Identify and prioritize top 5, 10, 25, 50 and 100 prospects

Prospect Tracking

The Campaign Office will use a prospect master list to track prospects for the Campaign. All prospects on this list should receive a special code in Raisers Edge (the Salem State database) to indicate their participation in the Campaign. Maintaining one master list for all campaign prospects will allow for greater coordination and generation of timely reminders to staff and volunteer solicitors.

PROSPECT STAGES

There are many different stages through which prospects will move before, during and after a solicitation. The following table illustrates a five-step cultivation and solicitation process. At regular prospect review meetings, the Campaign Office will determine the stage a prospect has reached and the next steps for that prospect. When soliciting gifts at the \$100,000+ level it may require several steps before Salem State is in a strong position to make a financial request.

Cultivation – Solicitation - Stewardship

| Step 1 | Step 2 | Step 3 | Step 4 | Step 5 |
|--|---|--|--|---|
| Initial Visit | Campus Tour | Briefing | Request | Follow-up |
| <ul style="list-style-type: none"> • Organized by Campaign Volunteer • Thank for continued generosity • Stewardship update • Review SSU Vision • Cite Recent Achievements • Discuss current challenges | <ul style="list-style-type: none"> • Approx. 60 minutes • Tour with VP, President, Dean, Faculty • Meet and interact with students • Discuss and review recent advances | <ul style="list-style-type: none"> • Introduce Case Statement • Table of Gifts • Recent Leadership Gifts • Explore specific project interest | <ul style="list-style-type: none"> • Solicit prospect with specific request amount, proposal and naming opportunities | <ul style="list-style-type: none"> • Determined by solicitation team and campaign office |

PUBLIC RELATIONS PROGRAM

The capital campaign will have a comprehensive marketing and communications initiative designed to educate Salem State's constituencies and potential donors about the goals and objectives of the effort. Among the marketing and awareness pieces intended to be used are:

- Campaign Email Updates
- Campaign Folders (kits)
- Campaign Newsletters
- Campaign Signage as appropriate
- Case Statement
- President's Letters
- Fact Sheet: Questions and Answers
- Feature News Articles
- Individual, Corporate & Foundation proposals
- Leadership Training Manual
- Naming Opportunities folios with architectural renderings
- Power Point Presentation
- Press Releases
- Promotional Video

Case Statement

The Case Statement is the primary document of the Salem State University Foundation's Comprehensive Campaign. It will explain the university's needs and opportunities, and it will serve as a resource for subsequent publications for donor prospects. A draft case statement is in review and will be finalized by the VP and President, and approved by the President's Campaign Cabinet.

Campaign Theme and Logo

Members of both the Case Statement Task Force and the President's Campaign Cabinet will be invited to submit ideas for a campaign name and theme. These will be used in conjunction with a special logo, giving printed campaign materials their own unique appearance. The logo may utilize the Salem State logo or an image created for the campaign, and it should appear on each of the items described above. The timetable for campaign communications and public relations will be finalized following meetings with Salem State's advancement staff.

NAMED GIFT OPPORTUNITIES - DRAFT

A full list of naming opportunities will be developed by Institutional Advancement staff and presented for approval by the President's Campaign Cabinet. An initial first draft of some of the anticipated naming opportunities is listed below.

Leadership Gift Level (\$500,000+):

[To be determined]

Major Gift Level (\$100,000 - \$499,999):

[To be determined]

Special Gift Level (\$25,000 - \$99,999):

[To be determined]

CAMPAIGN POLICIES SUMMARY

Counsel recommends that the President's Campaign Cabinet establish these campaign policies to conform with the Council for the Advancement and Support of Education (CASE) Management and Reporting Standards for Educational fundraising campaigns.

- All fund raising programs and gift acceptance policies, and their day-to-day implementation, are designed and managed by the Vice President for Institutional Advancement in conjunction with appropriate directors, and are subject to approval by the President.
- All gifts offered to the Salem State University Foundation will be seriously considered. All gifts accepted by the Salem State University Foundation will utilize charitable gift making and crediting methods which conform to local, state and federal law.
- Gift Acceptance and Valuation Policies shall be reviewed by the President and Vice President for Institutional Advancement periodically.
- All gifts and pledges specifically committed to the campaign will be counted toward the goal.
- Unrestricted bequests received may, at the Salem State University Foundation Board's discretion, be directed to the campaign.
- Individuals who are 70 years of age or older at the time they make their campaign commitment may receive campaign credit for confirmed, documented outright bequest provisions and/or the cash value of life insurance policies.
- Credit will be given for gifts of real estate and personal property based on the appraised value of the gift at the time the gift is made, provided there is no restriction on its sale.
- Campaign pledges may be paid on a schedule established by the donor, preferably within a five-year period. However, the hope is that all pledges will be paid within 3 years.
- All contributions will be processed through the Salem State University Foundation, which will be responsible for sending timely acknowledgement letters and pledge payment reminders.
- Files, records and mailing lists of donors and donor prospects are maintained and controlled by the Salem State University Institutional Advancement Office.

A separate document will be prepared outlining the Gift Acceptance Policies for the Salem State University Foundation.

Salem State University Foundation

Comprehensive Campaign

\$25 Million Table of Gifts

| <u>Gift Level</u> | <u>Number of Gifts Needed</u> | <u>Level Total</u> | <u>Cumulative Total</u> |
|------------------------------------|-------------------------------|--------------------|-------------------------|
| \$2,500,000 | 1 | \$2,500,000 | \$2,500,000 |
| \$1,000,000 | 3 | \$3,000,000 | \$5,500,000 |
| \$750,000 | 2 | \$1,500,000 | \$7,000,000 |
| \$500,000 | 6 | \$3,000,000 | \$10,000,000 |
| \$250,000 | 8 | \$2,000,000 | \$12,000,000 |
| \$100,000 | 25 | \$2,500,000 | \$14,500,000 |
| \$50,000 | 35 | \$1,750,000 | \$16,250,000 |
| \$25,000 | 56 | \$1,400,000 | \$17,650,000 |
| \$10,000 | 85 | \$850,000 | \$18,500,000 |
| | 221 | | |
| Annual (five year cumulative goal) | many | \$6,500,000 | \$25,000,000 |

Salem State University Foundation
10,000 Reasons Campaign - Boards Subcommittee
Boards Cumulative Giving Report as of 12/31/2016

Campaign Assessment
Attachment 12

| Fiscal Year | Total Raised |
|-------------|--------------|
| FY11 | \$555,707 |
| FY12 | \$1,498,706 |
| FY13 | \$344,053 |
| FY14 | \$341,116 |
| FY15 | \$774,401 |
| FY16 | \$409,856 |
| FY17 | \$384,742 |

Goal: \$3,750,000
Total raised as 12/31/16: \$4,308,581
Balance to goal: (\$558,581)
Percentage to goal: 114.9%

Goal increased by \$750,000 in Spring of 2015. Surpassed original goal of \$3,000,000

Board Giving Participation Status as of 12/31/2016**SSU Board of Trustees****Status**

| | |
|----------------------------|-----------------|
| Ms. Elizabeth P. Cabral | To be Scheduled |
| Mrs. Teresa J. Chisholm | Completed |
| Dr. Alyce M. Davis '75 | Completed |
| Mr. Elliot M. Katzman '78 | Completed |
| Mr. Robert T. Lutts | Completed |
| Mr. Oscar F. Malcolm | Completed |
| Mr. Paul Mattera Esq. | Completed |
| Dr. Kathleen A. Murphy '75 | Completed |
| Ms. Pamela C. Scott | Completed |
| Jacob S. Segal Esq. | Completed |
| Ms. Diane T. Stringer | Completed |

SSU Board of Trustees

| | |
|----------------------|---------------|
| Completed | 10 |
| Total Members | 11 |
| Percentage Completed | 90.91% |

| Foundation Board | Status |
|------------------------------------|-----------------|
| Ms. Peggy L. Carl | Completed |
| Mr. Frederick L. Cavanaugh Jr. '69 | Completed |
| Mr. Jeffrey V. Cicolini '94 | Completed |
| Mrs. Gina V. Deschamps '92G | Completed |
| Mrs. Annalisa C. Di Palma | Completed |
| Mr. Albert V. DiVirgilio '64, '66G | Completed |
| Ms. Carlene L. Dugan | To be Scheduled |
| Mrs. Kim D. Gassett-Schiller '83 | Completed |
| Ms. Suzanne S. Gruhl C.P.A. | Completed |
| Mr. Jeffrey E. LaCross '93 | Completed |
| Mr. Robert T. Lutts | Completed |
| Ms. Cynthia A. McGurran '83 | Completed |
| Dr. Patricia Maguire Meservey | Completed |
| Dr. Kathleen A. Murphy '75 | Completed |
| Mr. James M. Muse '83 | Completed |
| Mr. Paul A. Petrowski '66 | Completed |
| Mr. Bruce P. Potter '79 | Completed |
| Mr. Robert M. Riley '00 | To be Scheduled |
| Ms. Deirdre A. Sartorelli '83 | Completed |
| Jacob S. Segal Esq. | Completed |
| Dr. Kathleen L. Skrabut | Completed |
| Mr. Frank J. Sparicio '53 | Completed |
| Mr. Daniel J. Urman Esq. | To be Scheduled |
| Mr. Joseph M. Wamness '00G | Completed |
| Dr. Patricia H. Zaido '12H | Completed |

Foundation Board

| | |
|----------------------|---------------|
| Completed | 22 |
| Total Members | 25 |
| Percentage Completed | 88.00% |

| Alumni Association | Status |
|---|-----------------|
| Ms. Barbara L. Baggs '13G | Completed |
| Ms. Mary E. Bertrand '13 | Completed |
| Ms. Elizabeth P. Cabral | To be Scheduled |
| Mr. Robert W. Callahan '72 | Completed |
| Dr. Erik J. Champy '89, '94G | Completed |
| Mr. Guy W. Clinch '89 | Completed |
| Ms. Eileen Smith Connolly '59, '77G | Completed |
| Mr. Christopher M. Corrente '10, '12G | Completed |
| Ms. Grazia Crivello '09 | To be Scheduled |
| Mr. Stephen A. Daly '84 | To be Scheduled |
| Mrs. Kathryn E. D'Amour '63, '67G, '81G | Completed |
| Dr. Alyce M. Davis '75 | Completed |
| Mrs. Carol A. DiMento Esq. '65, '67G | To be Scheduled |
| Ms. Pamela A. Doherty '92 | Completed |
| Mr. Richard F. Durgan '69 | Completed |
| Mr. Josue M. Flores '11, '12, '15G | To be Scheduled |
| Mrs. Dorothy M. Foley '48 | Completed |
| Ms. Linda H. Hayes '90 | To be Scheduled |
| Dr. Judith Josephs '63, '65G | Completed |
| Ms. Josephine E. Kennedy '72, '76G | Completed |
| Ms. Patricia M. Libby '71 | Completed |
| Mr. Frank A. Lillo '64, '69G | Completed |
| Ms. Joanne Mendes '79 | Completed |
| Mrs. Janet L. Merriman '82 | Completed |
| Professor Jane E. Moroney '60, '62G | Completed |
| Ms. Kelly A. Quinn '08, '10G | Completed |
| Mr. Gary M. Roach '80 | Verbal |
| Mr. Frederick A. Sannella '64 | Completed |
| Ms. Deirdre A. Sartorelli '83 | Completed |
| Mr. Timothy P. Shea '83G | Completed |
| Ms. Debra Lee Surface '05 | Completed |
| Ms. Carol A. Vara '85, '92G | Completed |
| Mr. Daniel S. Veira | To be Scheduled |
| Mr. Joseph M. Wamness '00G | Completed |
| Ms. Hope M. Watt-Bucci '96 | Completed |
| Ms. Mikki L. Wilson '09 | Completed |

Alumni Association

| | |
|----------------------|---------------|
| Completed | 28 |
| Total Members | 36 |
| Percentage Completed | 77.78% |

Assistance Corporation

Status

| | |
|---|-----------------|
| Mrs. Helen L. Corbett '68, '80G | To be Scheduled |
| Mr. Thomas D. Daniels '85 | To be Scheduled |
| Mr. Patrick J. Delulis | To be Scheduled |
| The Honorable Kimberley A. Driscoll '89 | To be Scheduled |
| Mr. Gordon Hall III | Completed |
| Claude G. Lancome Esq. | Completed |
| Dr. Patricia Maguire Meservey | Completed |
| Mr. Rinus Oosthoek | To be Scheduled |
| Ms. Joycelyn L. Snell | To be Scheduled |
| Mr. Michael R. Wheeler | To be Scheduled |

Assistance Corporation

| | |
|----------------------|---------------|
| Completed | 3 |
| Total Members | 10 |
| Percentage Completed | 30.00% |

Social Work, Friends of**Status**

| | |
|-------------------------------------|-----------------|
| Ms. Vanessa Aluia '09G | To be Scheduled |
| Ms. Amy C. Au '13G | Completed |
| Ms. Elizabeth Cochran '09G | Completed |
| Ms. Catherine A. Galenius '04G | Completed |
| Mrs. Robin A. Gillette '79, '90G | Completed |
| Ms. Kim A. Graham '08 | Verbal |
| Ms. Beverly R. Johnson '97G | Completed |
| Mr. Daniel Larson '09G | Completed |
| Ms. Suzanne L. Macaluso '15 | Completed |
| Mr. Kevin J. Neylon '06, '15 | To be Scheduled |
| Ms. Kelly A. Quinn '08, '10G | Completed |
| Ms. Sarah A. Shepard '00, '05G | Verbal |
| Ms. Katharine J. Smith-Vaughan '12G | To be Scheduled |
| Dr. Shelley A. Steenrod | To be Scheduled |
| Mr. Joseph M. Wamness '00G | Completed |

Social Work, Friends of

| | |
|----------------------|---------------|
| Completed | 9 |
| Total Members | 15 |
| Percentage Completed | 60.00% |

| Education, Friends of | Status |
|---|---------------|
| Mrs. Arlene A. Amato-Hanson '75, '89G, '90G | Verbal |
| Dr. Joseph A. Cambone | Completed |
| Katherine Cargill Pacitto '89G | Completed |
| Mrs. Rose M. DeLuca '73, '03G | Completed |
| Ms. Mary Ann Grassia '92 | Completed |
| Dr. Joseph A. Greenberg '66 | Completed |
| Ms. Carla A. Guarnieri '75 | Completed |
| Ms. Sheila P. Kearney '54, '67G | Completed |
| Ms. Barbara A. Lee '75, '81G | Completed |
| Ms. Patricia M. Libby '71 | Completed |
| Ms. Andrea C. Liftman '75G | Completed |
| Dr. Edna A. Mauriello '44 | Completed |
| Ms. Maureen J. McCarthy '75, '79G | Completed |
| Mrs. Jane Z. Murphy '00G | Verbal |
| Dr. Jo-Anne D. Murphy '77G | Completed |
| Mrs. Ellen A. Nichols '76, '94G | Completed |
| Dr. Kristina L. Scott | Completed |
| Ms. Joanne E. Wortman '96G | Completed |

Education, Friends of

| | |
|----------------------|---------------|
| Completed | 16 |
| Total Members | 18 |
| Percentage Completed | 88.89% |

BSB Alumni Network**Status**

| | |
|-----------------------------------|-----------------|
| Mr. Naqash Ali '15 | To be Scheduled |
| Ms. Barbara L. Baggs '13G | Completed |
| Mr. Jason P. Bazinet '12G | To be Scheduled |
| Ms. Catherine A. Bedard '08, '13G | Completed |
| Mr. Andrew R. Cole '13G | To be Scheduled |
| Ms. Cheryl W. Crouse | Completed |
| Ms. Tina Marie Giarla '15 | To be Scheduled |
| Ms. Nicole E. Goggin '14 | Completed |
| Ms. Susan Goniprow '12 | To be Scheduled |
| Mr. Alexander N. Kurkuvelos '10 | To be Scheduled |
| Ms. Deana R. Manfra '11 | Completed |
| Mr. Craig F. Markiewicz '05, '12G | Completed |
| Dr. John F. McArdle | Completed |
| Ms. Shayna L. Morris '14 | Completed |
| Ms. Sarah E. Pepin '15 | To be Scheduled |
| Ms. Mandy Ray | Completed |
| Mr. Todd A. Sowa '11 | To be Scheduled |

BSB Alumni Network

| | |
|----------------------|---------------|
| Completed | 9 |
| Total Members | 17 |
| Percentage Completed | 52.94% |

| SSU Board of Overseers | Status |
|-------------------------------------|------------------|
| Mr. Felix J. Amsler '87 | Completed |
| Ms. Karen E. Andreas | To be Scheduled |
| Mr. John C. Archer | Declined to meet |
| Ms. Kathleen Atkinson | To be Scheduled |
| Dr. Richard C. Bane '11H | Completed |
| Attorney Wade C. Boylan Sr. '95 | Completed |
| Attorney Arthur J. Broadhurst '88 | Rejected |
| Dr. Stanley P. Cahill | Completed |
| Mr. Stuart A. Cohen | Completed |
| Ms. Magnolia A. Contreras | Declined to meet |
| Attorney Joseph C. Correnti Esq. | Completed |
| Ms. Katherine M. Curley-Katzman '06 | Defer |
| Ms. Lucy E. Dearborn '92 | Completed |
| Mr. Henry S. Dembowski '60, '62G | Completed |
| Mrs. Mary G. DeSimone '76 | Completed |
| Mr. Robert D. Ellison '92 | Completed |
| Mrs. Joanne M. Fortunato '84 | Defer |
| Mr. Herbert A. Fox | Defer |
| Mr. Paul R. Fuller '97 | Rejected |
| Mr. Francois G. Gadenne | Completed |
| Ms. Kathleen T. Gardner '82 | Completed |
| Mr. Joseph G. Gauvain '61 | Rejected |
| Michael Goldstein M.D. '92 | To be Scheduled |
| Mrs. Dolores R. Gormley '84 | Declined to meet |
| Ms. Rose M. Grant '94 | To be Scheduled |
| Mrs. Andrea L. Gregory | Completed |
| Mr. Joseph P. Haggerty '02 | Rejected |
| Mrs. Cynthia Hatch-Belhumeur | Completed |
| Mr. Donald W. Hunt '79 | Completed |
| Mr. Geoffrey P. Hunt | Completed |
| Ms. Holly J. Jannell | Completed |
| Ms. Nicole L. Kieser | Completed |
| Claude G. Lancome Esq. | Completed |
| Dr. Diane R. Lapkin | Completed |
| Ms. Andrea C. Liftman '75G | Completed |
| Mr. John H. Lindahl | Completed |
| Mrs. Gayle MacEachern Colinet | To be Scheduled |
| Mr. Wayne P. Marquis '75 | To be Scheduled |
| Mr. Peter J. Martel '77 | Completed |
| Dr. Owen R. Mathieu Jr. '01H | To be Scheduled |
| Mr. Brian J. McNamara '77 | Completed |

Board Giving Participation Status as of 12/31/2016

| | |
|---------------------------------------|------------------|
| Mr. John D. Migliozi '80 | Completed |
| Ms. Pamela M. Nottingham '80, '87G | Completed |
| Ms. Nancy H. Palmer | To be Scheduled |
| Mr. John C. Pastore Jr. '94 | Completed |
| Mrs. Stacy A. Phelan '91, 10G | Declined to meet |
| Mr. John F. Piazza '84 | Completed |
| Mr. Todd R. Provost '86 | Completed |
| Ms. Marcel V. Quiroga | Completed |
| Ms. Katherine E. Reid | Completed |
| Ms. Karen L. Roberts '78 | Completed |
| Ms. Ruthanne Russell '82 | Completed |
| Mrs. Phyllis K. Sagan | To be Scheduled |
| Mr. Stephen F. Salvo '74 | Completed |
| Mrs. Julie M. Shea '76 | Completed |
| Mr. Ryan L. Shefferman '02 | Completed |
| Mr. Timothy J. Siefken '13 | To be Scheduled |
| Ms. Nancy H. Stager | Completed |
| Mrs. Deborah L. Tatelman | To be Scheduled |
| Mr. Robert F. Thibodeau Jr. '79, '14G | To be Scheduled |
| Ms. Susan U. Vatalaro '71, '78G,'91G | To be Scheduled |
| Mr. Brian V. Vinagro '97 | Completed |
| Mr. Howard J. Wayne | To be Scheduled |
| Mr. Wayne E. Webster '74 | Completed |
| Mr. Michael R. Wheeler | To be Scheduled |
| Mr. Joel R. Whitman | To be Scheduled |
| Ms. Elaine A. Zetes '88G | Pending |

SSU Board of Overseers

| | |
|----------------------|---------------|
| Completed | 39 |
| Total Members | 67 |
| Percentage Completed | 58.21% |

Campaign Steering Committee**Status**

| | |
|----------------------------------|-----------|
| Mr. Henry J. Bertolon Jr. '74 | Completed |
| Mr. Nate Bryant '87, '93G | Completed |
| Dr. Brian C. Cranney '01H | Completed |
| Mrs. Gina V. Deschamps '92G | Completed |
| Dr. Amy L. Everitt | Completed |
| Mrs. Kim D. Gassett-Schiller '83 | Completed |
| Dr. Bernard M. Gordon '85H | Completed |
| Mr. Robert T. Lutts | Completed |
| Dr. Karen M. Morrissey '71, '93H | Completed |
| Mrs. Joanne O. Ricciardiello '68 | Completed |
| Ms. Pamela C. Scott | Completed |

Campaign Steering Committee

| | |
|----------------------|----------------|
| Completed | 11 |
| Total Members | 11 |
| Percentage Completed | 100.00% |

Business Advisory Council**Status**

| | |
|-----------------------------------|-----------------|
| Mr. Danim Ahmed '10 | Rejected |
| Ms. Barbara L. Baggs '13G | Completed |
| Mr. Rafael S. Barbosa '09 | To be Scheduled |
| Mr. Henry J. Bertolon Jr. '74 | Completed |
| Ms. Claudia F. Chuber '10G | To be Scheduled |
| Mr. Eduardo Crespo | To be Scheduled |
| Ms. Cheryl W. Crouse | Completed |
| Ms. Kate Fox | To be Scheduled |
| Mr. Thomas F. French C.P.A. '91 | Completed |
| Mrs. Jeannette A. Gerald | To be Scheduled |
| Mr. Scott A. Gibney Jr. '11 | Completed |
| Dr. Kathleen P. Hess | Completed |
| Ms. Lauren Hubacheck-Butler | Completed |
| Mr. Elliot M. Katzman '78 | Completed |
| Mr. Richard Langevin | To be Scheduled |
| Ms. Catherine R. Latham '98 | Completed |
| Mr. Craig F. Markiewicz '05, '12G | Completed |
| Mr. Peter J. Mongeau '81 | Completed |
| Dr. Linda Nowak | Completed |
| Ms. Julie L. Palen '89 | Completed |
| Ms. Mandy Ray | Completed |
| Ms. Ruthanne Russell '82 | Completed |
| Ms. Mary Sarris | To be Scheduled |
| Ms. Leslie Scales | To be Scheduled |
| Mr. Charles M. Smith | To be Scheduled |
| Ms. Laura A. Swanson '96 | Rejected |

Business Advisory Council

| | |
|----------------------|---------------|
| Completed | 15 |
| Total Members | 26 |
| Percentage Completed | 57.69% |

ROLE OF THE PRESIDENT'S CAMPAIGN CABINET

The President's Campaign Cabinet process is extremely important to the planning and organizational phase of this comprehensive campaign for Salem State University. The Cabinet's input and decision-making will shape the campaign plan and set the overall tone for a successful campaign.

PURPOSE OF THE CABINET:

- Collaborate on campaign plan and important campaign decisions including case for support, gift crediting policies, executive leadership, top prospects, table of gifts, theme and goal
- Create ownership of plan and campaign among top leaders
- Cultivate best leaders to take the first steps towards leadership
- Assist in developing campaign message
- Address challenges identified in the planning and assessment study
- Implement planning study recommendations
- Seek good ideas
- Transition from campaign planning study to full Campaign Steering Committee

CABINET COMPOSITION

- Recruit highest level of leadership
- Include members from university Boards
- Include non-trustees – major donors who are pivotal to the campaign's success

TIME COMMITMENT

- Six meetings (sixty to ninety minutes each)
- Brief personal meetings between cabinet sessions with campaign staff as needed

CABINET MEMBER RESPONSIBILITIES

- Advocate for Salem State University and endorse the strategic goals
- Approve the Case for Support
- Approve the campaign plan and timeline
- Oversee the effective transitioning/sequencing of the campaign
- Introduce friends and colleagues to the Campaign's initiatives
- Identify and recruit prospective leaders
- Cultivate and solicit key prospects
- Support the campaign with a personal gift commensurate with your leadership in the effort

SALEM STATE UNIVERSITY FOUNDATION
COMPREHENSIVE CAMPAIGN
JULY 1, 2010 – JUNE 30, 2015

CAMPAIGN STEERING COMMITTEE LEADERSHIP

SUMMARY

The Steering Committee serves Salem State University as the key volunteer leadership for the first-ever comprehensive campaign. Each committee member will make their own personal financial commitment to the campaign. The committee serves as advocates for the university and the campaign. Each member will assist in identifying and providing entrée to prospective donors and prospective volunteer leaders and help us develop relationships with and solicit gifts from key donors. With focus on securing support from leadership (\$500,000) and major gift (\$100,000) prospects, no matter the constituency: individuals, corporations, or foundations.

RESPONSIBILITIES

- Work closely with the president, senior staff, and campaign leaders.
- Take the lead in identifying, evaluating, developing strategy for cultivation and solicitation of campaign prospects.
- Serve on the Campaign Steering Committee
- Attend quarterly meetings; and conference calls as needed.
- Communicate frequently with members of the committee, encouraging activity and reporting.
- Make the campaign a top personal philanthropic priority.
- Report on campaign progress to appropriate audiences.

STEERING COMMITTEE LEADERSHIP AND DESCRIPTIONS

Campaign Co-chairs: Kim Gassett-Schiller '83 and Henry J. Bertolon, Jr. '74

Member: Bernie Gordon '85H

December 2011 – June 2015; meet in person and via conference call as needed

Chairs of the campaign are responsible for convening meetings and providing guidance and leadership for all campaign volunteers. Focus attention on soliciting Leadership Gifts with the President and/or appropriate volunteers. Serve as the major representatives and spokespeople for the campaign, and relate to all of Salem State's fundraising constituencies. Assist in the recruitment of capable, dedicated leadership to serve on campaign committees. Work closely with President, the Vice President, Institutional Advancement, and the Campaign Manager in evaluating progress and identifying opportunities to advance the campaign.

LEADERSHIP AND MAJOR GIFTS SUBCOMMITTEE 5 - 7 Members

Chair: Karen Morrissey '71, H'93

Members: Richard Elia, Paul Mattera, Tim Shea

2011-2012; Two to four conference call meetings per year

This subcommittee will focus on identifying, cultivating and soliciting prospective donors at the leadership and major gift levels. Work closely with President, the Vice President, Institutional Advancement, and the Associate Vice President of Development and Campaign Manager, in evaluating progress and identifying opportunities to advance Leadership and Major Gifts directed to support the campaign.

BOARDS SUBCOMMITTEE 4 – 6 Members

Co-Chairs: Robert Lutts and Pamela Scott

**Members: Daniela Messina, Angel Donahue-Rodriguez, Jacob Segal, Christine Sullivan, Joe Wamness
2011-2012; Meetings as needed**

The Boards Subcommittee will focus on cultivating and soliciting current and former members of the Board of Trustees, Foundation Board, Alumni Association Board and Assistance Corporation and will aim to secure 100% from all current Board members. Work closely with President, Vice President, Institutional Advancement, and Campaign Manager in evaluating progress and identifying opportunities to advance Board support of the Campaign.

CAMPUS COMMUNITY SUBCOMMITTEE 38 Members including co-chairs

Co-Chairs: Nate Bryant '87 and Amy Everitt

October 2011 – June 2012; Four meetings

The Campus Subcommittee will focus its energies on the cultivation and solicitation of current and former faculty, administrators and staff. Work closely with Director, Annual Giving and the Campaign Manager in evaluating progress and identifying opportunities to advance campus support of the campaign.

ALUMNI AND PARENTS SUBCOMMITTEE 15-20 Members (to start; will likely grow)

Co-Chairs: Joanne Ricciardiello '68

2013-2015; Meetings twice annually; conference calls as needed

The Alumni and Parents Subcommittee will focus on cultivation and solicitation of these two important audiences. Work will include screening the alumni database, developing new event possibilities, and advancing potential supporters through the campaign pipeline. Work closely with Assistant Vice President of Alumni Affairs & Annual Giving and the Campaign Manager in evaluating progress and identifying opportunities to advance Alumni and Parent Giving to the campaign.

CORPORATIONS AND FOUNDATIONS SUBCOMMITTEE 4 – 6 Members

Chair: Brian Cranney '01H

Members: Gina Deschamps '92G, Geoffrey Hunt, Laura Kurzrok, Deirdre Sartorelli '83

2012-2015; Meetings twice annually; conference calls as needed

This subcommittee will focus on the identification of prospects, open doors to new foundation and corporate contacts, review draft proposals when requested and screen potential corporate and foundation funder lists, and brainstorm with staff strategies for approaching funders. Work closely Associate Vice President of Development and the Vice President, Institutional Advancement in evaluating progress toward the campaign goals.

Campaign Steering Committee

Co-chairs: Henry J. Bertolon Jr. '74 and Kim Gassett-Schiller '83

Members: Bernie Gordon '85H, Gina Deschamps '92G

10-15 Members

January 2012 – June 2016

Quarterly meetings and conference calls as needed

| | | | | |
|---|---|---|--|--|
| <p>Leadership & Major Gifts Subcommittee Co-chair(s): Karen Morrissey '71, '93H</p> <p><i>Timeframe:</i> 2011-2012 <i>Commitment:</i> 2-4 conference calls or meetings/yr</p> | <p>Boards Subcommittee Co-chair(s): Pamela Scott Rob Lutts</p> <p><i>Timeframe:</i> 2011-2012 <i>Commitment:</i> meetings as needed</p> | <p>Campus Community Campaign Subcommittee Co-Chair(s): Amy Everitt Nate Bryant '87, '93G</p> <p><i>Timeframe:</i> October 2011-June 2015 <i>Commitment:</i> four meetings</p> | <p>Alumni & Parents Subcommittee Co-Chair(s): Joanne Ricciardiello '68</p> <p><i>Timeframe:</i> November 2013-June 2015 <i>Commitment:</i> conference calls and meetings as needed</p> | <p>Corporations & Foundations Subcommittee Co-chair(s): Brian Cranney '01H</p> <p><i>Timeframe:</i> 2012-2015 <i>Commitment:</i> meet twice annually, conference calls as needed</p> |
| <p>Members:</p> <p>Richard Elia Paul Mattera Tim Shea '83G</p> | <p>Members:</p> <p>Mary Bertrand '13 Alyce Davis '75 Lucibele Delgado '16 Jacob Segal Joe Wamness '00G</p> | <p>Members:</p> <p>36 members of the campus community</p> | | <p>Members:</p> <p>Gina Deschamps '92G Geoffrey Hunt Laura Kurzrok Deirdre Sartorelli '83</p> |

Campaign Messaging

CAMPAIGN MESSAGING GOALS

- To present Salem State University as a comprehensive, dynamic institution and vital educational resource
- To shine a spotlight on areas of excellence and differentiation within the Salem State community that prospective donors may not be aware of
- To educate prospective donors about the need for and importance of philanthropy – not just in the context of this campaign but over the longer term

KEY MESSAGES BY FUNDING AREA

[Academic programs]

Comprehensive academic excellence. Home to 10,000 students, Salem State University encompasses five schools, 29 undergraduate majors and 59 minors, and more than 30 master's degree programs. With more accreditations than most other public institutions of higher education in the Commonwealth and a stellar faculty whose dedication has yielded 11 Fulbright fellowships since 2001, Salem State is a beacon of academic excellence in the North Shore region.

Liberal arts framework. Workforce-ready skills. To succeed in today's constantly evolving workforce, students need specialized skills in their prospective fields, supported by broad knowledge that enables them to address complex problems from multiple perspectives. Salem State University delivers both. Our undergraduate programs combine a liberal arts foundation with a career-focused curriculum, helping students develop into creative thinkers and effective doers who graduate ready to make tangible contributions to the regional workforce and their communities.

[Student experience]

Educating the whole person. Education does not begin and end in the classroom. At Salem State, students learn and grow through engagement across various facets of campus life – from music and sports to student government, peer tutoring, and community service. Cultivating a vibrant learning community where students have abundant opportunities to develop socially, intellectually, creatively, and personally is key to our goal of providing a transformative learning experience.

[Faculty]

Relationship-based learning. Salem State faculty members make a concerted effort to know their students – and not just by name. They genuinely care about students’ interests and goals and regularly go the extra mile to promote student success – whether by extending office hours, facilitating a directed study, or helping students find strategies for balancing the demands of school and work. Strengthened by their professors’ investments, students engage in their studies more deeply, explore their interests more broadly, and develop greater confidence in their abilities. To say that Salem State professors have a life-changing impact on students is not hyperbole; more than two-thirds of our alumni credit a specific faculty member with setting them up for professional success.

The primacy of teaching. One thing you won’t find in a Salem State classroom is a teaching assistant leading the class instead of a professor. That’s because Salem State University is first and foremost a teaching university. Faculty members foster a dynamic learning environment where every student is known, heard, and inspired to excel. With a student-faculty ratio of 16-to-1, students always have access to their professors and opportunities for one-on-one engagement.

Extending the classroom. In addition to being excellent teachers, Salem State faculty members are experienced professionals and active scholars in their respective disciplines. Participation in research and conferences enables faculty members to strengthen connections within their fields while giving students valuable firsthand exposure to high-level academic endeavors outside of the classroom.

[Financial assistance]

Committed to accessibility. As a public university, Salem State predominantly serves Massachusetts students from low- to middle-income families. Most hold at least one job, many are the first in their families to attend college, and more than one-third qualify for Pell Grants, a form of federal financial aid reserved for the most financially needy. For these students, Salem State represents a life-changing opportunity. In the face of decreased state funding, ensuring that opportunity remains accessible for every qualified student in the Commonwealth – regardless of their socioeconomic background – is paramount to our institutional mission.

Diverse experiences. Broad perspectives. As a function of our joint commitment to academic excellence and financial accessibility, Salem State University fosters a community of students from diverse backgrounds. This diversity enlivens both academic and community life, exposing students to cultures and experiences outside of their own and inspiring rich exchanges and collaborations.

[Annual support]

All hands on deck. Annual giving is vital to achieving our campaign goal. Throughout the initiative, we will need to raise funds to address the University's ongoing needs and to build a framework for sustained financial support over the longer term. The combined support of the entire Salem State community through donations both large and small will play a critical role in the ultimate success of the campaign.

[Culture of philanthropy]

A worthy investment. Salem State has always been focused on educating students for the real world, rather than perpetuating notions of the ivory tower or fostering a sense of entitlement. Your donation to the campaign will make a genuine, tangible, long-lasting difference in the lives of students who have faced and overcome significant challenges on the road to success.

Aligned with your interests. Some supporters will choose to focus their donations on scholarship opportunities for deserving students. Others will prefer to direct their gifts toward endowment funds that will benefit the University in perpetuity. Whatever your preference, every gift furthers our efforts to promote greater fiscal autonomy for Salem State in response to decreased funding from the Commonwealth.

[Alumni giving]

Paying it forward. Fifty years ago, the Commonwealth of Massachusetts provided almost 100% of Salem State's budget, making it possible for qualified students with limited financial means to pursue a four-year college degree and all the professional opportunities that came with it. Today the Commonwealth provides only 36.6% of Salem State's budget, making it more challenging than ever for low-income students to attend the University. By donating to the campaign, you can pay your college education forward and help ensure the Salem State opportunity remains accessible for current and future student generations.

CAMPAIGN THEME – SAMPLE INTRO

10,000 Reasons: The Campaign for Salem State University

Salem State University is more than a degree-granting institution; it's a community of people brought together by a shared belief that higher education can transform lives. The ***10,000 Reasons Campaign*** – the University's first-ever comprehensive campaign – underscores our community's unwavering commitment to students. From enhancements to academic programs, facilities, and support services to increased opportunities for student-faculty research and experiential learning, this campaign will strengthen our ability to provide every Salem State student with a truly world-class education.

10000
REASONS
the campaign for **SALEM STATE UNIVERSITY**

10000
REASONS

the campaign for **SALEM STATE UNIVERSITY**

1 0 0 0 0

REASONS

the campaign for SALEM STATE UNIVERSITY

10000
REASONS

The Campaign for **SALEM STATE UNIVERSITY**

10000
REASONS

The Campaign for **SALEM STATE UNIVERSITY**



REASON 502

Ron Miles, Business Major
"I want to make my family proud."

REASON 29

Philip Jones, Education
"A new generation of students is waiting for my input."

REASON 983

Janea Collins, Nursing Major
"I want to help people."

1000U REASONS

The Campaign for SALEM STATE UNIVERSITY



The Campaign for **SALEM STATE UNIVERSITY**

Co-chair Campaign
Henry J. Bertolon Jr. '74
Kim Gassett-Schiller '83

**Campaign Steering
Committee Members:**
Bernard Gordon '85H
Karen Morrissey '71, '93H
Pamela Scott
Rob Lutts
Nate Bryant '87, '93G
Amy Everitt
Joanne Ricciardiello '68
Brian Cranney '01H



The Campaign for **SALEM STATE UNIVERSITY**

352 Lafayette Street | Salem, MA 01970

Campaign Inserts

1000U REASONS
The Campaign for SALEM STATE UNIVERSITY

Commitment to The Student Experience



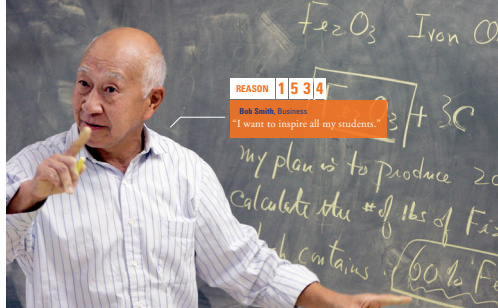
REASON 502
Ann Miller, Business Major
"I want to make my family proud."

REASON 29
Philip Jones, Education
"A new generation of students is waiting for my input."

REASON 983
James Collins, Nursing Major
"I want to help people."

1000U REASONS
The Campaign for SALEM STATE UNIVERSITY

Commitment to Faculty



REASON 1534
Paul Smith, Business
"I want to inspire all my students."

Chemical equations on the chalkboard: Fe_2O_3 , $Iron Oxide$, $3 + 3C$, $my plan is to produce 200$, $calculate the \# of lbs of Fe_2O_3$, $it contains 60\% Fe_2O_3$

1000U REASONS
The Campaign for SALEM STATE UNIVERSITY

Commitment to Financial Assistance



REASON 153
Jane Smith, Business Major
"I want to be the first in my family to graduate from college."

REASON 98
Gary Jones, Social Work
"I want to give back to my community."

Administrative Inserts

1000U REASONS
The Campaign for SALEM STATE UNIVERSITY


Commitment to Annual Support



REASON 738
Nathaniel Smith, Arts & Design Major
"I want to express myself."

1000U REASONS
The Campaign for SALEM STATE UNIVERSITY

Commitment to Planned Giving



REASON 738
Philip Jones, Biology
"I want to be the first in my family to graduate from college."

10,000 Reasons Campaign Launch Event

Goal: To recognize, celebrate and inspire our current donors (\$25K+), \$25K+ prospects, and current board members with positive PR on the successes to-date of the campaign.

Where: Gassett Fitness Center

Timing: Saturday, April 12, 2013

10,000 Reasons Campaign Website

Goal: A resource and awareness tool for current donors, prospects, alumni and the greater community to find more information about the campaign, its priorities and the 10,000 Reasons Campaign

Where: virtual launch via email blast to the community with a short message from co-chairs

Timing: Sunday, April 13, 2013 – early AM

10,000 Reasons Campaign PR

Goal: To get word out to the public audience that Salem State is in a successful campaign (speak about chairs, and a few significant gifts) and to direct people to the campaign sit for more information. Market the campaign website.

Where: all major news outlets, Boston Globe, Herald, Salem News, etc

Timing: Sunday, April 13, 2013

10,000 Reasons Campaign “tags”

Goal: To display for our students, faculty, staff, administrators the reasons why our donors and alumni make gifts to support them. Build very visibility the culture of giving at SSU. Market the campaign website.

Where: around campus

Timing: Sunday, April 13, 2013

10,000 Reasons Campaign Banners

Goal: Community display that Salem State is in a Campaign. Market the campaign website.

Where: Loring Avenue and Canal Street

Timing: Sunday, April 13, 2013

Wednesday, April 9, 2014

- Message sent to campus by M&C
Purpose: Thank you them for their support and role in the success of the campaign
No time needed on calendar. Cheryl will send final copy by March 26 for review and approval

Thursday, April 10, 2014

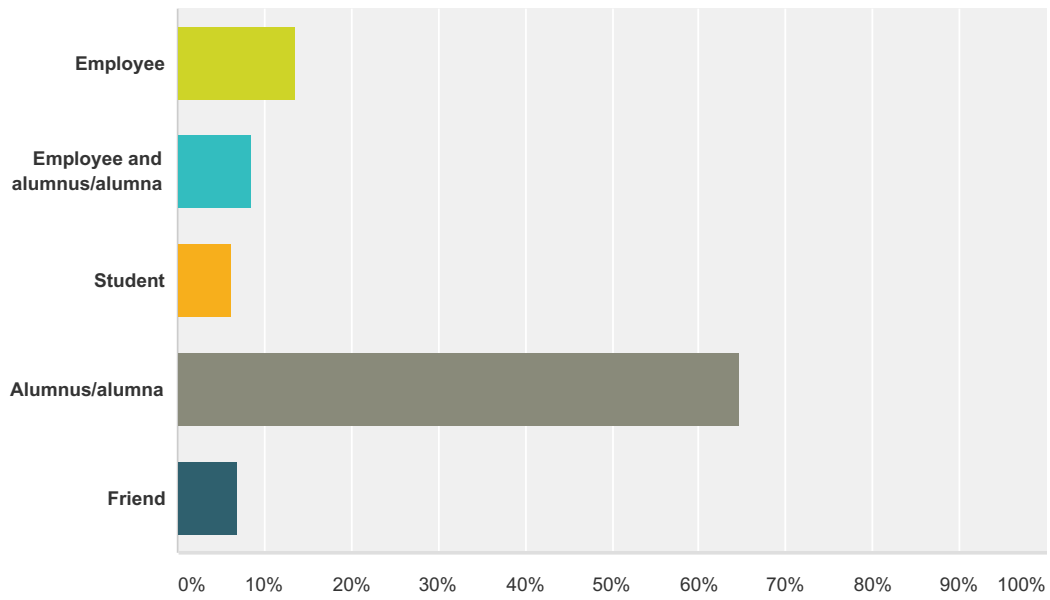
- **Schedule request:** 1- 3 pm [2 hrs] in PMM's office, practicing speech (PMM suggested afternoon how does 1-3 pm work?) Taylor M/Cheryl need to be at O'Keefe for a spotlight training at 3 pm
- **Schedule request:** 7 pm, evening appearance at the 10,000 Reasons Launch choir to thank them for their help with the event
- **Schedule request:** 15 minutes on calendar [Tweet – a teaser to the community. Content provided by Cheryl on April 8]

Friday, April 11, 2014

- **Schedule request:** 10-NOON
Run through of speaking program
 - o President Meservey – welcome, share our progress, and your vision
 - o Pam Scott and Rob Lutts – share campaign priorities and needs
 - o Laura Biddle - blessing
 - o Henry Bertolon '74 and Kim Gassett-Schiller '83 – campaign charge
 - o Student speaker (TBD) – inspirational reason

Q1 What category would you most identify with?

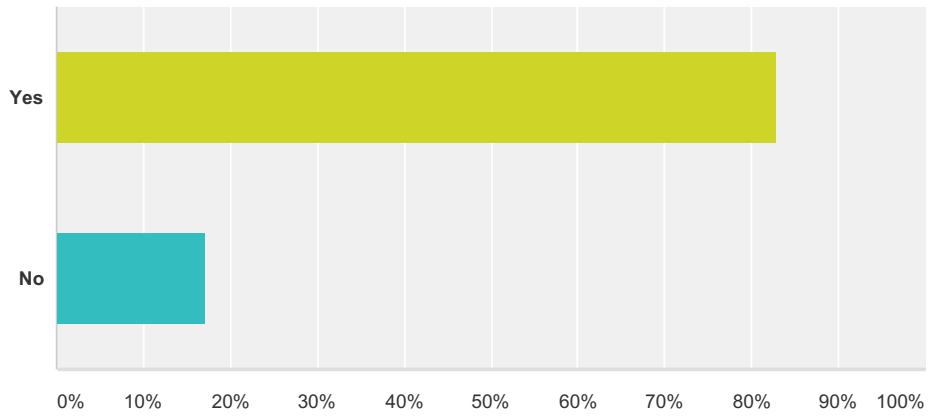
Answered: 493 Skipped: 0



| Answer Choices | Responses |
|-----------------------------|------------|
| Employee | 13.59% 67 |
| Employee and alumnus/alumna | 8.52% 42 |
| Student | 6.29% 31 |
| Alumnus/alumna | 64.71% 319 |
| Friend | 6.90% 34 |
| Total | 493 |

Q2 Have you heard of the 10,000 Reasons Campaign for Salem State University?

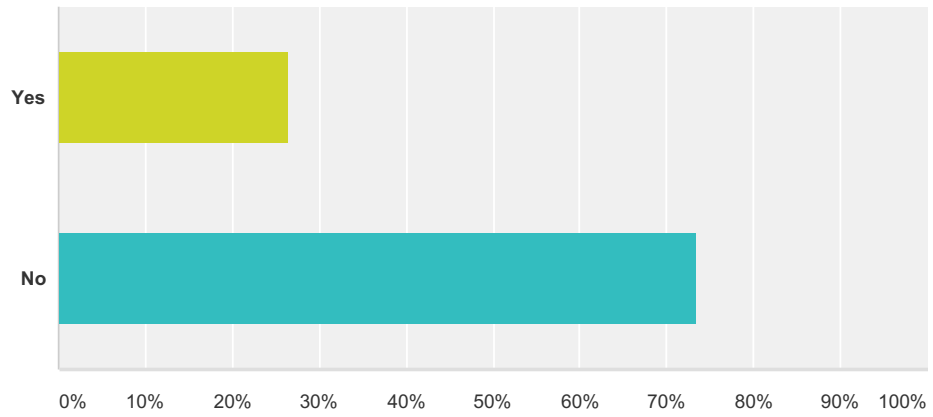
Answered: 490 Skipped: 3



| Answer Choices | Responses | |
|----------------|-----------|------------|
| Yes | 82.86% | 406 |
| No | 17.14% | 84 |
| Total | | 490 |

Q3 Are you a current donor?

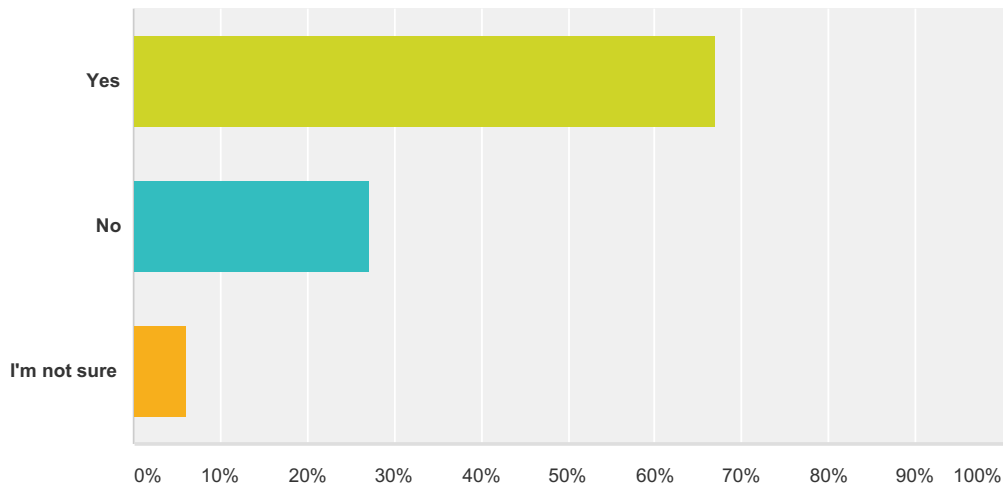
Answered: 83 Skipped: 410



| Answer Choices | Responses | |
|----------------|-----------|-----------|
| Yes | 26.51% | 22 |
| No | 73.49% | 61 |
| Total | | 83 |

Q4 Have you made a donation in the last six years?

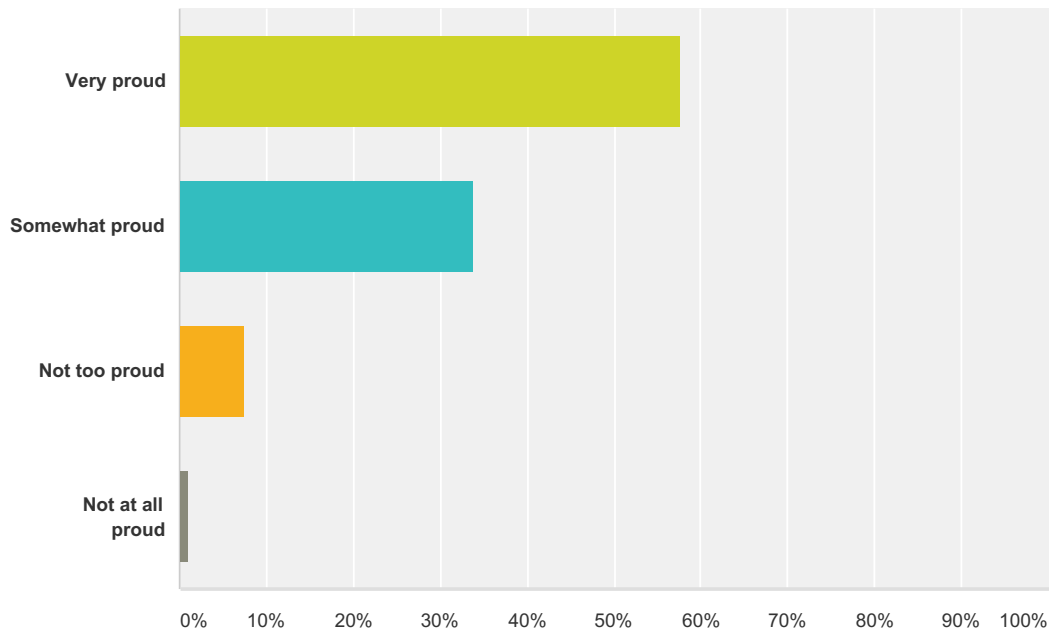
Answered: 484 Skipped: 9



| Answer Choices | Responses |
|----------------|------------|
| Yes | 66.94% 324 |
| No | 27.07% 131 |
| I'm not sure | 5.99% 29 |
| Total | 484 |

Q5 How much pride do you feel for Salem State University?

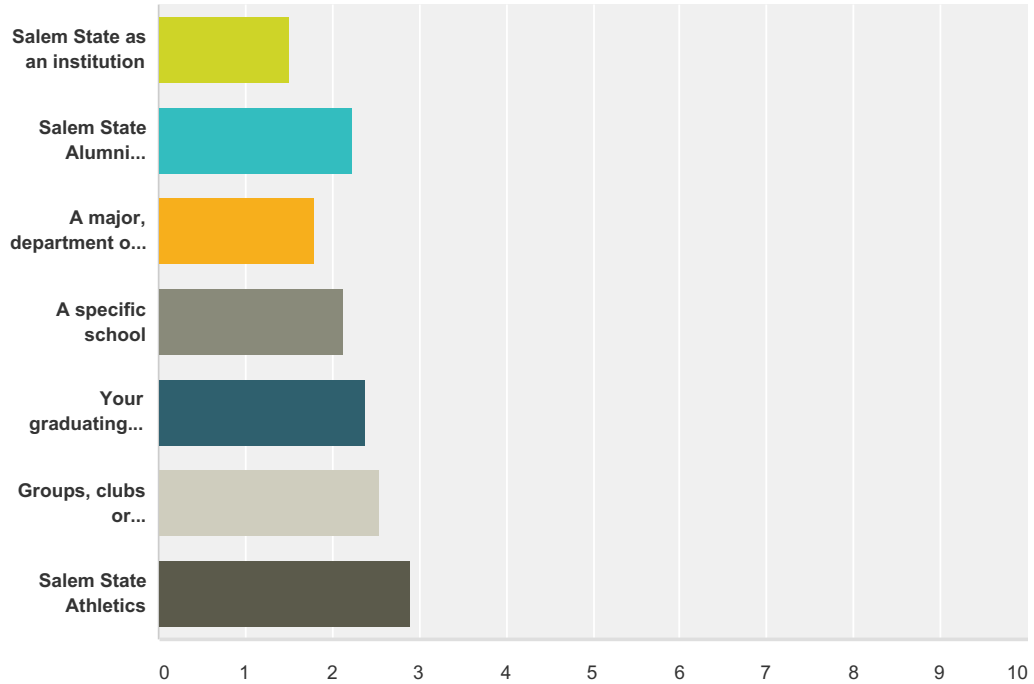
Answered: 480 Skipped: 13



| Answer Choices | Responses |
|------------------|------------|
| Very proud | 57.71% 277 |
| Somewhat proud | 33.75% 162 |
| Not too proud | 7.50% 36 |
| Not at all proud | 1.04% 5 |
| Total | 480 |

Q6 Please indicate the extent to which you have a current affinity for each aspect of Salem State University.

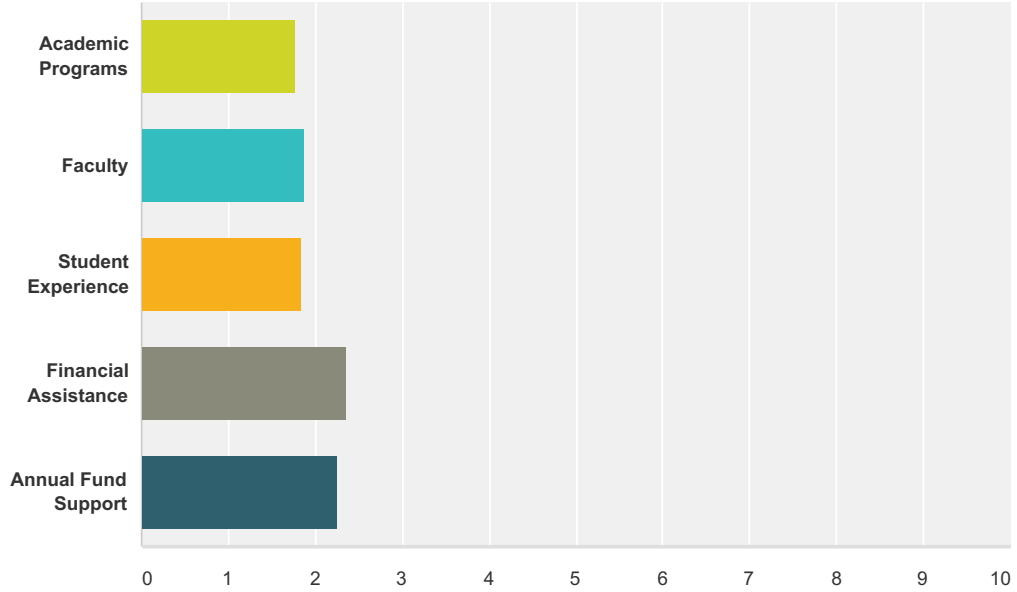
Answered: 458 Skipped: 35



| | Strong | Moderate | Weak | None | N/A | Total | Weighted Average |
|--------------------------------|---------------|---------------|--------------|---------------|--------------|-------|------------------|
| Salem State as an institution | 59.12% 269 | 31.43% 143 | 6.59% 30 | 1.76% 8 | 1.10% 5 | 455 | 1.50 |
| Salem State Alumni Association | 20.71% 93 | 36.53% 164 | 18.26% 82 | 11.80% 53 | 12.69% 57 | 449 | 2.24 |
| A major, department or program | 44.99% 202 | 32.07% 144 | 6.46% 29 | 9.80% 44 | 6.68% 30 | 449 | 1.80 |
| A specific school | 30.04% 134 | 31.39% 140 | 11.43% 51 | 15.02% 67 | 12.11% 54 | 446 | 2.13 |
| Your graduating class | 17.45% 78 | 29.08% 130 | 17.00% 76 | 15.66% 70 | 20.81% 93 | 447 | 2.39 |
| Groups, clubs or organizations | 16.74% 74 | 26.02% 115 | 19.23% 85 | 21.95% 97 | 16.06% 71 | 442 | 2.55 |
| Salem State Athletics | 7.90% 35 | 23.02% 102 | 21.22% 94 | 30.70% 136 | 17.16% 76 | 443 | 2.90 |

Q7 Please indicate the extent to which you have a current affinity for each aspect of Salem State.

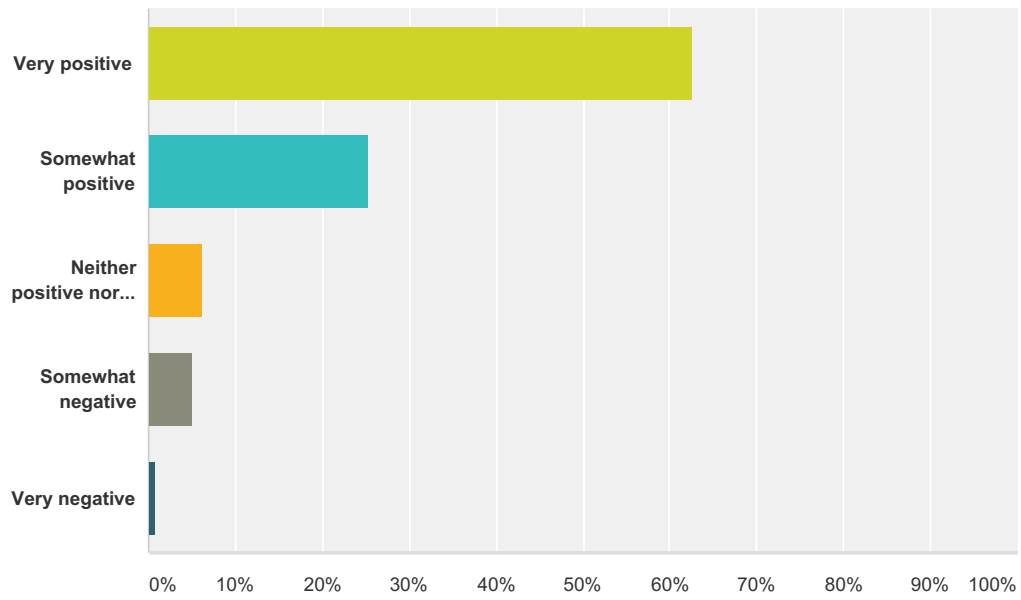
Answered: 446 Skipped: 47



| | Strong | Moderate | Weak | None | N/A | Total | Weighted Average |
|----------------------|---------------|---------------|--------------|--------------|--------------|-------|------------------|
| Academic Programs | 45.12% 199 | 36.05% 159 | 5.90% 26 | 8.84% 39 | 4.08% 18 | 441 | 1.78 |
| Faculty | 40.77% 179 | 35.54% 156 | 7.29% 32 | 10.48% 46 | 5.92% 26 | 439 | 1.87 |
| Student Experience | 39.50% 173 | 36.30% 159 | 8.90% 39 | 7.99% 35 | 7.31% 32 | 438 | 1.84 |
| Financial Assistance | 18.85% 82 | 29.20% 127 | 14.71% 64 | 15.63% 68 | 21.61% 94 | 435 | 2.35 |
| Annual Fund Support | 22.83% 100 | 32.65% 143 | 16.44% 72 | 14.16% 62 | 13.93% 61 | 438 | 2.25 |

Q8 How would you describe your overall feelings toward Salem State University?

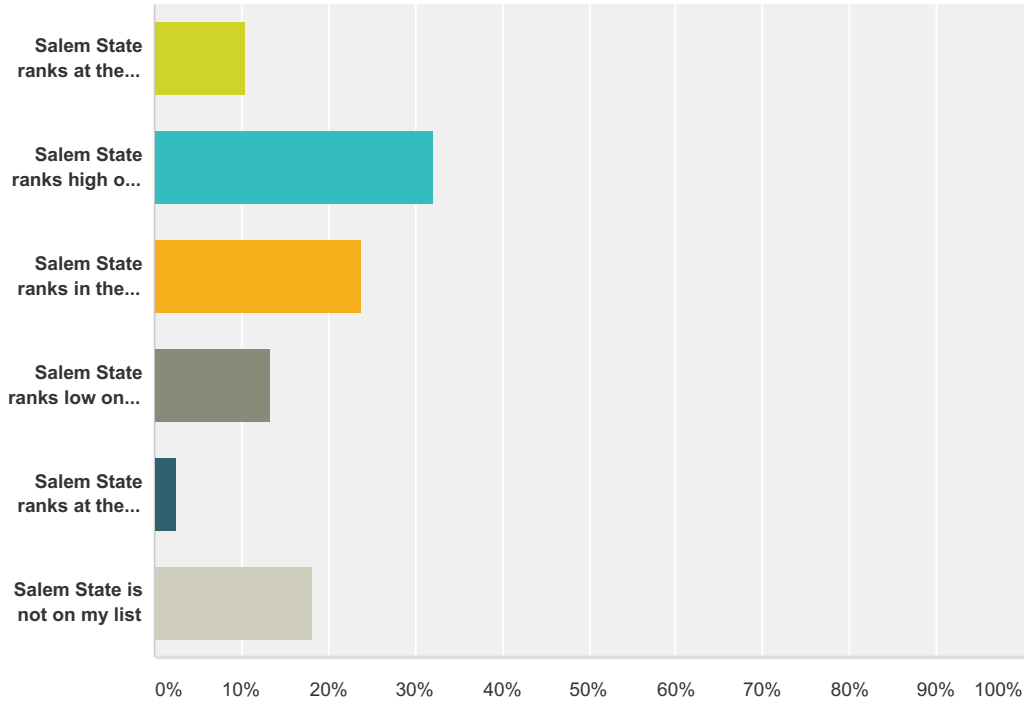
Answered: 444 Skipped: 49



| Answer Choices | Responses | Count |
|-------------------------------|-----------|------------|
| Very positive | 62.61% | 278 |
| Somewhat positive | 25.23% | 112 |
| Neither positive nor negative | 6.31% | 28 |
| Somewhat negative | 4.95% | 22 |
| Very negative | 0.90% | 4 |
| Total | | 444 |

Q9 Please consider the various causes or organizations to which you donate money. Where does Salem State rank among your other charitable priorities?

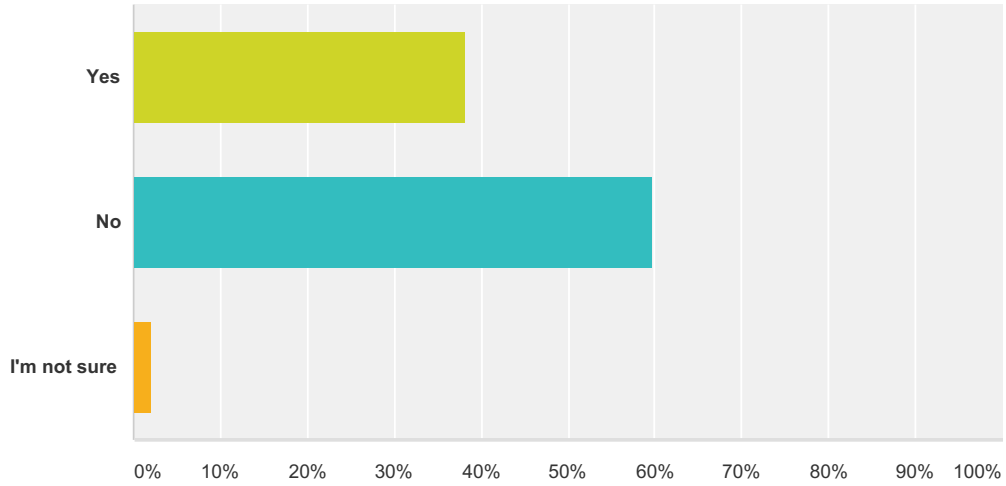
Answered: 443 Skipped: 50



| Answer Choices | Responses |
|---|------------|
| Salem State ranks at the very top of my list | 10.38% 46 |
| Salem State ranks high on my list | 32.05% 142 |
| Salem State ranks in the middle of my list | 23.70% 105 |
| Salem State ranks low on my list | 13.32% 59 |
| Salem State ranks at the very bottom of my list | 2.48% 11 |
| Salem State is not on my list | 18.06% 80 |
| Total | 443 |

Q10 In the past six years, have you donated money to a higher education institution other than Salem State University?

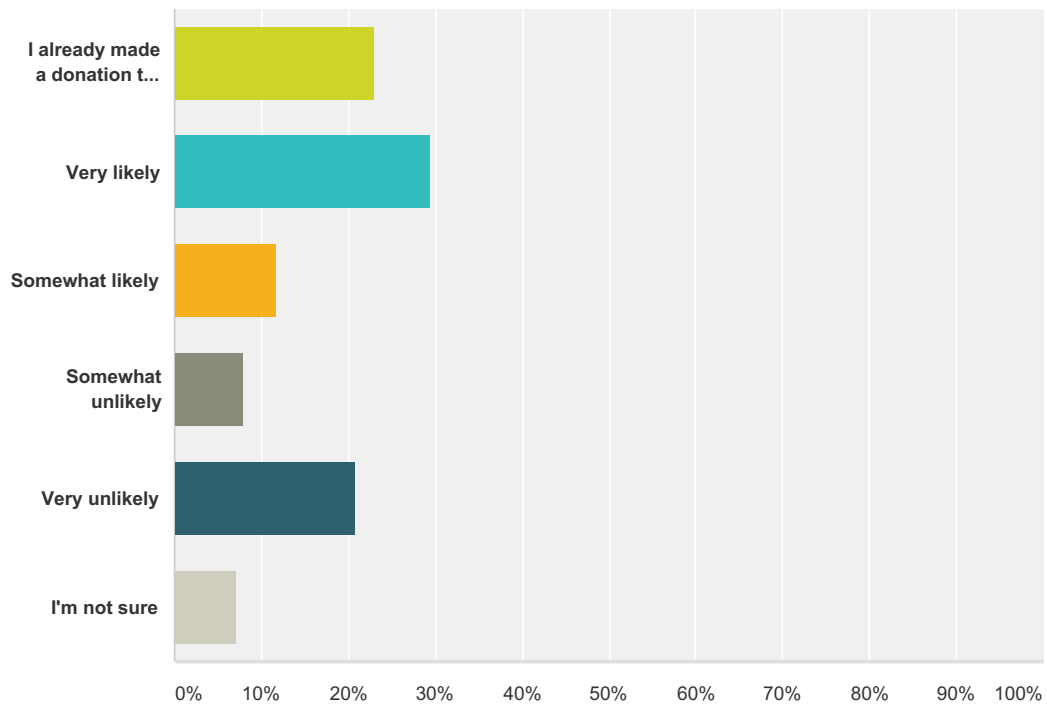
Answered: 442 Skipped: 51



| Answer Choices | Responses |
|----------------|------------|
| Yes | 38.24% 169 |
| No | 59.73% 264 |
| I'm not sure | 2.04% 9 |
| Total | 442 |

Q11 How likely or unlikely are you to make a financial donation to Salem State in 2017?

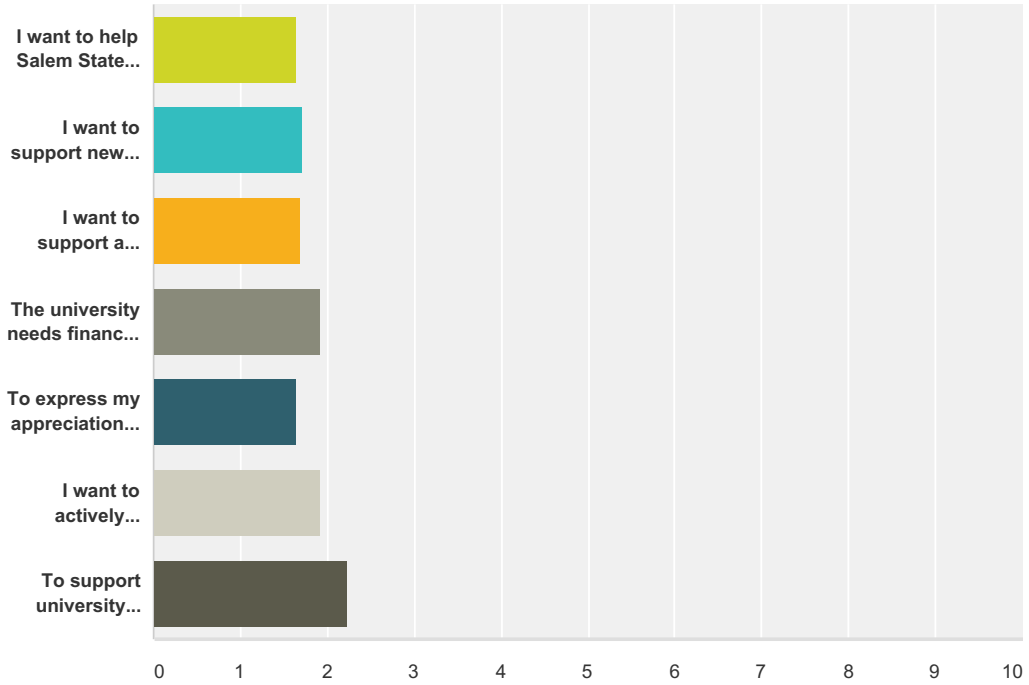
Answered: 441 Skipped: 52



| Answer Choices | Responses | |
|-------------------------------------|-----------|------------|
| I already made a donation this year | 22.90% | 101 |
| Very likely | 29.48% | 130 |
| Somewhat likely | 11.79% | 52 |
| Somewhat unlikely | 7.94% | 35 |
| Very unlikely | 20.86% | 92 |
| I'm not sure | 7.03% | 31 |
| Total | | 441 |

Q12 Below is a list of reasons that might influence donors to give to the university. Please indicate whether each is a major reason, minor reason or not a reason for you to give.

Answered: 428 Skipped: 65



| | Major Reason | Minor Reason | Not a Reason | N/A | Total | Weighted Average |
|---|---------------|---------------|---------------|--------------|-------|------------------|
| I want to help Salem State students finance their education | 54.21% 232 | 20.79% 89 | 20.56% 88 | 4.44% 19 | 428 | 1.65 |
| I want to support new growth and initiatives at Salem State | 43.69% 187 | 33.88% 145 | 16.82% 72 | 5.61% 24 | 428 | 1.72 |
| I want to support a particular program or organization | 46.26% 198 | 28.97% 124 | 18.46% 79 | 6.31% 27 | 428 | 1.70 |
| The university needs financial contributions in order to remain competitive | 33.18% 142 | 34.11% 146 | 25.47% 109 | 7.24% 31 | 428 | 1.92 |
| To express my appreciation for the experiences I had at Salem State | 48.60% 208 | 20.56% 88 | 18.22% 78 | 12.62% 54 | 428 | 1.65 |
| I want to actively demonstrate my loyalty to Salem State | 32.94% 141 | 31.54% 135 | 25.93% 111 | 9.58% 41 | 428 | 1.92 |
| To support university leadership | 19.86% 85 | 29.91% 128 | 40.65% 174 | 9.58% 41 | 428 | 2.23 |

10,000 Reasons Campaign Survey

Q13 Are there any other factors that motivate you to give to Salem State?

Answered: 89 Skipped: 404

| # | Responses | Date |
|----|--|--------------------|
| 1 | Thankful for starting my life 's career | 5/12/2017 2:03 AM |
| 2 | Just had a wonderful experience. My best friend =I met at Salem and the area I came to love!! | 5/10/2017 7:40 AM |
| 3 | Adding on to.... "To express my appreciation for the experiences I had at Salem State"... oh man, I had so much fun at Salem State. Probably too much fun, 5 and a half years of fun but I graduated and I'm making six figure money (8 figures if you count 00 after the decimal point) so I wouldn't have changed a thing. | 5/10/2017 7:26 AM |
| 4 | I find the whole idea of asking your employees to contribute back to the institution a conflict of interest. Money should come in from alumni or community, not from the people you pay to work there. | 5/10/2017 1:05 AM |
| 5 | expectation of faculty | 5/9/2017 11:35 AM |
| 6 | MY DAUGHTER IS A MEMBER OF THE CLASS OF 2017 I OFFERED A \$5,000 DONATION TO HELP MAINTAIN THE SSU CROSS COUNTRY TEAMS, THEY WERE INSTEAD DISBANNED AS A VARSITY SPORT AND PREVIOUS DONATIONS WERE NEVER COMPLETELY ALLOCATED TO THE NEWLY FORMED RUNNING CLUB | 5/9/2017 9:51 AM |
| 7 | SSU focus on diversity and inclusion and programming that reflects that focus | 5/3/2017 11:57 PM |
| 8 | Salem State plays a big part in my life! | 5/3/2017 1:42 AM |
| 9 | The quality of the teachers and the associated programs related to my major. | 5/2/2017 4:49 AM |
| 10 | Affordable quality higher education should be a civil right. Salem State is a pinnacle of that ideal. | 5/2/2017 3:36 AM |
| 11 | Yes. | 4/27/2017 2:57 AM |
| 12 | My sister was a devoted educator and a dedicated member of the SSU community. She was a strong supporter of the Alumni Association. | 4/26/2017 5:51 AM |
| 13 | No | 4/26/2017 5:00 AM |
| 14 | If I can afford it I would give. Currently I only have a job 2 days a week. Money is tight. | 4/26/2017 4:37 AM |
| 15 | I got my degree at night. I found the school very flexible towards my employment travel schedule. That mean't a lot at a time when this tyoe of accommodation was unheard of at other institutions. | 4/26/2017 12:19 AM |
| 16 | My granddaughter will be the fourth generation to attend Salem State this Fall.o | 4/25/2017 11:55 AM |
| 17 | Faculty and students | 4/25/2017 7:13 AM |
| 18 | Was a major let down | 4/25/2017 3:45 AM |
| 19 | Feeling responsible to give because I work here. | 4/25/2017 2:37 AM |
| 20 | Unfortunately I did not have a great experience at Salem state and did not receive much support myself with the exception of a few amazing professors. | 4/24/2017 11:47 PM |
| 21 | May be | 4/24/2017 7:29 PM |
| 22 | The special program that caused me to donate | 4/24/2017 2:44 PM |
| 23 | I feel I should | 4/24/2017 1:43 PM |
| 24 | To pay it forward , my professional success would not have been possible without Salem State | 4/24/2017 10:51 AM |
| 25 | just as listed | 4/24/2017 10:00 AM |
| 26 | I received a fine undergraduate education- professors were excellent- went for graduate courses there also. | 4/24/2017 9:22 AM |
| 27 | My uncle was a graduate and long time employee of Salem State. I give in his memory. | 4/24/2017 8:56 AM |
| 28 | Only that I graduated from there. I was a commuting student then finished night while working and supporting a family with two children. Except for being Capt of the baseball team I had little interaction with other students. SSC was a vehicle to get my degree. | 4/24/2017 8:55 AM |

10,000 Reasons Campaign Survey

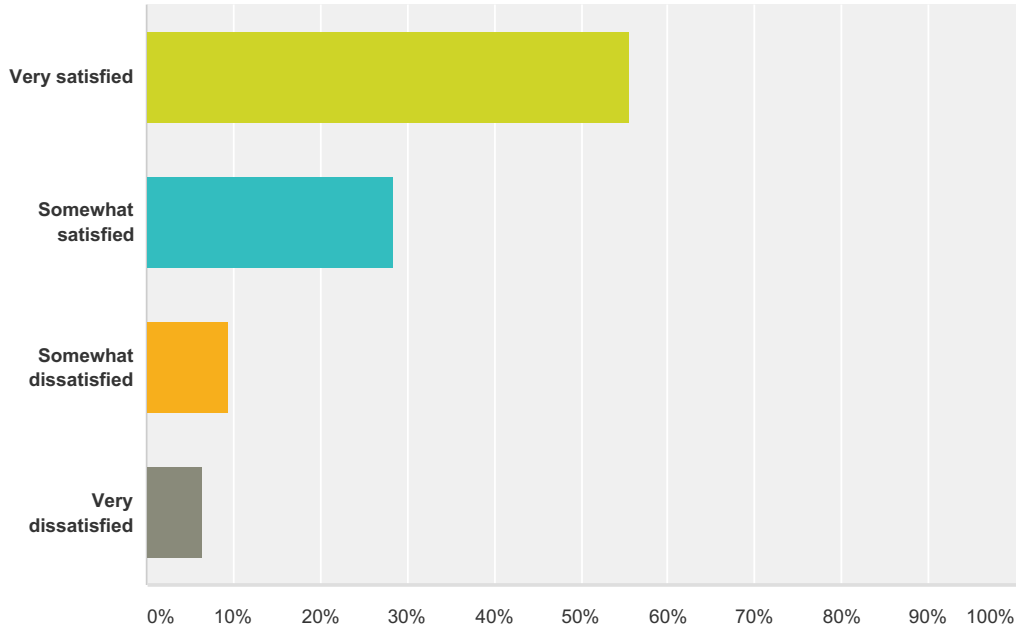
| | | |
|----|--|-------------------|
| 29 | Regional University and impact on cultural and economic life of North shore | 4/24/2017 8:53 AM |
| 30 | Types fo students enrolled | 4/24/2017 8:40 AM |
| 31 | I would not be where I am today without the education and support of SSU. I feel like I owe the institution quite a bit! | 4/24/2017 7:40 AM |
| 32 | The fact that Salem State is a school with many first-to-college students is a big reason. Also the reputation of the University has a positive benefit on the Salem and greater North Shore Communities and I think this is important. I also believe that we need to do what we can to ensure that higher education is accessible and affordable to everyone. | 4/24/2017 6:45 AM |
| 33 | Holocaust and genocide education is of paramount importance to me. | 4/24/2017 6:24 AM |
| 34 | The Music Dept. outreach to the North Shore community at large. | 4/24/2017 6:18 AM |
| 35 | support theatre at aSalem State | 4/24/2017 6:08 AM |
| 36 | Salem state theatre Dept | 4/24/2017 4:45 AM |
| 37 | none, we don't need parking lots and dorms, build a fucking science wing. oh wait the pres thinks parking structures are more important. this school was a fucking joke. time and money wasted, the school focuses more on bringing in more students and not supporting the educational departments it has. higher education is a business and that is a major issue and sign of corruption. | 4/24/2017 4:41 AM |
| 38 | support 'in memory of' scholarships for students | 4/24/2017 4:28 AM |
| 39 | The political positions the school stakes out. The degree to which I feel free speech is respected for conservative issues | 4/24/2017 4:11 AM |
| 40 | Not at this time. | 4/24/2017 4:03 AM |
| 41 | I typically give to my alma maters. | 4/24/2017 3:56 AM |
| 42 | No | 4/24/2017 3:52 AM |
| 43 | Former players play for SSU Lax | 4/24/2017 3:21 AM |
| 44 | The RN-to-BSN program enabled me to fulfill a major personal and professional goal while still working and without a crippling debt burden. Forever grateful. | 4/24/2017 3:14 AM |
| 45 | I am still paying my student loans. I would love to donate a million dollars to the place that gave me so many opportunities. However I am a teacher who lives alone just trying to pay rent and a car payment. When I am more financially able, I will try to give all that I can. | 4/24/2017 3:13 AM |
| 46 | It is major contributor to the health and welfare of families, businesses, and communities of the North Shore and, increasingly, across the state. | 4/24/2017 2:53 AM |
| 47 | Common sense. It's the right place to give support | 4/24/2017 2:53 AM |
| 48 | I graduated within the past 5 years and still have loans to pay off. I can't justify donating for that reason. | 4/24/2017 2:52 AM |
| 49 | Salem State is a vital part of the North Shore Community | 4/24/2017 2:50 AM |
| 50 | Yes - transparency ACROSS ALL LEVELS OF MANAGEMENT in decision making. Currently there's more than there was 10 years ago - but it's easy to get to "more" from close to none... | 4/24/2017 2:47 AM |
| 51 | To demonstrate to others the commitment necessary to raise the standing of the University | 4/24/2017 2:46 AM |
| 52 | I value higher education | 4/24/2017 2:44 AM |
| 53 | I see Salem Stare growing constantly but with it i see tuition growing. One of the reasons i was proud of Salem State was because it was affordable to people of all walks of life. Now i dont see that. Also these kids need more direction and help getting themselves in the right direction. | 4/24/2017 2:42 AM |
| 54 | My love for a particular teacher, who has now died: Dr. Richard Elia. | 4/24/2017 2:39 AM |
| 55 | The Men's Hockey Team needs a new locker room!!! | 4/24/2017 2:39 AM |
| 56 | First Gen, Diversity (students and faculty support) | 4/24/2017 2:29 AM |
| 57 | My pride in the School of Social Work | 4/24/2017 2:26 AM |
| 58 | I had great teachers there, really They were top notch | 4/24/2017 2:25 AM |
| 59 | I don't have any money | 4/24/2017 2:12 AM |
| 60 | No. I am very disappointed that they did away with the Business Education major. | 4/24/2017 2:12 AM |

10,000 Reasons Campaign Survey

| | | |
|----|--|--------------------|
| 61 | i was disappointed that my alumni items that i paid for in the fall and still have not arrived.. if they are not here by july 1 i might never donate again | 4/24/2017 2:09 AM |
| 62 | I had a great experience at Salem State.....and am externally grateful to faculty and staff for that. | 4/24/2017 2:09 AM |
| 63 | Support excellent faculty and academic programming | 4/24/2017 2:05 AM |
| 64 | As an employee, I see the firsthand impact that my donation has on our students. | 4/24/2017 2:02 AM |
| 65 | The music program needs more funding | 4/24/2017 2:02 AM |
| 66 | My Salem education opened the door for my admission with a fellowship to and completion of the Ph.D. program at The Johns Hopkins University. | 4/24/2017 2:02 AM |
| 67 | no | 4/24/2017 2:01 AM |
| 68 | The ability to donate funds toward a specific group/club or toward scholarships for student leadership/student leaders on campus. | 4/24/2017 2:00 AM |
| 69 | Retired from Salem State; I wish to continue my relationship. | 4/24/2017 2:00 AM |
| 70 | Giving in spite of lack of leadership at the institution | 4/24/2017 1:59 AM |
| 71 | The failure of a ministration to care about the students and the alumni make me never support Salem State. I graduated in 2010 and eight actively working in schools advise people against going to the spot 70 because they treat their students and their alumni like absolute garbage | 4/24/2017 1:58 AM |
| 72 | No | 4/24/2017 1:57 AM |
| 73 | The mission to provide educational opportunities to students from all walks of life, and the university's commitment to diversity initiatives. | 4/24/2017 1:55 AM |
| 74 | Having extra money to donate | 4/22/2017 12:35 AM |
| 75 | I enjoy being able to meet students and hear their stories, as well as invited on campus and having "space" made for alumni. | 4/21/2017 10:48 AM |
| 76 | Support university leadership....what leadership!? Why would I support something that barely exists, and when it does, it is poor leadership? | 4/19/2017 5:15 AM |
| 77 | demonstrated impact by previous donations | 4/18/2017 1:11 AM |
| 78 | If they were to expand alumna chapters | 4/14/2017 11:25 AM |
| 79 | support for the School of Nursing | 4/11/2017 6:00 AM |
| 80 | No | 4/10/2017 10:50 PM |
| 81 | Been doing it since I graduated in 1950 ! | 4/10/2017 4:50 PM |
| 82 | To maintain quality of education and inclusiveness of opportunity. | 4/10/2017 1:54 PM |
| 83 | No | 4/10/2017 12:19 PM |
| 84 | No | 4/10/2017 11:55 AM |
| 85 | none | 4/10/2017 10:22 AM |
| 86 | My income is so limited, I am unable to give. | 4/10/2017 10:20 AM |
| 87 | Family scholarship | 4/10/2017 9:32 AM |
| 88 | n/a | 4/7/2017 12:24 PM |
| 89 | Biology Department needs support | 4/7/2017 7:33 AM |

Q14 Overall, how satisfied or dissatisfied are you with the way that Salem State has acknowledged your financial gifts?

Answered: 426 Skipped: 67



| Answer Choices | Responses | |
|-----------------------|-----------|------------|
| Very satisfied | 55.63% | 237 |
| Somewhat satisfied | 28.40% | 121 |
| Somewhat dissatisfied | 9.39% | 40 |
| Very dissatisfied | 6.57% | 28 |
| Total | | 426 |

| # | Please provide additional information that would help us understand your response. | Date |
|---|--|-------------------|
| 1 | Never contributed. | 5/11/2017 7:59 AM |
| 2 | There was no acknowledgement because I have not donated! | 5/11/2017 1:40 AM |
| 3 | NA | 5/10/2017 7:41 AM |
| 4 | Is Salem State acknowledging my financial gifts? Because I haven't given any to date but I'll take a pat on my back. Thanks Salem State! | 5/10/2017 7:26 AM |
| 5 | n/a | 5/9/2017 1:46 PM |
| 6 | OFFERED A \$5,000 DONATION TO MAINTAIN THE VARSITY CROSS COUNTRY TEAMS AND THE TEAMS WERE DISBANNED AND PREVIOUS DONATIONS TO THE TEAM WERE NEVER COMPLETELY PRESENTED TO THE NEWLY FORMED RUNNING CLUB | 5/9/2017 9:53 AM |
| 7 | I will give this week | 5/9/2017 9:36 AM |
| 8 | I don't need/want acknowledgement other than to know that my contribution was received. Students are so busy! I love to talk to them, but please don't make contacting donors an additional obligation for them. | 5/6/2017 11:15 PM |
| 9 | Wonderful staff of special people, | 5/3/2017 1:43 AM |

10,000 Reasons Campaign Survey

| | | |
|----|--|--------------------|
| 10 | As a student, I am satisfied at the reasonable cost of attending Salem State University, but I think the NavCenter really needs more employees that are experts at financial aid, not merely student workers. I got good financial help but the process of going to the NavCenter is a nightmare. | 5/2/2017 4:50 AM |
| 11 | I don't ask for recognition. Where others may, seek new ways to show the institution's recognition. | 5/2/2017 3:38 AM |
| 12 | I don't think I've given before so N/A would have been a more appropriate answer choice on this question for me. | 4/30/2017 2:59 AM |
| 13 | N/A | 4/29/2017 2:45 PM |
| 14 | Every donor is sent a letter or receives some form of recognition for their donation. It's not necessary, but I think it's a gesture that is appreciated. | 4/28/2017 7:58 AM |
| 15 | Recognition events and publications | 4/26/2017 9:05 AM |
| 16 | The University does an outstanding job at building relationships with alumni and donors. | 4/26/2017 7:58 AM |
| 17 | I am female, and the alumni who makes the donations in my household. However, when mail is sent from SSU, it is addressed to "Mr. & Mrs. Husband's Name". My name isn't even there. It's old fashioned, and a more than a bit off-putting. The check comes from me, and you don't acknowledge me in followup correspondence. | 4/26/2017 5:35 AM |
| 18 | N/a have not made any donations | 4/26/2017 3:57 AM |
| 19 | i always receive a thank-you card as an acknowledgement. Just the thank-you means something. | 4/26/2017 12:20 AM |
| 20 | Never received a thank you from present athletic director for a significant donation to that department. IA staff have been great. | 4/25/2017 1:37 PM |
| 21 | it was nice to receive a thank you in the regular mail regarding this donation | 4/25/2017 12:45 PM |
| 22 | Appreciate the events planned around acknowledging and celebrating donors and donations | 4/25/2017 7:14 AM |
| 23 | I was told that our unions would make sure that employees would not be singled out for making gifts or not, but I've seen lists of employee names several times. | 4/25/2017 6:02 AM |
| 24 | I haven't donated | 4/24/2017 11:47 PM |
| 25 | I have never made a donation to SSU. | 4/24/2017 11:14 PM |
| 26 | I haven't been notified that my donation went to the Department of my choice. | 4/24/2017 11:11 PM |
| 27 | None | 4/24/2017 1:44 PM |
| 28 | I have not given a gift | 4/24/2017 9:19 AM |
| 29 | I do not need acknowledgement i am more concerned about where/how the money is used | 4/24/2017 8:40 AM |
| 30 | I'd love to receive SEXTANT and Salem Statement, now that I'm retired (There was no category for me in your opening question). It feels odd to be excluded. | 4/24/2017 8:20 AM |
| 31 | each year I have given to my specific graduate program, and each year I have to call and fight to get the money out of the college of education and into my program specifically, as that is how I have earmarked it. | 4/24/2017 7:50 AM |
| 32 | Excellent stewardship. Follow up with and recognition of donors has been excellent. The University really makes us feel as though we are important community partners. | 4/24/2017 6:46 AM |
| 33 | i have not contributed | 4/24/2017 5:14 AM |
| 34 | I don't remember if I gave or not, so it's very unmemorable | 4/24/2017 4:55 AM |
| 35 | I had to reach out for confirmation on details of my gift. | 4/24/2017 4:46 AM |
| 36 | I gave nothing and never will , they are lucky I paid for tuition. | 4/24/2017 4:42 AM |
| 37 | They continue to address letters to my husband and use Mrs. on other occasions and I have never been a Mrs. | 4/24/2017 4:27 AM |
| 38 | Salem State is very thankful but I cannot give until Salem State recognizes diversity of opinion on both sides of the spectrum | 4/24/2017 4:13 AM |
| 39 | I am not a big donor. I went to Salem State as an older adult to get my MSW. I feel very loyal to the MSW program, and less so to the University as a whole. I do, however, have a strong commitment to public universities and affordability of higher ed for all people. That said, I give give a nominal annual contribution to Salem State and to my undergrad school (UNH), and I am not likely to increase either any time soon. | 4/24/2017 4:10 AM |
| 40 | I got a graduate degree so I don't feel a particular pull towards SSU- it was just the place I got my MSW. | 4/24/2017 3:56 AM |
| 41 | n/a | 4/24/2017 3:41 AM |

10,000 Reasons Campaign Survey

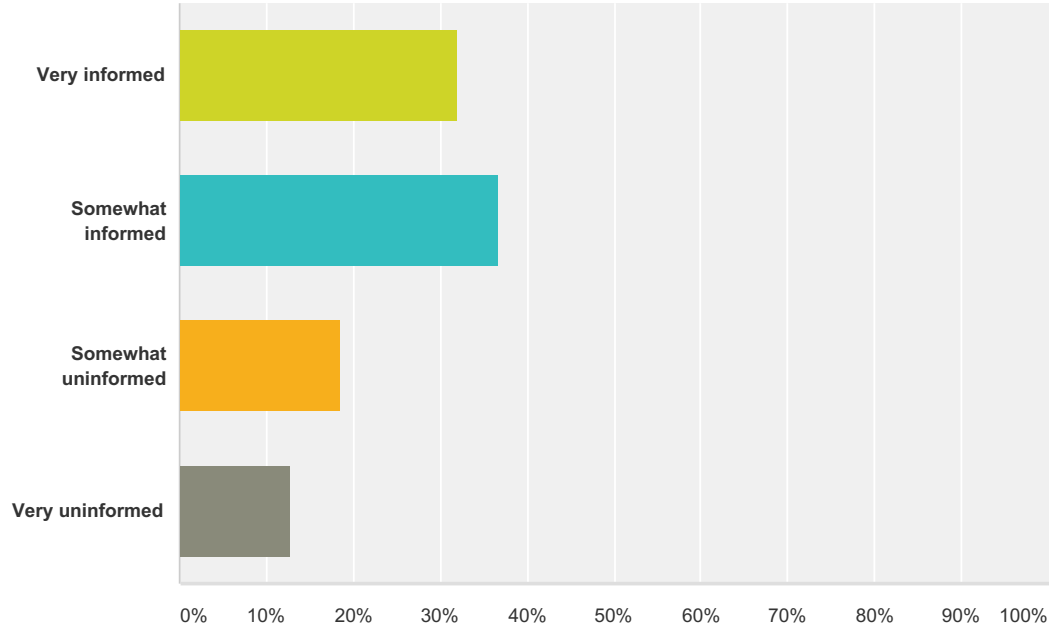
| | | |
|----|---|--------------------|
| 42 | I've never made a financial gift. | 4/24/2017 3:27 AM |
| 43 | I do not apply here | 4/24/2017 3:13 AM |
| 44 | Need more personal connection from IA. Not just generic information | 4/24/2017 2:55 AM |
| 45 | This question does not apply to me. | 4/24/2017 2:52 AM |
| 46 | The interaction and acknowledgement of the staff and others has been important | 4/24/2017 2:49 AM |
| 47 | There are two reasons I haven't donated, one is that the school hasn't even bothered to update there information on file for me. Getting my name correct would be a big factor, especially if you only contact me when asking for money. The other would be that I'd like to see thismoney put towards helping the students with more direction, so they can pay off the huge student loans | 4/24/2017 2:45 AM |
| 48 | I receive letters of thanks and personal thanks from staff. | 4/24/2017 2:44 AM |
| 49 | I don't look for acknowledgement with my gift. | 4/24/2017 2:40 AM |
| 50 | Never gave a gift, so I don't expect any acknowledgement. | 4/24/2017 2:37 AM |
| 51 | Institutional response structured could be better Personalized Very personal and appreciated response from new A D and baseball coach! | 4/24/2017 2:34 AM |
| 52 | online donation demands I choose I title, then does not use the one I chose. acknowledged end-of-year donation in the following year: not helpful for tax deduction | 4/24/2017 2:32 AM |
| 53 | I have not donated. | 4/24/2017 2:27 AM |
| 54 | My gifts are anonymous | 4/24/2017 2:26 AM |
| 55 | I receive formal thanks, but not at the departmental level. I have made significant contributions to the School of Nursing but have only been recognized by the those running the campaign and one personal note from the President. Shouldn't the department/office/program for who the gift is targeted recognize this contribution as well? Neither I nor anyone in my family has ever attended Salem State. I give far greater donations to the universities from which I have graduated. I receive thanks and recognition from the departments where my money is targeted. Learning from them how my money will be used provides a connection for me. Since I don't feel appreciated except in the most general of ways, I don't feel the affinity to continue to contribute that I feel for my other alma maters. | 4/24/2017 2:19 AM |
| 56 | ldk | 4/24/2017 2:12 AM |
| 57 | never got the fundraising package from the fall | 4/24/2017 2:10 AM |
| 58 | I received a tax receipt, but little else after my donation to the Congressional Internship campaign for the Political Science department. | 4/24/2017 2:08 AM |
| 59 | n/a | 4/24/2017 2:05 AM |
| 60 | N/A | 4/24/2017 2:03 AM |
| 61 | viewing scholarships | 4/24/2017 2:02 AM |
| 62 | I honestly don't remember what the response was. I am sure it was nice though? | 4/24/2017 2:01 AM |
| 63 | I would never donate to this garbage of an alumni Association and the school that does not care about their students | 4/24/2017 1:58 AM |
| 64 | I can't remember any acknowledgements | 4/24/2017 1:57 AM |
| 65 | Not Applicable. | 4/21/2017 6:19 AM |
| 66 | I get the usual thank you letter. | 4/21/2017 4:58 AM |
| 67 | When I did donate in the past, it was appropriately acknowledged. | 4/19/2017 4:17 AM |
| 68 | Really n=a | 4/14/2017 3:25 PM |
| 69 | Na | 4/14/2017 11:26 AM |
| 70 | I am very impressed with Dr. Meservey's leadership and how the campus continues to grow and develop. | 4/14/2017 6:16 AM |
| 71 | I don't think I've been acknowledged | 4/14/2017 3:53 AM |
| 72 | N/A | 4/14/2017 1:56 AM |
| 73 | I have not made a gift | 4/11/2017 2:50 AM |

10,000 Reasons Campaign Survey

| | | |
|----|---|--------------------|
| 74 | Question 13 needs an N/A option as I have not provided any gifts to Salem State and therefore can be neither satisfied or dissatisfied. | 4/10/2017 2:48 PM |
| 75 | Calls are not always returned and I haven't been able to get a clear record of where I stand on my pledge. I would urge that an annual report be sent out to all so no one would slip through the cracks. On the other hand, I can see how well my gift and those of others are being used. | 4/10/2017 2:21 PM |
| 76 | Have not contributed. | 4/10/2017 1:59 PM |
| 77 | N/A | 4/10/2017 11:57 AM |
| 78 | No gift therefore no satisfaction | 4/10/2017 10:51 AM |
| 79 | I haven't given, so it's not applicable. | 4/10/2017 10:36 AM |
| 80 | I feel no serious affinity to the university. my degree was a means to an end, no more. no less | 4/10/2017 10:24 AM |
| 81 | I have made very small contributions, and you have responded by trying to invite me to events whose per-person cost is higher than my contribution. This does not make financial sense. | 4/10/2017 9:25 AM |
| 82 | There needs to be I don't give because I have never given to the university | 4/10/2017 9:18 AM |
| 83 | President Meservey hand writes a note .. | 4/10/2017 9:13 AM |
| 84 | Fin aid not willing to work with students | 4/7/2017 12:24 PM |
| 85 | Donation was sent to Academic Affairs instead of Biology | 4/7/2017 7:34 AM |
| 86 | No financial gifts given yet. | 4/7/2017 5:45 AM |
| 87 | I never got any financial assistance | 4/7/2017 5:23 AM |
| 88 | N/A | 4/7/2017 5:22 AM |

Q15 Do you feel that Salem State does a good job informing you about how the university is funded? For example, how much is given by private donors or foundations, or that the Commonwealth of Massachusetts currently contributes less than 35% of the total budget?

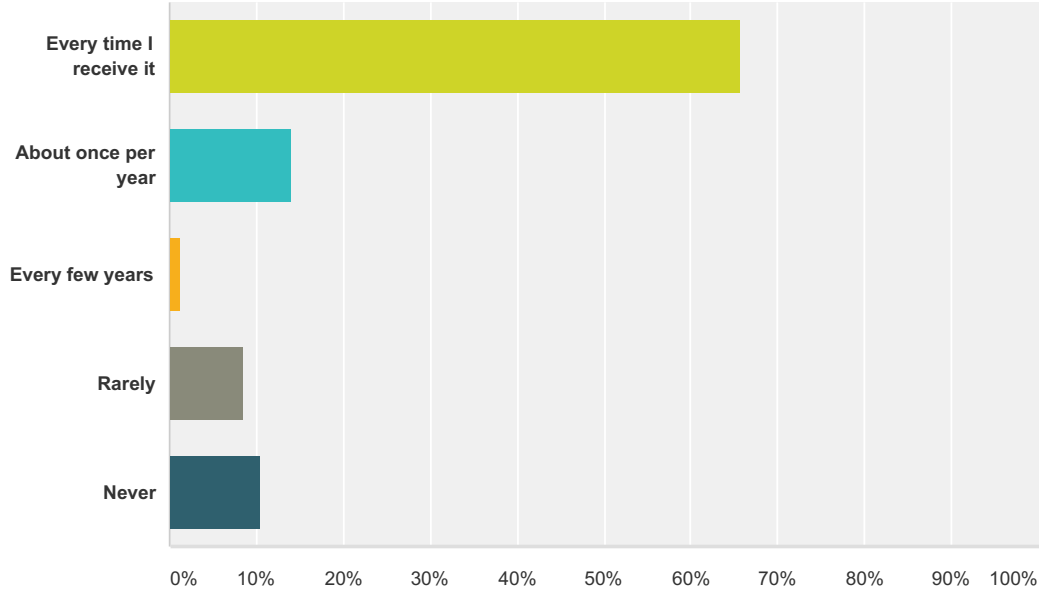
Answered: 422 Skipped: 71



| Answer Choices | Responses | Count |
|---------------------|-----------|------------|
| Very informed | 31.99% | 135 |
| Somewhat informed | 36.73% | 155 |
| Somewhat uninformed | 18.48% | 78 |
| Very uninformed | 12.80% | 54 |
| Total | | 422 |

Q16 The Salem Statement is published throughout the year. How often do you look through or read the Statement—either a hard copy sent through the mail or an online version?

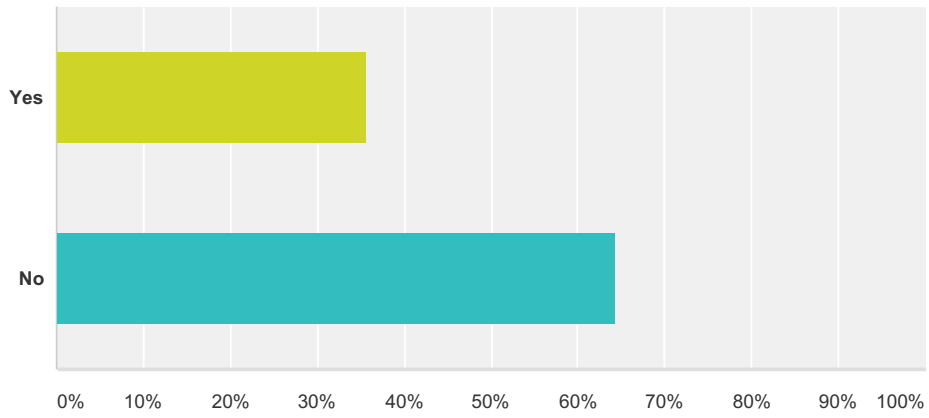
Answered: 421 Skipped: 72



| Answer Choices | Responses |
|-------------------------|------------|
| Every time I receive it | 65.80% 277 |
| About once per year | 14.01% 59 |
| Every few years | 1.19% 5 |
| Rarely | 8.55% 36 |
| Never | 10.45% 44 |
| Total | 421 |

Q17 Have you ever attended a Salem State 10,000 Reasons Campaign event?

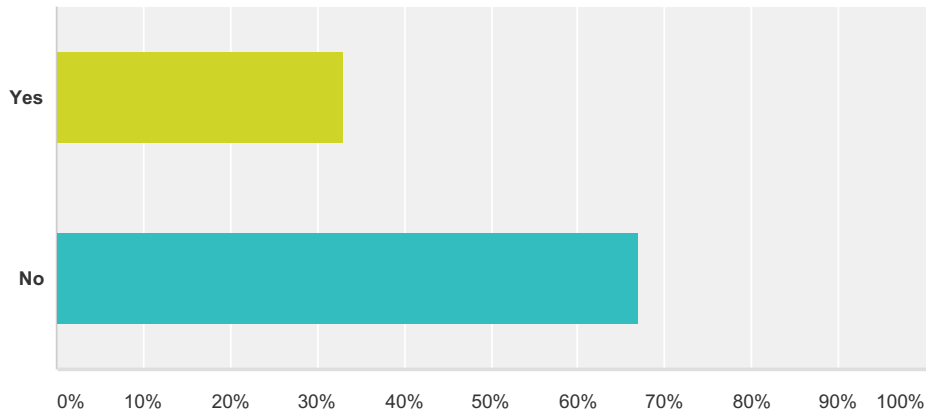
Answered: 421 Skipped: 72



| Answer Choices | Responses | |
|----------------|-----------|------------|
| Yes | 35.63% | 150 |
| No | 64.37% | 271 |
| Total | | 421 |

Q18 In the past six years, have you done volunteer work for Salem State University?

Answered: 421 Skipped: 72



| Answer Choices | Responses |
|----------------|------------|
| Yes | 33.02% 139 |
| No | 66.98% 282 |
| Total | 421 |

10,000 Reasons Campaign Survey

Q19 What makes you feel good about Salem State?

Answered: 290 Skipped: 203

| # | Responses | Date |
|----|---|--------------------|
| 1 | Memories | 5/12/2017 2:04 AM |
| 2 | The faculty and students in the School of Social Work | 5/11/2017 10:07 PM |
| 3 | Salem State University is a highly recognized university. Its programs and faculty are superb. I am a proud graduate of the class of 1974 with a Bachelor's degree in Elementary Education. I will be forever proud of working as an educator for MA. | 5/11/2017 8:09 AM |
| 4 | My education gave me the basis of a successful career | 5/11/2017 4:04 AM |
| 5 | Remember my great experience from 1965-1969 at Salem State. | 5/11/2017 2:34 AM |
| 6 | I believe in public universities and think Salem State has excellent classes and many of my friends work there. | 5/11/2017 1:41 AM |
| 7 | I love the library and I use it usually twice a week. | 5/10/2017 11:55 PM |
| 8 | Great memories!But I was disappointed that I did not hear about a reunion for my graduate class of 1986, last yr was 30 years...did I miss it? | 5/10/2017 7:43 AM |
| 9 | Memories | 5/10/2017 7:27 AM |
| 10 | the quality of my education. The fact that it now has university status. | 5/10/2017 6:25 AM |
| 11 | The education I received there changed my life and career. | 5/10/2017 3:32 AM |
| 12 | offering students an affordable, quality education | 5/9/2017 5:08 PM |
| 13 | The advancement the college has made since I attended in 1958 | 5/9/2017 1:48 PM |
| 14 | Some really fabulous students coming thru our doors. | 5/9/2017 11:14 AM |
| 15 | It continues to be a good school | 5/9/2017 11:00 AM |
| 16 | Affordable higher education for the working class. | 5/9/2017 10:42 AM |
| 17 | I received a very good education at Salem State. I think it does a good job in the community with an excellent theater program. | 5/9/2017 10:04 AM |
| 18 | *THE THEATRE PROGRAM *THE SOCIL WORK SCHOOL * MY DAUGHTER WILL BE THE FOURTH FAMILY MEMBER TO GRADUATE FROM SSU | 5/9/2017 9:56 AM |
| 19 | The aid I was given made it possible for me to graduate and start a career | 5/9/2017 9:38 AM |
| 20 | The students and their transformation from freshman year to graduation. | 5/8/2017 1:36 AM |
| 21 | I appreciate the education I received and the dedication of Salem State faculty. I enjoy a very rewarding and satisfying professional life that is due in part Salem State. Giving is one way I show my appreciation and support current and future students. I like knowing that the work of faculty and students is improved in some small way by my contributions. | 5/6/2017 11:21 PM |
| 22 | It is a community-based institution with competetive academic curriculum. | 5/3/2017 11:58 PM |
| 23 | Great Academics | 5/3/2017 7:22 AM |
| 24 | To-date it is still affordable. Faculty and friends I've made. | 5/3/2017 6:30 AM |
| 25 | Its reputation, the value for the education, affordability, curriculum and President Meservey | 5/3/2017 4:45 AM |
| 26 | Wonderful experiences through the years, | 5/3/2017 1:46 AM |
| 27 | The best interactions that I've had are the faculty that I've met. As a student, the teachers I've met seem to be the most influential as to whether or not I appreciate the higher educational institution or not. | 5/2/2017 4:52 AM |
| 28 | The everyday impact the institution is having on people's lives. | 5/2/2017 3:39 AM |
| 29 | The warmth and camaraderie | 5/1/2017 10:29 AM |

10,000 Reasons Campaign Survey

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|----|---|--------------------|
| 30 | The answers to this question are countless. However, I suppose my loyalty to the university extend from my undergraduate years and the vast experiences I had while a student; from in the classroom and within extra curricular activities. Salem State is driven by it's belief in its students and its ongoing push for students' success; whether academic or personal. It may not be the most 'well oiled' institution, but it has heart. Not many institutions, very few I'd believe, can compare to Salem State on that level. | 5/1/2017 6:33 AM |
| 31 | The quality of education I received | 5/1/2017 2:49 AM |
| 32 | Our students and the fact that SSU is such a part of the fabric of the North Shore: everyone has been here! | 5/1/2017 1:43 AM |
| 33 | I was able to achieve earning a Bachelors degree. | 4/30/2017 4:07 PM |
| 34 | I got a very good education that prepared me for my career. | 4/30/2017 3:00 AM |
| 35 | I was the first in my family to go to college. Salem State was a commuter school, which made me feel that I could fit in with my peers. I was working and did not have a car, but was able to connect with car pools from Malden. Salem State was perfect for me. As a very serious student, I was pleased with the small class sizes and that I had a professor for every course in the 70's, much better than most of my friends at private schools and UMass. It was also great that SSC offered so many choices of each course so that I could finish in 4 years even after a change in my major. SSC was flexible and allowed me to invent independent studies, etc. I graduated with high honors and a double major because of that flexibility. I am concerned that SSU is forgetting about that type of student in its drive to erect buildings, mandate computers, and build more dorms. The way the school is now, I might have felt like an outsider as I did when I visited private college, even those where I was offered a full scholarship. It bothers me that classes are being cut making it harder for commuters to complete their coursework on time. Commuters, especially those without cars who depend on others to drive them, need a wide array of class offerings to graduate in 4 years more than they need fancy buildings -- though the campus is gorgeous now! As a retired teacher who also earned my masters at SSC, I am concerned about the new 5 year program required for ed students. It sounds good but is impractical for a less affluent student. To make a 5 year commitment before even knowing if one will like teaching is crazy. Also, schools like to hire someone without a masters---less expensive for them; and it's good for a student without a financial safety net to be able to finance their masters with their teacher's pay! So proud to be a grad of Salem State, but please don't forget the REASON for a state school in the 10,000 reasons! | 4/30/2017 1:51 AM |
| 36 | The Dance, Theater, and Music courses. | 4/29/2017 3:35 PM |
| 37 | I graduated from Salem State as a middle-aged adult. I had a wonderful academic experience as well as the opportunity to learn from a talented, dedicated and interested faculty. I hope to volunteer in the near future. | 4/29/2017 2:51 PM |
| 38 | See the growth of the new campus facilities over the last 10 years makes me feel very happy for SSU. The fact that SSU provides a world class education for a fraction of the cost of private institutions makes me feel good. | 4/29/2017 2:31 PM |
| 39 | feeling like that kid again | 4/29/2017 7:59 AM |
| 40 | SSU staff and commitment to alumni and community | 4/28/2017 2:54 PM |
| 41 | The President, the Faculty, the Administration, and the Alumni all are working together as one unified team for the betterment of the University | 4/28/2017 1:54 PM |
| 42 | The students! | 4/28/2017 8:27 AM |
| 43 | Being part of an institution that cares and does so much to help their students succeed. | 4/28/2017 7:59 AM |
| 44 | - strong affordable education | 4/28/2017 7:20 AM |
| 45 | The U. continues to train teachers for education of our population. Your diversity of students is fine. Your Statement keeps me in touch even though I live out of state and cannot attend events. | 4/28/2017 4:38 AM |
| 46 | The progress the university continues to make and its service to students as a public higher ed institution. | 4/27/2017 7:14 AM |
| 47 | My degree. | 4/27/2017 2:58 AM |
| 48 | The growth of the campus and my memories from when I was a student | 4/27/2017 12:59 AM |
| 49 | I am a retired elementary teacher. So thankful for my Salem State education. Excellent reputation. | 4/26/2017 11:45 AM |
| 50 | It was the key to my work-life success. | 4/26/2017 9:06 AM |
| 51 | The educators | 4/26/2017 8:35 AM |
| 52 | The excitement and the energy you feel when you are on campus. I am proud to be a Viking and the spirit that is alive at SSU is contagious. I feel good knowing that I am able to be a small part of the progress that provides students a foundation for their future! | 4/26/2017 8:04 AM |
| 53 | Focus is on the needs of the Students. | 4/26/2017 5:53 AM |

10,000 Reasons Campaign Survey

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|----|---|--------------------|
| 54 | I am very glad to see expanding programs and improvements and new construction on campus. Also, when I visit campus I appreciate the diversity of students and faculty, and the vibrant community that the campus has become for the students that are attending today. | 4/26/2017 5:41 AM |
| 55 | Good local school | 4/26/2017 5:01 AM |
| 56 | Great local school. | 4/26/2017 4:38 AM |
| 57 | Curriculum and Professors | 4/26/2017 4:17 AM |
| 58 | It's positive image and overall growth as an institution since I graduated 40 years ago. Doing a great job for its students. | 4/26/2017 4:03 AM |
| 59 | Their efforts to improve | 4/26/2017 3:59 AM |
| 60 | Earning 2 degrees there! | 4/26/2017 3:45 AM |
| 61 | I enjoyed my 4 years at Salem State, and I went on to have a successful career in education. | 4/26/2017 1:38 AM |
| 62 | You can get a quality education at a reasonable cost. I believe a lot of the quality depends on what you put into it as a student. My husband and I both graduated from there and 2 out of my 3 children graduated from there. I am also excited to able to teach as an adjunct faculty member. | 4/26/2017 12:45 AM |
| 63 | That I graduated and the faculty at the time, were some of the best I have ever encountered. | 4/26/2017 12:21 AM |
| 64 | It's physical growth, diversity, improved retention rate, improved graduation rate and presidential leadership | 4/25/2017 1:40 PM |
| 65 | I am proud to be a student at such a well-respected institution in the community. | 4/25/2017 12:47 PM |
| 66 | I am very proud to have celebrated my Fiftieth plus 5 year Reunion from Salem and always felt well prepared for my teaching career of forty-six years. | 4/25/2017 12:05 PM |
| 67 | I received both of my degrees there. | 4/25/2017 10:37 AM |
| 68 | Salem State has earned the reputation of being a top-notch college in the North Shore area because of its outstanding academic programs. | 4/25/2017 9:53 AM |
| 69 | Student success | 4/25/2017 8:30 AM |
| 70 | I went there for undergrad and graduate degrees | 4/25/2017 7:41 AM |
| 71 | The sense of community and the dedication of the faculty. | 4/25/2017 7:15 AM |
| 72 | Its service to the community. | 4/25/2017 6:30 AM |
| 73 | Our commitment to a liberal arts education; pushing back against the pressures to replace education with job training. | 4/25/2017 6:04 AM |
| 74 | It was a huge part in making me who I am today! | 4/25/2017 5:03 AM |
| 75 | Its growth; its faculty; its students | 4/25/2017 4:11 AM |
| 76 | A few professors | 4/25/2017 3:47 AM |
| 77 | Salem State has a good reputation in the community. I always hear positive responses and feedback, from people I encounter both personally and professionally, when I say I am a graduate of Salem State. | 4/25/2017 3:41 AM |
| 78 | Low cost, increasingly positive reputation | 4/25/2017 3:30 AM |
| 79 | I work here. | 4/25/2017 2:40 AM |
| 80 | My undergraduate experience was transformative!! | 4/25/2017 2:10 AM |
| 81 | Being part of a community that helps others, i.e. students. | 4/25/2017 1:59 AM |
| 82 | My acceptance as an adult student. | 4/25/2017 1:32 AM |
| 83 | I am encouraged by the leadership, growth, and quality of the education that students are receiving today. | 4/25/2017 1:03 AM |
| 84 | The science program and my professors in biology make feel good about Salem State. I was disappointed in my grad school for education...not enough knowledgeable instructors. | 4/25/2017 12:27 AM |
| 85 | Good affordable education. I am proud to be a SSU Alumnus. | 4/25/2017 12:06 AM |
| 86 | Hearing the stories from local students, especially those that are the 1st to attend college in their family. | 4/24/2017 11:50 PM |
| 87 | I love SSU's diversity and affinity towards equality. Professor are truly care about academic and private success. | 4/24/2017 11:17 PM |
| 88 | My former Professors and proximity to my home | 4/24/2017 11:13 PM |

10,000 Reasons Campaign Survey

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|-----|--|--------------------|
| 89 | Watching the university thrive and grow from the small Salem State College I attended the 60's to the major institution it has become. | 4/24/2017 10:59 PM |
| 90 | My child goes there. | 4/24/2017 8:28 PM |
| 91 | They lurches me. | 4/24/2017 7:34 PM |
| 92 | This institution makes accredited higher education accessible and affordable for thousands of students who would otherwise not go to college, and this institution is committed to helping their students achieve greatness in and out of the college community. | 4/24/2017 4:13 PM |
| 93 | The program I donated towards | 4/24/2017 2:46 PM |
| 94 | Its growth in physical campus and academic programs. I appreciate the education and opportunities I had while attending Salem State. | 4/24/2017 2:41 PM |
| 95 | So many things!! | 4/24/2017 2:39 PM |
| 96 | I met my husband of 43 years there. We are still in love. SSC was a place of great influence in my formative years - the people, the professors, the experiences, the education, were significant influences in my entire adult life - even to this day. | 4/24/2017 1:55 PM |
| 97 | the friends I made | 4/24/2017 1:48 PM |
| 98 | The awesome students!!! | 4/24/2017 1:41 PM |
| 99 | The School continues to do great work for middle class families | 4/24/2017 1:14 PM |
| 100 | Salem State gave me the foundation for the career in science that I worked in for 45 years. It was the histology course taught to me there that gave me the love for the field I went into. | 4/24/2017 12:48 PM |
| 101 | Providing a strong educational experience for many who are the first in their family to attend an institution of higher education. | 4/24/2017 11:46 AM |
| 102 | Salem State offers great programs and opportunities to all students. | 4/24/2017 11:44 AM |
| 103 | The teachers and administration like Dean Gerald and Dean Rosemond, Pat Gozemba changed my life. | 4/24/2017 11:12 AM |
| 104 | Their nursing schoolthe good work and the amazing physical transformation of the campus! | 4/24/2017 10:52 AM |
| 105 | My education at Salem State allowed me to fulfill my ambitions. Most of my professors gave me a positive experience that allowed me to achieve my goals. | 4/24/2017 10:38 AM |
| 106 | it provided many of us with a good education | 4/24/2017 10:00 AM |
| 107 | Faculty and staff work with students to accomplish their goals. | 4/24/2017 9:32 AM |
| 108 | ? | 4/24/2017 8:56 AM |
| 109 | It's mission and the type of student it educates | 4/24/2017 8:55 AM |
| 110 | that its an affordable option for students of lower income to receive an education. | 4/24/2017 8:53 AM |
| 111 | Don't really remember since it was 33 years ago. | 4/24/2017 8:53 AM |
| 112 | Students both undergraduate & graduate | 4/24/2017 8:41 AM |
| 113 | Seeing my former students succeed. Seeing the campus grow (new library, new gym, new dorms, new Starbucks) | 4/24/2017 8:21 AM |
| 114 | New library. New dorm. It's now part of the MA university system. | 4/24/2017 8:21 AM |
| 115 | Education I got there.... | 4/24/2017 8:12 AM |
| 116 | The growth of the College since I graduated in 1963. | 4/24/2017 8:05 AM |
| 117 | The faculty, the campus, the enterprise center. | 4/24/2017 8:04 AM |
| 118 | connections with faculty | 4/24/2017 7:51 AM |
| 119 | Just about everything. Definitely the enlarged campus. Diverse student body. Speaker series, etc. | 4/24/2017 7:44 AM |
| 120 | My interactions with various staff and faculty helping me develop my career path. | 4/24/2017 7:31 AM |
| 121 | My granddaughter is graduating from nursing this year | 4/24/2017 6:58 AM |

10,000 Reasons Campaign Survey

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|-----|---|-------------------|
| 122 | It is a good school.....but is getting way too big. It seems like the school is taking over that area of Salem. I find it very upsetting. There is plenty of parking for the Enterprise center, lots of empty spaces, but not parking whatsoever for Visitors!!!! Unreal that alumni cannot visit the Library or the Gallery. I feel so bad for the people who have lived on Loring Avneue, and now the college/university is about to gobble them up too. Taking a house for "green space".....please. And the building is ugly. No, I am embarrassed at times to say that I am an alumnus of Salem State College. | 4/24/2017 6:58 AM |
| 123 | President Meservey, faculty & staff and the growth of the university. | 4/24/2017 6:56 AM |
| 124 | Leadership, reputation, forward thinking/strategic planning, positive growth both in capital plant as well as student body. | 4/24/2017 6:48 AM |
| 125 | My career. I would not have had the career I have, if it were not for Salem State. | 4/24/2017 6:43 AM |
| 126 | Cutting edge research and scholarship regarding CHGS. | 4/24/2017 6:27 AM |
| 127 | It's relationship to the community that surrounds it. | 4/24/2017 6:20 AM |
| 128 | The theatre dept and Explorers | 4/24/2017 6:10 AM |
| 129 | I am an associate prof. so I feel that I am giving back as well as making a monetary donation. | 4/24/2017 6:08 AM |
| 130 | a wonderful university right in our backyard | 4/24/2017 5:44 AM |
| 131 | Enjoyed my time at the school | 4/24/2017 5:18 AM |
| 132 | Affordable quality education | 4/24/2017 5:15 AM |
| 133 | It is a welcoming community. | 4/24/2017 5:14 AM |
| 134 | It provided a good education for me. | 4/24/2017 5:02 AM |
| 135 | Seeing how the college has expanded. Spending time in Naples each year working on the parade. Walking in the parade and seeing a great showing of people both in the parade and along the parade route. Salem State University has certainly made a name for itself, thanks to the loyalty of so many people. My husband and I are fortunate to have graduated from this fine school and to still be a part of it. He was a member of the last class to graduate from Salem Teachers College and I was in the first class to graduate from Salem State College. | 4/24/2017 4:57 AM |
| 136 | The theater department and some of its faculty | 4/24/2017 4:56 AM |
| 137 | Salem State theatre Dept | 4/24/2017 4:47 AM |
| 138 | Seeing students engaged in learning and moving into the professional world with a competitive edge. | 4/24/2017 4:46 AM |
| 139 | Students, faculty/staff, President Meservey and her senior leadership teams. | 4/24/2017 4:46 AM |
| 140 | Nothing, its a horrible school. I was personally threatened by the student provost for not narcing on a roommate. | 4/24/2017 4:43 AM |
| 141 | The success I have enjoyed as a result of earning degrees at Salem State. | 4/24/2017 4:38 AM |
| 142 | My days as a student there and more recently as a member of the Board of Overseers. Also the way in which the school has advanced over the years | 4/24/2017 4:38 AM |
| 143 | Love the institution and the faculty. Diverse and enriching | 4/24/2017 4:37 AM |
| 144 | the people who go above their job descriptions for the students. | 4/24/2017 4:29 AM |
| 145 | That I graduated and got a good job. No career services in 1976. | 4/24/2017 4:28 AM |
| 146 | The graduate school. | 4/24/2017 4:21 AM |
| 147 | The years I spent there | 4/24/2017 4:14 AM |
| 148 | How much they have grown since my graduation. | 4/24/2017 4:13 AM |
| 149 | I already answered this earlier. The MSW program, and the overall affordability of SSU. | 4/24/2017 4:11 AM |
| 150 | Proud to be associated with SSU | 4/24/2017 4:04 AM |
| 151 | Though the University continues to improve it's campus look and offerings, many of the students are first generation degree seekers like me. Through the years Salem State has remained faithful to its audience. | 4/24/2017 4:04 AM |
| 152 | I think the current adm has accomplished unbelievable goals and we were happy to be a part of it. The Wine Auctions were so successful. | 4/24/2017 4:03 AM |
| 153 | Salem State helped me launch my career as a controller and I'm forever grateful for that. The teachers in the accounting department helped me see that I would be able to succeed in what I love. | 4/24/2017 4:03 AM |

10,000 Reasons Campaign Survey

| | | |
|-----|--|-------------------|
| 154 | An affordable graduate degree. | 4/24/2017 3:57 AM |
| 155 | That it was a school that was accessible and affordable to people without much financial need. That's not really the case any more as, one can't really graduate without taking on \$50,000+ to pay directly or through loans. | 4/24/2017 3:57 AM |
| 156 | It was great when I was there. I do not find any info on the program I participated in. Business Education. I know there are a lot of schools dropping the business programs, but I have hired administrative assistants who have no idea about the fundamentals of being an assistant. | 4/24/2017 3:56 AM |
| 157 | I earned a degree in the late 70's early 80's. It has benefited me greatly. I do have an issue with the way higher Ed is funded. I feel there is a lot of waste in Higher Ed and too high a cost for most students. Change is needed. | 4/24/2017 3:55 AM |
| 158 | the guidance counseling for evening students | 4/24/2017 3:42 AM |
| 159 | 1. The population of students it serves. 2. My department - quality of classes, quality of professors, collegiality. | 4/24/2017 3:40 AM |
| 160 | Great Class and Faculty Experiences. Started my professional career there. | 4/24/2017 3:37 AM |
| 161 | My four years of quality education provided me with lifelong vocation | 4/24/2017 3:33 AM |
| 162 | State School which is affordable. | 4/24/2017 3:30 AM |
| 163 | School programs | 4/24/2017 3:30 AM |
| 164 | I graduated 45 years ago from Salem State. It was a totally different school then as compared to today. I received a very good education there and had very good professors. It helped prepare me for my career as a teacher and eventually as a school & district administrator. | 4/24/2017 3:23 AM |
| 165 | I received my Bachelors degree from Salem State College and have many life long friendships along with a good foundation in higher education from the now University. | 4/24/2017 3:20 AM |
| 166 | Very diverse campus that is relatively affordable. Caring, committed faculty, some who understand the needs of 1st generation college students very well. Emphasis of teaching. | 4/24/2017 3:20 AM |
| 167 | I received a great education for a great price. | 4/24/2017 3:18 AM |
| 168 | I graduated in 2012. I met my best friends at Salem State. My life has become infinitely better because of them. Also I was president of RDT. It gave me so many opportunities. In my spare time I teach dance. I love thinking about my time living in the dorms. And my professors. My time in the history program prepared me for teaching. I sing it's praises all the time. So much so that a student of mine is currently enrolled in the history program there. | 4/24/2017 3:16 AM |
| 169 | Provides a quality education to residential and commuter students. | 4/24/2017 3:16 AM |
| 170 | That its continuing to grow | 4/24/2017 3:14 AM |
| 171 | Consistency of purpose Integrity of leadership | 4/24/2017 3:05 AM |
| 172 | I like that i see more job fairs advertised | 4/24/2017 3:05 AM |
| 173 | How it has developed into a very respected University. | 4/24/2017 3:04 AM |
| 174 | The kindness and compassion of the faculty and staff. Their willingness to help students by whatever means possible | 4/24/2017 3:01 AM |
| 175 | Salem State allowed me to achieve my dream of becoming an elementary school teacher.A career I enjoyed for 36 years. | 4/24/2017 3:00 AM |
| 176 | education that's financially accessible, devoted and talented faculty | 4/24/2017 2:57 AM |
| 177 | Wonderful dedication to serving and supporting students and faculty, outstanding scholarship, and community service. A model of how public higher education should be. | 4/24/2017 2:57 AM |
| 178 | I have long time friends still working there | 4/24/2017 2:57 AM |
| 179 | I entered Salem State looking to learn skills how to become a professional actor. I had hoped to go to Emerson, but did not get admitted. Salem State was a great fit for me and left me ready and excited to move to Chicago and pursue a career. I frequently visit campus during visits home and love coming to alumni events. The department and the University served me well. Thank you for that :) | 4/24/2017 2:56 AM |
| 180 | It gave me a teaching career of thirty eight years, and my old classmates are still my very good friends. | 4/24/2017 2:56 AM |
| 181 | I felt that my degree prepared me for the work force. Most of my professors had real-life experience in the field that they taught which I felt was unique to Salem State. | 4/24/2017 2:54 AM |
| 182 | It was a place that allowed me to learn and grow. I would not be who I am today without SSU. | 4/24/2017 2:53 AM |
| 183 | A vital part of the community | 4/24/2017 2:51 AM |

10,000 Reasons Campaign Survey

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|-----|---|-------------------|
| 184 | The professionalism of the leadership of the University and the contributions of the volunteers | 4/24/2017 2:51 AM |
| 185 | For me personally, the tax classes I took changed my life. | 4/24/2017 2:50 AM |
| 186 | It's a good institution | 4/24/2017 2:49 AM |
| 187 | It has been a "teaching first" institution | 4/24/2017 2:48 AM |
| 188 | I am happy to see Salem State growing--the campus improvements, new construction, additional major offerings, more students attending. | 4/24/2017 2:46 AM |
| 189 | Being a part of the growth and development of the institution and being an active participant in the School of Education | 4/24/2017 2:45 AM |
| 190 | Educational mission for state education | 4/24/2017 2:44 AM |
| 191 | I enjoy working at Salem State. The students are my motivation. | 4/24/2017 2:44 AM |
| 192 | I was fortunate to get a college degree for the small price that was available at the time I graduated from high school. | 4/24/2017 2:43 AM |
| 193 | It continues to evolve and improve | 4/24/2017 2:43 AM |
| 194 | I love Salem State. I went there and both of my sons attend the University as well. Salem should hire John Keenan as the new president! | 4/24/2017 2:43 AM |
| 195 | In the time since I have left, the university continues to grow & improve. I am particularly excited/emotionally connected to the opening of the new theater: the Sophia Gordon. | 4/24/2017 2:41 AM |
| 196 | Graduating from a great institution that always fitted my needs as a commuter student. Throughout my years at SSU, I've seen it grow exponentially and hope that continues. | 4/24/2017 2:39 AM |
| 197 | Student experience and recognition for status as university | 4/24/2017 2:35 AM |
| 198 | n/a | 4/24/2017 2:34 AM |
| 199 | REASON 4,879 | 4/24/2017 2:33 AM |
| 200 | Earned a solid fundamental education. | 4/24/2017 2:31 AM |
| 201 | My college experience, relationships, | 4/24/2017 2:30 AM |
| 202 | I liked my experience there, for many reasons. Teachers were great, influential for me. It was in early 70s, very volatile time. I could afford a state college. | 4/24/2017 2:29 AM |
| 203 | My pride in being a graduate of the School of Social Work; I would not have gotten where I am professionally if not for the foundation it provided me with | 4/24/2017 2:27 AM |
| 204 | I am always impressed by the number of Salem State graduates who are actively engaged in their communities -- accepting civic responsibilities as volunteers and leaders, investing their time and talents to ensure that the quality of life in our region remains high. | 4/24/2017 2:23 AM |
| 205 | My pension | 4/24/2017 2:21 AM |
| 206 | As a non-traditional student, SSU provided me with an education that literally changed me personally and professionally. It's a great institutional at a great price. The best of both worlds. | 4/24/2017 2:20 AM |
| 207 | Staff, President, Possibilitites | 4/24/2017 2:18 AM |
| 208 | the community feel | 4/24/2017 2:17 AM |
| 209 | The commitment shown by leaders and students | 4/24/2017 2:15 AM |
| 210 | Contributing to a state university that offers strong, dynamic academic programs at an affordable cost to students of all backgrounds. | 4/24/2017 2:14 AM |
| 211 | Positive experiences while there studying Business Education and being involved in athletics, especially women's volleyball. | 4/24/2017 2:13 AM |
| 212 | The NATIONALLY successful and award winning THEATRE program! | 4/24/2017 2:11 AM |
| 213 | location | 4/24/2017 2:10 AM |
| 214 | Great experience! | 4/24/2017 2:10 AM |
| 215 | That it seems to be an important part of the community of Salem and the North Shore. | 4/24/2017 2:10 AM |
| 216 | outstanding faculty | 4/24/2017 2:07 AM |

10,000 Reasons Campaign Survey

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|-----|--|--------------------|
| 217 | The Sean Collier Scholarship | 4/24/2017 2:06 AM |
| 218 | The memories I have . | 4/24/2017 2:05 AM |
| 219 | The History Department faculty. | 4/24/2017 2:04 AM |
| 220 | It was the catalyst for my career in education. | 4/24/2017 2:04 AM |
| 221 | Vibrant ever forward moving institution and integral part of the community. | 4/24/2017 2:04 AM |
| 222 | It provided me the educational foundation for the rest of my life. | 4/24/2017 2:04 AM |
| 223 | I'm happy to be able to give back to the university that educated me. | 4/24/2017 2:03 AM |
| 224 | I value the degree they helped me achieve and use that as the basis for wanting to give back to SSU | 4/24/2017 2:03 AM |
| 225 | Seeing the continued success and growth of the campus, on social media and through the Salem Statement. | 4/24/2017 2:03 AM |
| 226 | I am proud of the community and the emphasis on student achievement. I have developed strong working and personal relationships with professors and classmates that have positively influenced my career. I do feel that the people of Salem State really care and want the students to succeed. | 4/24/2017 2:03 AM |
| 227 | The activities and events that it offers to the greater community. | 4/24/2017 2:02 AM |
| 228 | The difference we create for our students | 4/24/2017 2:01 AM |
| 229 | that it has expanded over the years | 4/24/2017 2:00 AM |
| 230 | Nothing makes me feel good about Salem State it is the worst facility in the state. It reads students and alumni like absolute garbage. Does not care about them does not protect them and I'm truly embarrassed to say I graduated from Salem State | 4/24/2017 1:59 AM |
| 231 | We are a family. | 4/24/2017 1:58 AM |
| 232 | How much growth has take place | 4/24/2017 1:58 AM |
| 233 | i am a graduate and I got an excellent education | 4/24/2017 1:57 AM |
| 234 | Knowing that students are receiving a high-quality but affordable education. (And I want to keep it that way!) | 4/24/2017 1:56 AM |
| 235 | Great school, great people | 4/24/2017 1:55 AM |
| 236 | Sense of community | 4/22/2017 12:36 AM |
| 237 | I appreciate Salem State because of the opportunities and access it provides to students that do not come from a place of privilege and education and challenge for those that do. The crossroads between those groups are instrumental to the way I feel about Salem State. | 4/21/2017 10:50 AM |
| 238 | Seeing our students succeed! | 4/21/2017 6:27 AM |
| 239 | How involved alumni are, civic engagement efforts, the students and faculty. That I can be proud of my alma mater and it's right in my backyard. | 4/21/2017 5:00 AM |
| 240 | I enjoyed being a student there. The atmosphere and my teachers were excellent. | 4/19/2017 4:20 AM |
| 241 | the students | 4/18/2017 1:12 AM |
| 242 | My degree. | 4/16/2017 12:03 PM |
| 243 | My experiences there and the friends that I made. Also the growth | 4/15/2017 12:09 AM |
| 244 | Great education for working students. I worked hard academically and at work to get through in 4 years and graduating in top 1.5% | 4/14/2017 3:27 PM |
| 245 | To see the travel opportunities; my best European trips were with the geography dept. | 4/14/2017 11:35 AM |
| 246 | My diploma. Started with Class of 1981 & graduated Class of 2014 | 4/14/2017 10:56 AM |
| 247 | I feel a strong sense of pride in Salem State. I am actively involved in Alumni Affairs and serve on the Board of Overseers. | 4/14/2017 6:17 AM |
| 248 | my wife graduated in 1962 that's my link to the school we had a brick in her honor recently I love the college as my wife in heaven did too. | 4/14/2017 3:50 AM |
| 249 | It provides students with high quality education at a fair price. It was an honor to work in the Dept./School of Education. PS Categories don't include "former employee" who are a group of people that are not kept in the loop or targeted for donations as much as they might be. | 4/14/2017 2:33 AM |

10,000 Reasons Campaign Survey

| | | |
|-----|---|--------------------|
| 250 | Sense of community in the English Department | 4/14/2017 2:15 AM |
| 251 | Diversity of the student body | 4/14/2017 1:56 AM |
| 252 | I graduated! | 4/12/2017 9:30 AM |
| 253 | Reputation | 4/12/2017 5:15 AM |
| 254 | SS provides a wonderful and affordable education for many In my prior job as a Guidance Director I always affirmed the community of Salem State | 4/11/2017 10:46 PM |
| 255 | As former faculty, reading about programs and accomplishments, esp Nursing. | 4/11/2017 6:03 AM |
| 256 | Long history of preparing Massachusetts educators | 4/11/2017 2:51 AM |
| 257 | The success of the program I graduated from. | 4/11/2017 1:54 AM |
| 258 | good education at affordable price | 4/11/2017 1:22 AM |
| 259 | I think that the commitment of alumni from SSU is amazing. the volunteer time people give is phenomenal. Affinity groups like the SSU Alumni Assoc & the Friends of Education help and assist the university in so many ways! | 4/11/2017 12:49 AM |
| 260 | It is my Alma Mater. | 4/11/2017 12:22 AM |
| 261 | Not much | 4/10/2017 10:52 PM |
| 262 | Old memories and how far Salem State has advanced since the '50s | 4/10/2017 4:55 PM |
| 263 | All the things I did at the school, some faculty, and the activities. | 4/10/2017 4:08 PM |
| 264 | I love my grad program cohort. | 4/10/2017 2:48 PM |
| 265 | SSU is sincerely committed to the success of all its students The university takes inclusion more seriously than almost every other school I know. In addition, SSU has a cadre of remarkably committed and accomplished faculty that are dedicated to scholarship and student success. | 4/10/2017 2:26 PM |
| 266 | The hardworking, dedicated, eager students. | 4/10/2017 2:08 PM |
| 267 | Its community involvement, its North Shore location for those that commute, and its continued advancement as a visible and active academic presence. | 4/10/2017 2:02 PM |
| 268 | That it has the distinction of being a university. | 4/10/2017 1:20 PM |
| 269 | The fact that I received a good education and life training. | 4/10/2017 11:58 AM |
| 270 | Still has that small college feel with all the major university advantages. | 4/10/2017 11:13 AM |
| 271 | Foundation for my graduate degree | 4/10/2017 10:52 AM |
| 272 | I received a great education! | 4/10/2017 10:29 AM |
| 273 | it offered a degree program that satisfied my needs | 4/10/2017 10:27 AM |
| 274 | Excellent education dept | 4/10/2017 10:23 AM |
| 275 | It was the best state college in the state at the time I attended. | 4/10/2017 10:22 AM |
| 276 | Good way to get a college education at a reasonable price. | 4/10/2017 9:51 AM |
| 277 | That it is locally accessible, although due to my health I cannot partake of most of what it offers. | 4/10/2017 9:41 AM |
| 278 | helping students pay their way to achieve a better life. | 4/10/2017 9:37 AM |
| 279 | The growth of the college to a university, the campus expansion, and the depth of education provided. | 4/10/2017 9:33 AM |
| 280 | The strong leadership shown by the President. As a woman, I feel she is an excellent role model. | 4/10/2017 9:26 AM |
| 281 | I enjoy my department. I feel as though I am making a worthy contribution to students' educations. | 4/10/2017 9:26 AM |
| 282 | Foundation of my undergraduate education. | 4/10/2017 9:22 AM |
| 283 | Connections to the North Shore community | 4/10/2017 9:21 AM |
| 284 | Even my second masters degree. | 4/10/2017 9:19 AM |
| 285 | earning both BSW and MSW degress there!!WHich meant smaller classrooms and more student/instructor contact..I am proud to be on the alumni board | 4/10/2017 9:17 AM |
| 286 | There commitment to the students and their ability to still education first generation students | 4/10/2017 9:14 AM |

10,000 Reasons Campaign Survey

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|-----|---|-------------------|
| 287 | I had wonderful opportunities while I was there, and the education I received has allowed me to pursue the further degree programs that I had planned to. | 4/10/2017 9:13 AM |
| 288 | An amiable atmosphere, fantastic faculty, and the copious clubs to chose from. | 4/7/2017 5:34 PM |
| 289 | The education I received at SSU | 4/7/2017 7:36 AM |
| 290 | the community and quality of education | 4/7/2017 5:12 AM |

All initial campaign prospects with all campaign proposals and proposal statuses

| Data | | | | |
|--------------------------|-----------|------------------------|--------------------------|------------------------|
| Prospect Proposal Status | Count | Proposal Amount Asked | Proposal Amount Expected | Proposal Amount Funded |
| Completed | 67 | \$13,205,957.00 | \$6,061,802.50 | \$6,272,366.50 |
| Declined to meet | 4 | \$145,000.00 | \$0.00 | \$0.00 |
| Defer | 4 | \$1,850,000.00 | \$0.00 | \$0.00 |
| Rejected (blank) | 18 | \$10,184,340.00 | \$0.00 | \$0.00 |
| Grand Total | 93 | \$25,385,297.00 | \$6,061,802.50 | \$6,272,366.50 |

Yield on ask amount 24%
Yield on completed
proposals 72%

Salem State University
Forecasting by Gift Level

Active Campaign Proposals sorted by Status and Ask Amount with Discounted Totals

Discount Rate:
 Needs Strategy = 10%
 Proposal Development =20%
 Pending = 40%
 Verbal = 90%

April 15, 2016

Confidential

Campaign Assessment
 Attachment 23

| | Verbal | Pending | Proposal Development | Needs Strategy | Forecast Totals |
|---------------------------|------------------|--------------------|----------------------|--------------------|---------------------|
| 1M | 0 | 2 | 1 | 1 | 4 |
| Discount Total: | \$0 | \$1,000,000 | \$1,000,000 | \$250,000 | \$2,250,000 |
| Total: | \$0 | \$2,500,000 | \$5,000,000 | \$2,500,000 | \$10,000,000 |
| 500K | 0 | 0 | 1 | 0 | 1 |
| Discount Total: | \$0 | \$0 | \$100,000 | \$0 | \$100,000 |
| Total: | \$0 | \$0 | \$500,000 | \$0 | \$500,000 |
| 250K | 0 | 0 | 1 | 0 | 1 |
| Discount Total: | \$0 | \$0 | \$50,000 | \$0 | \$50,000 |
| Total: | \$0 | \$0 | \$250,000 | \$0 | \$250,000 |
| 100K | 1 | 2 | 7 | 2 | 12 |
| Discount Total: | \$90,000 | \$80,000 | \$140,000 | \$20,000 | \$330,000 |
| Total: | \$100,000 | \$200,000 | \$700,000 | \$200,000 | \$1,200,000 |
| 50K | 1 | 5 | 7 | 1 | 14 |
| Discount Total: | \$45,000 | \$115,600 | \$76,400 | \$5,000 | \$242,000 |
| Total: | \$50,000 | \$289,000 | \$382,000 | \$50,000 | \$771,000 |
| 25K | 3 | 5 | 15 | 8 | 31 |
| Discount Total: | \$67,500 | \$54,000 | \$77,000 | \$20,000 | \$218,500 |
| Total: | \$75,000 | \$135,000 | \$385,000 | \$200,000 | \$795,000 |
| 10K | 7 | 10 | 23 | 80 | 120 |
| Discount Total: | \$85,500 | \$60,266 | \$49,500 | \$80,000 | \$275,266 |
| Total: | \$95,000 | \$150,665 | \$247,500 | \$800,000 | \$1,293,165 |
| 5K | 4 | 5 | 25 | 0 | 34 |
| Discount Total: | \$19,350 | \$13,000 | \$25,000 | \$0 | \$57,350 |
| Total: | \$21,500 | \$32,500 | \$125,000 | \$0 | \$179,000 |
| 1K | 10 | 5 | 7 | 3 | 25 |
| Discount Total: | \$12,150 | \$3,200 | \$2,450 | \$325 | \$18,125 |
| Total: | \$13,500 | \$8,000 | \$12,250 | \$3,250 | \$37,000 |
| Planned Giving Ask | 4 | 10 | 20 | 5 | 39 |
| | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$0 | \$0 | \$0 | \$0 | \$0 |
| # of Proposals = | 30 | 44 | 107 | 100 | 281 |
| Discount Total = | \$319,500 | \$1,326,066 | \$1,520,350 | \$375,325 | \$3,541,241 |
| Total = | \$355,000 | \$3,315,165 | \$7,601,750 | \$3,753,250 | \$15,025,165 |

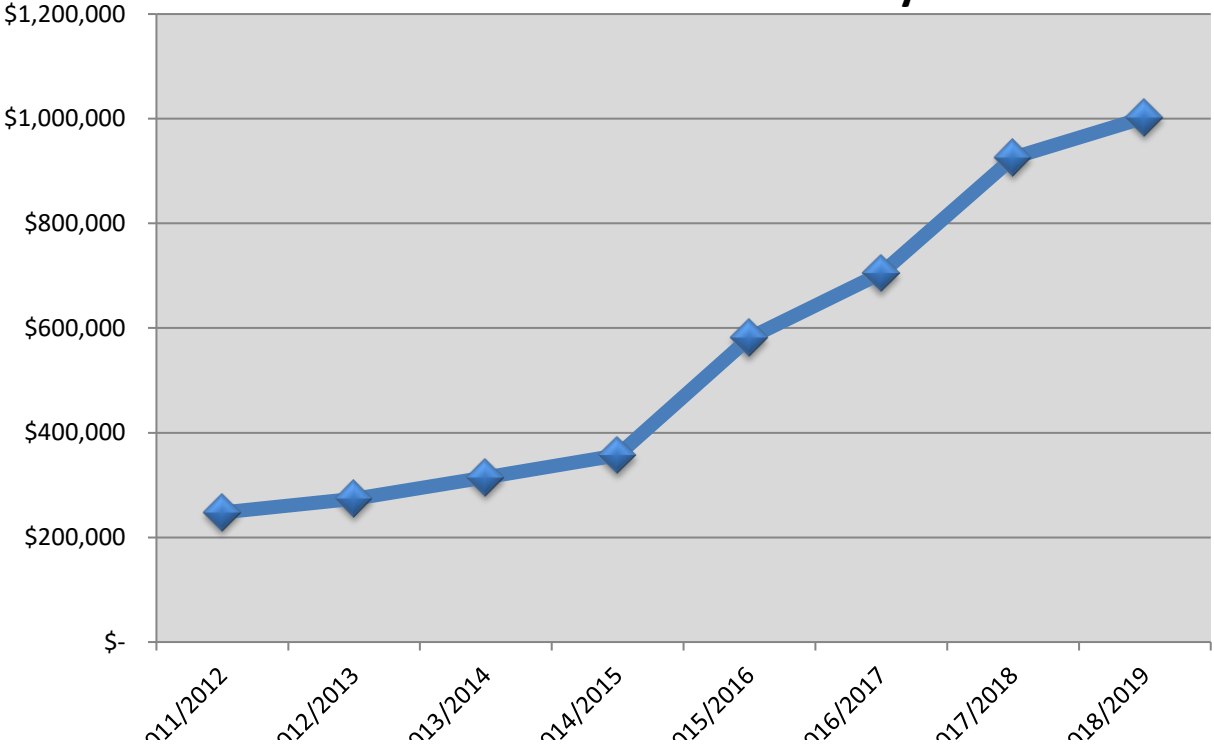
Endowment and Total Portfolio Market Value Increase since inception of Campaign:

| | Endowment | Portfolio | |
|--------------------|------------------|------------------|-------------------------|
| Campaign Inception | 12,081,504.47 | 15,831,521.83 | *balance as of 6/30/10 |
| FY 2011 | 14,495,260.35 | 18,329,846.66 | *balance as of 6/30/11 |
| FY 2012 | 16,654,823.08 | 20,718,996.80 | *balance as of 6/30/12 |
| FY 2013 | \$20,026,499.02 | \$24,720,440.36 | *balance as of 6/30/13 |
| FY 2014 | \$23,283,138.27 | \$25,787,561.23 | *balance as of 6/30/14 |
| FY 2015 | \$25,223,664.95 | \$28,178,680.19 | *balance as of 6/30/15 |
| FY 2016 | \$24,850,920.22 | \$27,050,965.81 | *balance as of 6/30/16 |
| Campaign End | \$25,651,688.51 | \$27,332,734.45 | *balance as of 12/31/16 |
| | | | 112.3% |
| | | | 10% |

| Number of Endowments since inception of Campaign | Total | Scholarships | Departmental Endowments |
|--|---------------|---------------------|--------------------------------|
| Balance as of 7/1/10 | 143 | 99 | 44 |
| Campaign End - December 31, 2016 | 210 | 148 | 62 |
| % increase in number of endowments since inception of Campaign | 47% | 49% | 41% |
| Dollar Value of Endowments since inception of Campaign | Total | Scholarships | Departmental Endowments |
| Balance as of 7/1/10 | 12,081,504.47 | 3,631,268.48 | 8,450,235.99 |
| Campaign End - December 31, 2016 | 25,651,688.51 | 9,518,139.54 | 16,133,548.97 |
| % increase in \$ value of endowments since inception of Campaign | 112% | 162% | 91% |

*run Fundriver report sorted by "Purpose" breakdown to get count and \$

Salem State University Foundation, Inc. Growth of Available Funds from the Endowment to Salem State University



AY 20-

AY 20-

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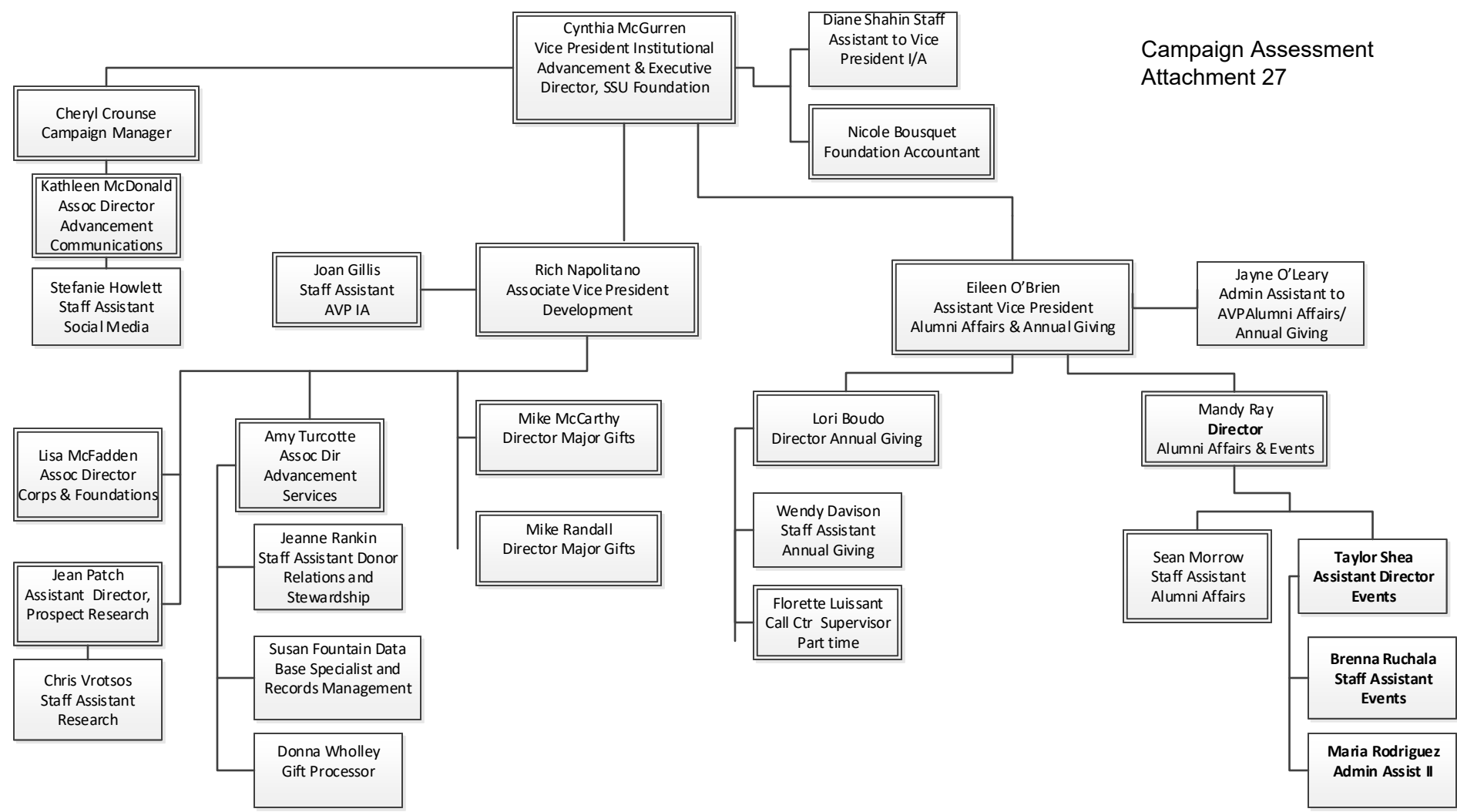
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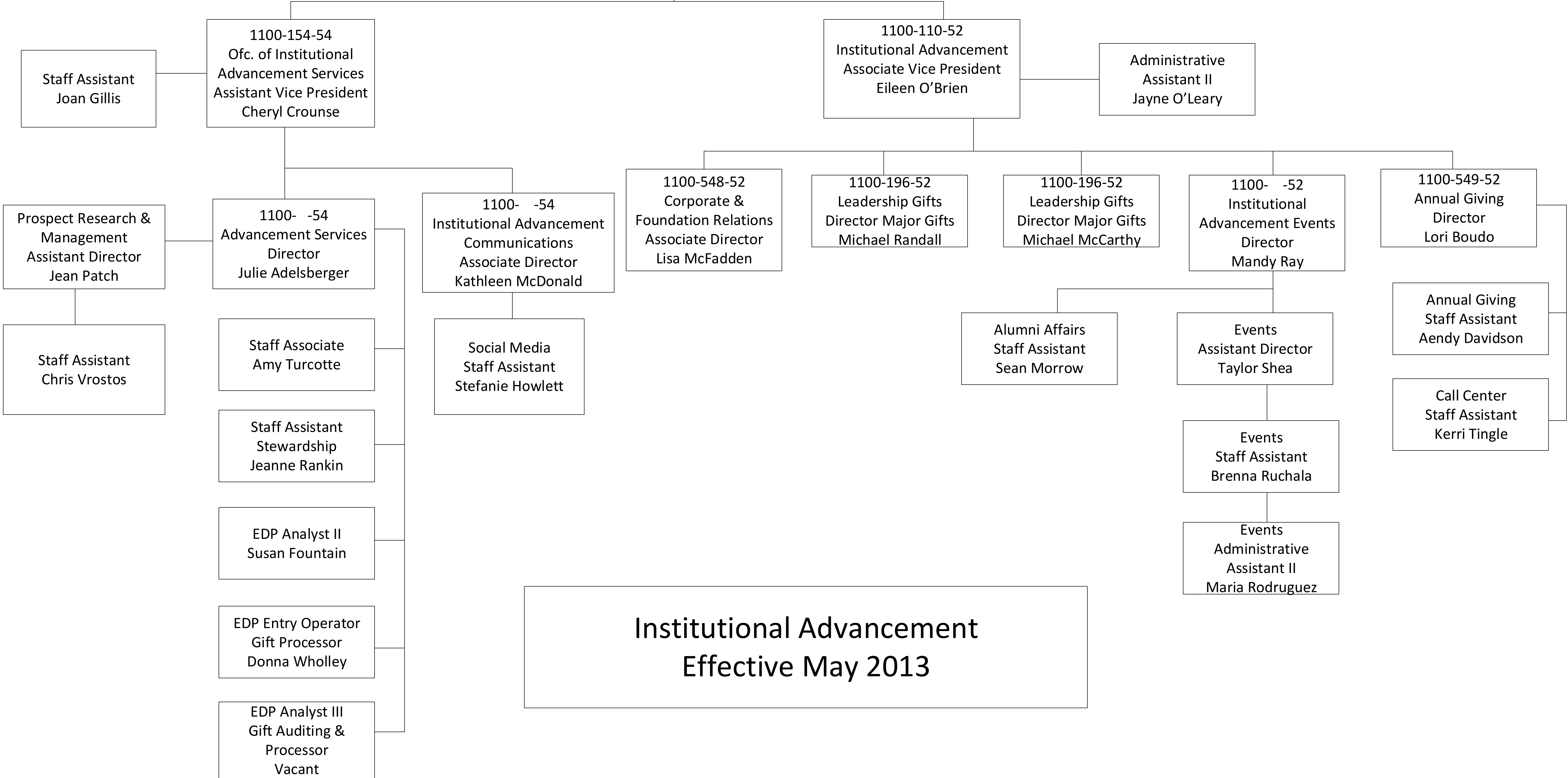
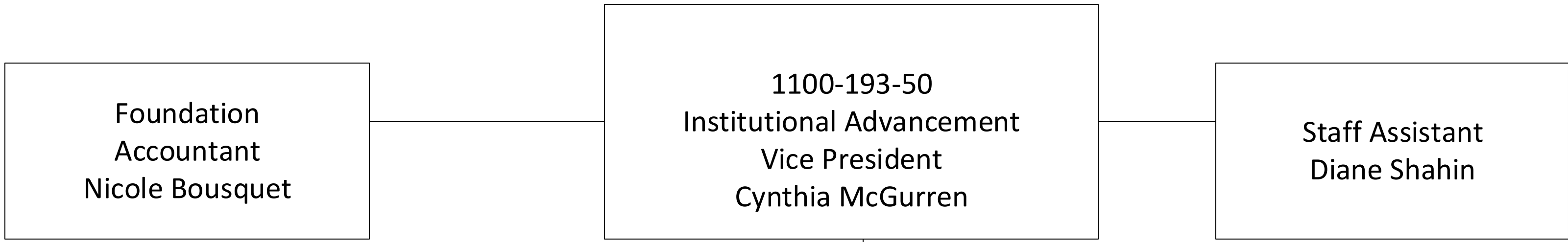


Institutional Advancement

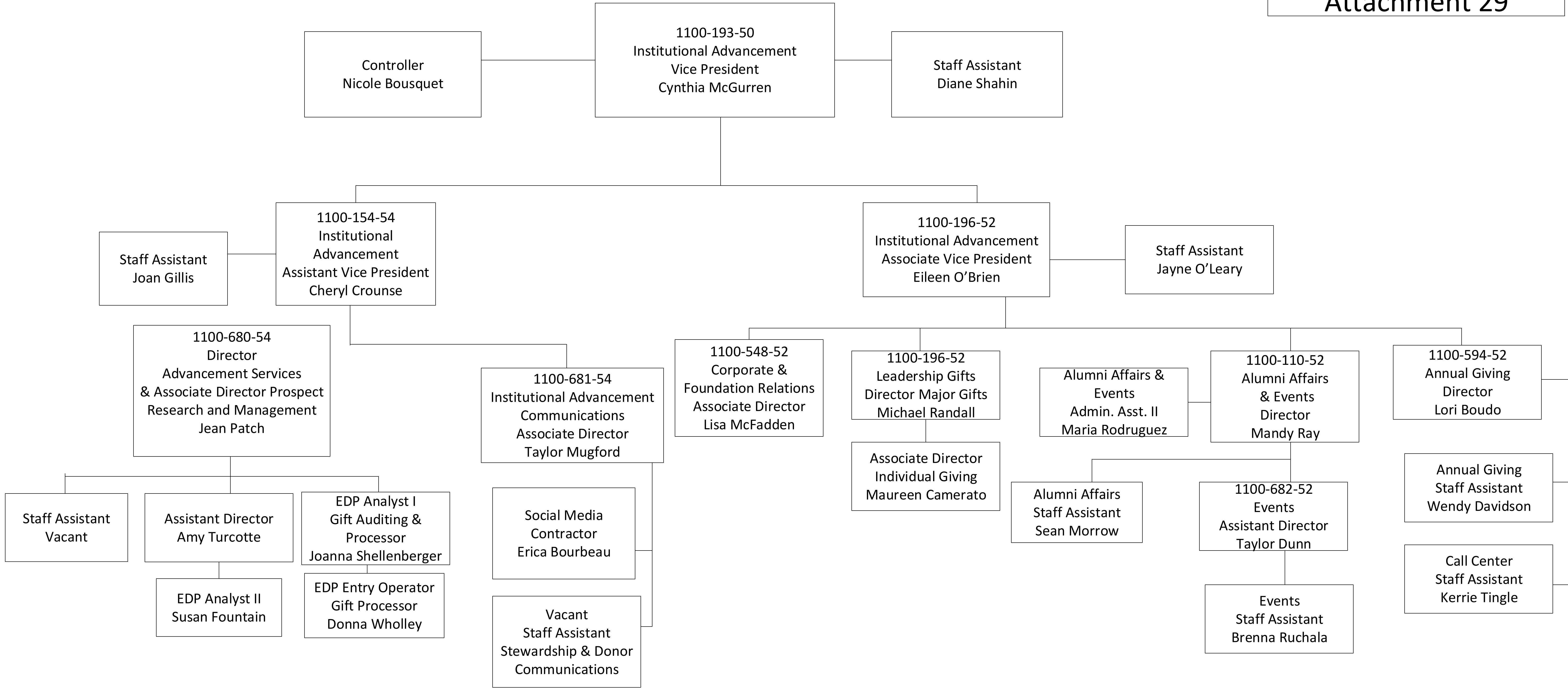
Organization Chart
November 02, 2012

Campaign Assessment Attachment 28

Chartfield Codes
for Funds: 1000,
1100, 1101, 1103



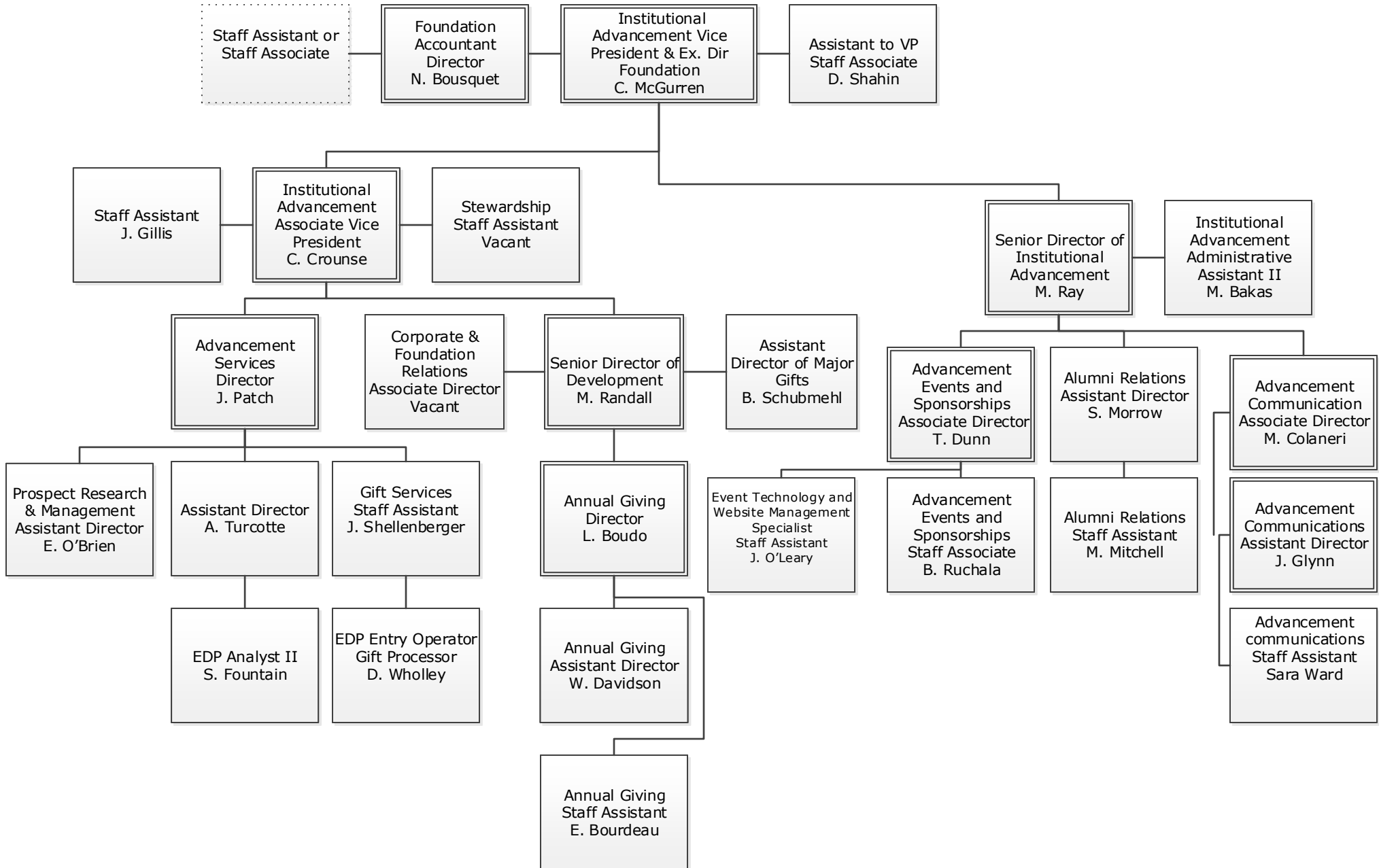
**Campaign Assessment
Attachment 29**



**Institutional Advancement
Effective September, 2015**

Institutional Advancement
January 2018

Campaign Assessment
Attachment 30



Cost Per Dollar raised

University IA fundraising expenses with salaries

| BUDGET SOURCE | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 (12/31/16) |
|---|-----------|-------------|-------------|-------------|-------------|---|--------------------|
| Foundation campaign operating actuals | \$159,016 | \$280,812 | \$123,030 | \$151,590 | \$62,462 | \$15,540 | \$30,146 |
| University IA fundraising salaries + benefits | | \$927,168 | \$1,005,582 | \$949,705 | \$1,029,616 | \$1,066,874 | \$521,499 |
| University IA fundraising support actuals | | \$187,265 | \$196,751 | \$173,677 | \$176,681 | \$183,655 | \$89,331 |
| Total | \$159,016 | \$1,395,245 | \$1,325,363 | \$1,274,972 | \$1,268,759 | \$1,266,069 | \$640,976 |
| | | | | | | 1. Cost of fundraising | \$7,330,400 |
| | | | | | | 2. Total Raised | \$26,500,701 |
| | | | | | | Cost/Dollar Raised (1 divided by 2): | \$0.28 |

Cost Per Dollar raised

| BUDGET SOURCE | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 (12/31/16) | |
|---|-----------|-------------|-------------|-------------|-------------|-------------|---|---------------|
| Foundation campaign operating actuals | \$159,016 | \$280,812 | \$123,030 | \$151,590 | \$62,462 | \$15,540 | \$30,146 | |
| University IA fundraising salaries + benefits | | \$927,168 | \$1,005,582 | \$949,705 | \$1,029,616 | \$1,066,874 | \$521,499 | |
| University IA fundraising support actuals | | \$187,265 | \$196,751 | \$173,677 | \$176,681 | \$183,655 | \$89,331 | |
| Total | \$159,016 | \$1,395,245 | \$1,325,363 | \$1,274,972 | \$1,268,759 | \$1,266,069 | \$640,976 | |
| | | | | | | | 1. Cost of fundraising | \$7,330,400 |
| | | | | | | | 2. Total Raised | \$26,500,701 |
| | | | | | | | Cost/Dollar Raised (1 divided by 2): | \$0.28 |

Timeline of each phase of the 10,000 Reasons campaign

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|---------------------|---------------------------|----------------------------------|-----------------|
| January 2010 - February 2011 | February of 2011 | June 2011 - April 2014 | April 2014 - December 2016 | 12/31/16 |

Timeline to goal for the 10,000 Reasons Campaign

| Date | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 (thru 12.31) |
|-------------------------|-------------|-------------|--------------|--------------|--------------|--------------|----------------------|
| Cumulative goal | \$2,050,000 | \$9,250,000 | \$11,418,466 | \$16,000,000 | \$20,768,998 | \$25,000,000 | \$25,000,000 |
| Dollars raised | \$2,185,493 | \$9,118,466 | \$12,051,456 | \$15,731,002 | \$19,545,726 | \$21,854,347 | \$26,500,701 |
| | | | | | | | \$1,500,701 |
| Actual % to goal | 9% | 36% | 48% | 63% | 78% | 87% | 106% |

Over goal

Timeline - proposed for campaign II

| Pre-planning | Vote of BOT/FND | Quiet Phase | Public Phase | Campaign End |
|------------------------------|--------------------------|-------------------------------|---------------------|-----------------|
| January 2019 - December 2019 | January February 2020 | February 2020 - April 2022 | April 2022 - TBD | TBD |

SUBJECT: Risk Management and Audit Committee Meeting Report for January 24, 2018

The Risk Management and Audit Committee of the Board of Trustees met on Wednesday, January 24, 2018, in the Paul Petrowski Conference Room located in Marsh Hall on the Central Campus of Salem State University.

Present for the Committee: Trustees Lutts (chair), Scott (vice chair), Belsito, DeSimone (via phone), Katzman, Chair Mattera (ex-officio), President Keenan (ex-officio). Also present and participating Vice President House (committee co-liaison), Assistant Vice President Labonte (committee co-liaison), legal counsel Colucci and staff assistant Beaulieu.

Absent for the Committee: None

*In accordance with the Open Meeting Law all votes taken during this meeting, in which a member participated remotely, were by roll call vote.

Trustee Lutts, committee chair, called the meeting to order at 5:26 pm.

Introduction of new General Counsel Rita Colucci and correspondence from Office of Campaign and Political Finance (Attachment A)

Introduced was new General Counsel Rita Colucci. The committee was briefed on the contents of a letter from the Office of Campaign and Political Finance dated December 13, 2017 regarding the use of university public resources and local elections.

Discussion of upcoming accounting standard changes (Attachment B)

Representatives from O'Connor & Drew, the university's external auditing firm, discussed GASB Statement 75 and GASB Statement 87 and its future impact on the university's financials.

Approval of auditors for FY18-20 audits (Attachment C)

The university presented a recommendation for appointment of auditors to perform audit services for FY2018 through FY2020.

Trustee Katzman **MOVED** that the Risk Management and Audit Committee hereby recommends the Board of Trustees approve the following motion pertaining to the appointment of O'Connor & Drew. **SECONDED** by Trustee Scott:

Recommended motion

The Board of Trustees of Salem State University hereby approves the appointment of O'Connor & Drew, PC to perform audit services for FY2018 through FY2020 at the following costs for the base audit:

| <u>Year</u> | <u>Base</u> | <u>MOSFA (State Aid)</u> |
|-------------|-------------|--------------------------|
| FY2018 | \$79,600 | N/A |
| FY2019 | \$82,000 | N/A |
| FY2020 | \$84,400 | \$5,000 |

The above base price includes the cost of auditing one major federal program, whereas any additional major programs to be audited are \$4,500 per program to be tested during the Single Audit phase of the engagement.

The university administration is hereby authorized to do all things and take all actions deemed necessary to implement this decision.

Voting for the motion: DeSimone, Katzman, Lutts and Scott
Voting against the motion: None

State Audit July 1, 2014 – June 30, 2016 (Attachment D)

Questions were entertained regarding the official state audit report issued November 13, 2017 pertaining to Salem State University for the period July 1, 2014 – June 30, 2017 and a summary of the audit results provided in the mailing. The university is implementing recommended actions.

Massachusetts Office of Student Financial Assistance (MOSFA) audit June 30, 2017 (Attachment E)

The university’s final Massachusetts Office of Student Financial Assistance (MOSFA) report showed no findings.

Jeanne Clery Disclosure of Campus Security Policy and Campus Crimes Statistics Act (Attachment F)

The university’s 2016 Annual Security Report and Fire Safety Report was submitted on time. A review with peer institutions is conducted by the university.

Executive session

Trustee Scott **MOVED** and Trustee Katzman **SECONDED** a motion to enter into executive session in accordance with General Laws, Chapter 30A, for the purpose of discussing deployment of security forces or devices, or strategies with respect thereto, and litigation update. A roll call vote was taken at 5:58 pm and it was unanimous to enter into executive session.

Voting in the affirmative: DeSimone (via phone), Katzman, Lutts and Scott
Voting against: None

Trustee Scott **MOVED** and Trustee Lutts **SECONDED** a motion to exit executive session in accordance with General Laws, Chapter 30A. A roll call vote was taken 6:24 pm and it was unanimous to exit executive session.

Voting in the affirmative: DeSimone (via phone), Katzman (via phone), Lutts and Scott

Voting against: None

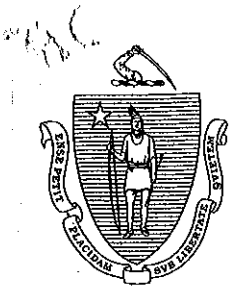
There being no further business to come before the committee, Trustee Scott moved and Trustee Lutts seconded a motion to adjourn.

MOTION: to adjourn the meeting.

On a voice vote, the motion passed unanimously.

The meeting adjourned at 6:25 pm.

Prepared by: D. Beaulieu, staff assistant, finance and facilities



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CAMPAIGN & POLITICAL FINANCE

ONE ASHBURTON PLACE, ROOM 411
BOSTON, MASSACHUSETTS 02108

MICHAEL J. SULLIVAN
DIRECTOR

TEL: (617) 979-8300
(800) 462-OCPF
FAX: (617) 727-8549

December 13, 2017

John D. Keenan, President
Salem State University
331 Lafayette Street, Third Floor
Salem, MA 01970

Re: Use of Public Resources; CPF 17-124

Dear President Keenan:

This office has completed its review of a complaint we received which alleged that public resources were used for political purposes. The complaint alleged that Salem State University (the "University") resources, in the form of an email server, computer, and staff time, were used to distribute information relating to the November 7, 2017 election, specifically the Salem mayoral race and a ballot question.

On October 18, 2017, the University utilized a computer, an email list, and an employee's staff time to email first year students. While the email from the University's First Year Experience Office addressed five separate topics (deadlines, advising, downtown Salem, the upcoming election, and scholarships), it did reference the re-election of Salem Mayor Kim Driscoll and appeared to promote the passage of Question 1.

However, prior to being contacted by OCPF about this issue, the University sent emails on October 26 and October 31, 2017 to the entire campus community recognizing that the original email "did not meet the expectation of neutrality that we must uphold as a public institution."

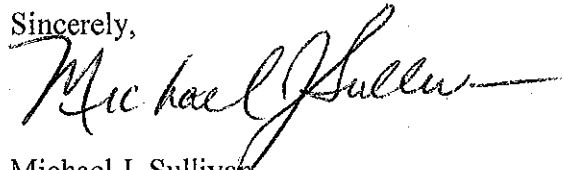
In Anderson v. City of Boston, 376 Mass. 178 (1978) appeal dismissed, 439 U.S. 1069 (1979), the Supreme Judicial Court concluded that the City of Boston could not appropriate funds, or use funds previously appropriated for other purposes, to influence a ballot question submitted to the voters at a state election. The court stated that the campaign finance law, M.G.L. c. 55, demonstrates an intent "to assure fairness of elections and the appearance of fairness in the electoral process" and that the law should be interpreted as prohibiting the use of public funds "to advocate a position which certain taxpayers oppose." 376 Mass. at 193-95. Accordingly, this office has stated that public resources may not be used to influence an election. Public resources include, but are not limited to, staff time and the use of a University-owned computer. Even the occasional, minor use of public resources for a political purpose is inconsistent with state law and should be avoided. See IB-91-01 and 04-01.



The use of public resources – including staff time, email lists, and a computer – to email first year students regarding the mayoral race and the ballot question did not comply with the campaign finance law. However, because the University realized its error and took corrective action prior to being notified by OCPF, and because we believe that this letter will ensure future compliance with the campaign finance law, OCPF has determined that no further action is warranted and this matter may be closed at this time.

The information contained in this letter is limited in scope to the campaign finance law. You should be aware, however, that issues relating to the use of public resources for political purposes may also raise issues under the conflict of interest law, which is administered by the State Ethics Commission. In accordance with the opinion of the Supervisor of Public Records, this letter is a matter of public record. A copy is being provided to the person(s) who brought this matter to our attention.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Sullivan". The signature is written in a cursive style with a horizontal line extending to the right.

Michael J. Sullivan
Director

MJS/mj

To: Risk Management and Audit Committee

From: Karen P. House, vice president for finance and facilities

Subject: Discussion of accounting standard changes

Date: January 10, 2017

Several new accounting standards will significantly change Salem State University's financial statements in the future. We have asked our audit team from O'Connor and Drew, led by partner David DiIulis, to present information and answer questions.

The topics to be covered include:

GASB Statement 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (effective for periods beginning after June 15, 2017, or Salem State's FY2018)

GASB Statement 87 – Leases (effective for periods beginning after December 15, 2019, or Salem State's FY2021)

Salem State University

Risk Management and Audit Committee

January 24, 2018

25 Braintree Hill Office Park, Suite 102
Braintree, MA 02184
617.471.1120

GASB Statement 75, *Financial Reporting for Postemployment Benefits Other Than Pensions*

- Effective for periods beginning after June 15, 2017 (this year's audit engagement)
- Objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. (specifically for Massachusetts, health and life insurance for retirees).
- Establishes standards for recognizing and measuring liabilities, deferred outflow of resources, deferred inflows of resources, and expense for postemployment benefits ("OPEB")
- Calculation and financial reporting is similar to GASB 68 – Pensions
- An actuary will calculate the liability of the plan
- Report from actuary was issued on November 19, 2017

GASB Statement 75, *Financial Reporting for Postemployment Benefits Other Than Pensions*

- Implementation of GASB 75 will require a prior period adjustment to recognize the liability as of July 1, 2017
- The initial report from the actuary indicated a projected June 30, 2017 net OPEB liability of \$19.775 billion for the Commonwealth of Massachusetts which includes all the component units (see attached)
- The next step would be for the plan to be audited by KPMG (assuming the State uses the same firm as the pension plan audit)
- Once the net OPEB liability has been audited, the State of Massachusetts will allocate the liability to the Commonwealth as well as to each component unit of the State

GASB Statement 75, *Financial Reporting for Postemployment Benefits Other Than Pensions*

- Using the same allocation methodology as GASB 68, and, assuming that the liability is as noted above, Salem State University could potentially have a restatement to its unrestricted net position of approximately \$74 million dollars.
- The University's projected restated net unrestricted position at June 30, 2017 could potentially be as follows:

| | |
|--|-------------------------------|
| • Net position, June 30, 2017 | \$(26,419,839) |
| • Restatement for OPEB liability (estimated) | <u>74,000,000</u> |
| • Restated Net Position at June 30, 2017 (estimated) | <u>\$(100,419,839)</u> |

GASB Statement 87, *Leases*

- Effective for periods beginning after December 15, 2019 (fiscal year June 30, 2021).
- The objective of this Statement is to improve accounting and financial reporting for leases by governments.
- Currently, leases that meet the capital lease test in which the lessee has ownership rights are recognized on the balance sheet. Leases that do not meet the capital lease test are not recognized on the balance sheet but the terms are disclosed within the notes to the financial statements
- A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (e.g. building) for a period of time in an exchange or exchange like transaction

GASB Statement 87, *Leases*

- GASB 87 will require lessees to recognize on their Statement of Net Position a lease liability and an intangible right-to-use the lease asset. Lessors will recognize a lease receivable and a deferred inflow of resources.
- Lessee records a lease liability for the present value of payments expected to be made during the lease term, less any lease incentives. The leased asset is measured at the amount of the lease liability, plus any payments made to the lessor at or before commencement of the lease term and any other direct costs associated with the lease.
- Standard also requires significant note disclosures for lessees including:
 - General description of lease arrangement
 - Total amount of leased assets and related accumulated amortization
 - Total amount of leased assets by major class of underlying assets
 - Amount of outflow of resources recognized in the reporting period
 - Principal and interest payments required to maturity
- Leases with terms of less than twelve months will not be required to be recognized on the balance sheet under GASB 87

GASB Statement 87, *Leases*

- The provisions of the statement will be applied retroactively by restating financial statements for all prior periods presented.

- Preparing for Implementation
 - One major concern will be the handling of various items that the University pays MSCBA for related to the use of the dormitories, parking garage and athletic fields. At June 30, 2017, the outstanding value of payments due for the use of these capital items approximate \$190 to \$195 million which may in all likelihood be added as an asset and a related liability to the University's Statement of Net Position.
 - Identify population of leases-typically currently identified as operating leases
 - Summarize leases noting:
 - General description of lease
 - Commencement Date
 - Initial Term
 - Options
 - Payment schedule
 - Determine interest rate
 - Determine present value

 REQUEST FOR TRUSTEE ACTION

Date: January 10, 2018
To: Risk Management and Audit Committee
From: Karen P. House, vice president for finance and facilities
Subject: Appointment of audit firm for FY2018 through FY2020
Requested Action: Approval

MOTION

The Risk Management and Audit Committee recommends that the Board of Trustees approve the following motion pertaining to the audit firm for FY2018 through 2020.

Recommended motion

The Board of Trustees of Salem State University hereby approves the appointment of O'Connor & Drew, PC to perform audit services for FY2018 through FY2020 at the following costs for the base audit:

| <u>Year</u> | <u>Base</u> | <u>MOSFA (State Aid)</u> |
|-------------|-------------|--------------------------|
| FY2018 | \$79,600 | N/A |
| FY2019 | \$82,000 | N/A |
| FY2020 | \$84,400 | \$5,000 |

The above base price includes the cost of auditing one major federal program, whereas any additional major programs to be audited are \$4,500 per program to be tested during the Single Audit phase of the engagement.

The university administration is hereby authorized to do all things and take all actions deemed necessary to implement this decision.

Background

On April 1, 2016, the Board of Trustees approved appointing Cohn Reznick LLP as auditors for FY16 (7/1/15 – 6/30/16) as part of a contract intended to have a three-year term, with two allowable one year renewals. That contract resulted from a collaborative procurement process with sister state universities and community colleges. Cohn Reznick LLP performed the audit for FY16 without incident. However, on approaching the FY17 audit, due to significant personnel turnover at Cohn Reznick, on June 7, 2017 the Board of Trustees approved replacing the firm with O'Connor and Drew PC. O'Connor and Drew PC had been a strong finalist in the original procurement and was a predecessor auditor for the university. The June 7, 2017 motion was for a one-year appointment. At this time, the university recommends continuing audit services with O'Connor and Drew PC and entering into a contract for three years (audits of FY18, FY19, and FY20.)

Committee Assigned: Risk Audit and Management

Committee Action: Approved

Date of Action: January 24, 2018

Trustee Action:

Trustee Approval Date:

Effective Date:

Signed: _____

Title: _____

Date: _____

To: Risk Management and Audit Committee

From: Karen P. House, vice president for finance and facilities

Subject: State Audit July 1, 2014 – June 30, 2016

Date: January 10, 2017

Below is a summary of the state audit results as recently conveyed to the campus community. Attachment D includes the full report with management's response. During the RMA meeting we will discuss the audit and address any questions you may have.

Dear Faculty and Staff,

The Office of the State Auditor issued its report, dated November 13, 2017, of a performance audit at Salem State University between July 1, 2014 through June 30, 2016. Such audits are routine for state institutions, and they provide an important function in identifying opportunities for improvement.

As we all have an interest in the strength of our university's performance, I wanted to share this audit with you while summarizing some of its key findings.

Strong Management of our Pro-Card Program; Improvements Needed Related to Fuel Cards

The university spent \$21.9 million through our procurement card program during the audit period. The auditors found that pro-card expenditures were properly approved, business related, supported by adequate documentation, and compliant with applicable policies and procedures. Given the amount of pro-card purchases made during this time period – nearly \$22 million – we are particularly satisfied with these positive findings.

The audit highlighted the need for better controls in our fuel card program, which accounted for \$124,000 during the two-year audit period. Steps have been taken to address these issues, including creating a formal policy addressing the areas of audit concern, re-issuing fuel cards along with signed statements of responsibility and accountability, and exploring how to improve fuel card transaction reports.

Tracking Information Technology Equipment

The state audit examined how the university tracks and inventories IT equipment and found deficiencies. As part of this evaluation, auditors tested 65 items based on a statistically drawn sample from the IT inventory list. They were able to physically find 63 of the 65 items. In addition, 24 of 25 items that auditors selected to trace back to the inventory list were successfully traced back to this list.

The audit identified that the university's process of taking an inventory of IT equipment and data entering locations when an item is moved needs improvement to ensure IT equipment is accurately accounted for and properly safeguarded; these efforts are underway.

The audit also identified improvements needed in our process for reporting missing or stolen IT equipment to the state. This has been assigned to the university's General Counsel.

Salem State University Assistance Corporation (SSUAC)

After testing 100 percent of the property acquisitions made by the SSUAC since 1994, the audit concluded that transactions between the university and the SSUAC were reasonable and allowable. There were no reportable problems found in the remainder of audit work regarding the SSUAC.

Read the Audit Report

This summary is not exhaustive and I encourage you to read the full report and contact me with any questions. You can find the audit report by [clicking here](#).

Thank you,

Scott James, Executive Vice President
sjames@salemstate.edu, 978.542.6243

Karen House, Vice President of Finance and Facilities
khouse@salemstate.edu, 978.542.6120

Karen House

From: Office of State Auditor Suzanne M. Bump
<OfficeofStateAuditorSuzanneM.Bump@MassMail.State.MA.US>
Sent: Monday, November 13, 2017 10:03 AM
Subject: Salem State University Audit Report Number 2017-0184-3E
Attachments: Audit Report - Salem State University.pdf

Attached is Auditor Suzanne M. Bump's audit report of Salem State University.

During the audit period of July 1, 2014 and June 30, 2016, it was found that Salem State did not conduct complete annual inventories of its IT assets, and its inventory records contained inaccuracies.

It was also found that Salem State University did not file the required reports on unaccounted-for losses. SSU also did not ensure that fuel purchases being made by staff were cost effective and proper.

Additionally, the Salem State University Assistance Corporation was also examined, but no reportable problems were found.

You are receiving this email because of your position as an elected official, policy expert, or stakeholder with an interest in this topic.

If you would like more information or have questions, please email Director of External Affairs, [Betsy Wall](#).

--

Office of State Auditor Suzanne M. Bump
State House
Room 230
Boston, MA 02133
617.727.2075
[Sign up for the OSA Newsletter](#)



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued November 13, 2017

Salem State University

For the period July 1, 2014 through June 30, 2016





November 13, 2017

Mr. John Keenan, President
Salem State University
352 Lafayette Street
Salem, MA 01970

Dear President Keenan:

I am pleased to provide this performance audit of Salem State University. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2014 through June 30, 2016. My audit staff discussed the contents of this report with management of the university, whose comments are reflected in this report.

I would also like to express my appreciation to Salem State University for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read 'SMB', is positioned above the typed name of the auditor.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Paul Mattera, Chair of the Board of Trustees, Salem State University
Gordon Hall, Chair of the Board of Directors, Salem State University Assistance Corporation
Chris Gabrieli, Chair of the Massachusetts Board of Higher Education

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

OVERVIEW OF AUDITED ENTITY 3

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY 4

DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE..... 9

 1. Salem State University did not conduct complete annual inventories of its information technology assets, and its inventory records contained inaccuracies. 9

 2. SSU did not file required reports on unaccounted-for losses. 11

 3. SSU did not ensure that fuel purchases made by its staff were cost effective and proper..... 12

OTHER MATTERS 16

LIST OF ABBREVIATIONS

| | |
|--------|---|
| IT | information technology |
| ITRM | Information Technology Resource Management System |
| OSA | Office of the State Auditor |
| P-Card | procurement card |
| SSU | Salem State University |
| SSUAC | Salem State University Assistance Corporation |

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted an audit of Salem State University (SSU) for the period July 1, 2014 through June 30, 2016. In testing SSU’s information technology (IT) equipment inventory, we expanded the audit period through December 16, 2016.

In this performance audit, we examined SSU’s activities related to the inventory of its IT assets, its compliance with the reporting requirements of Chapter 647 of the Acts of 1989, and its use of credit cards. In addition, we reviewed certain activities of the Salem State University Assistance Corporation to determine whether its activities complied with applicable laws and regulations.

Below is a summary of our findings and recommendations, with links to each page listed.

| | |
|--|---|
| <p>Finding 1 Page 9</p> | <p>SSU did not conduct complete annual inventories of its IT assets, and its inventory records contained inaccuracies.</p> |
| <p>Recommendations Page 10</p> | <ol style="list-style-type: none"> 1. SSU should conduct the required annual inventory of all IT assets. 2. SSU should allocate the necessary resources to ensure the completion of the required annual inventory process, including updating the inventory list as needed each year. 3. SSU should determine whether an automated solution, such as barcode scanning with an automated upload of information into the system of record, is a viable option. 4. SSU should develop and implement a defined policy and detailed procedure for the relocation of IT assets. |
| <p>Finding 2 Page 11</p> | <p>SSU did not file required reports on unaccounted-for losses.</p> |
| <p>Recommendations Page 12</p> | <ol style="list-style-type: none"> 1. SSU should develop and implement policies, procedures, and monitoring controls to ensure that all unaccounted-for variances, losses, shortages, and/or thefts of funds or property are immediately reported to OSA. 2. SSU should designate an individual with the responsibility of ensuring that all unaccounted-for variances, losses, shortages, and thefts of funds or property are immediately reported to OSA. |

| | |
|---|---|
| Finding 3 Page <u>12</u> | SSU did not ensure that fuel purchases made by its staff were cost effective and proper. |
| Recommendations Page <u>14</u> | <ol style="list-style-type: none"><li data-bbox="440 346 1421 556">1. SSU should develop and implement a comprehensive fuel card policy and related procedures that ensure accurate and efficient use of its fuel card program. At a minimum, it should address supporting documentation for transactions, accurate entry of odometer readings at the time of fueling vehicles, logs to record purchases of fuel for cards that are not assigned to a vehicle, grade of fuel to be purchased, and management monitoring.<li data-bbox="440 556 1421 682">2. Management should perform a risk assessment of its fuel card program to determine the notifications it should receive from the WEX Inc. system. These notifications should include parameters for fuel type and gallons per transaction.<li data-bbox="440 682 1421 840">3. SSU should use WEX system reports and the related fuel transaction data to monitor and properly administer staff fuel use to ensure that all fuel purchases are proper and as economical as possible. When irregularities are detected, SSU staff members should investigate the transactions and resolve them appropriately. |

OVERVIEW OF AUDITED ENTITY

Salem State University (SSU) is authorized by Section 5 of Chapter 15A of the Massachusetts General Laws and operates under the direction of a board of trustees. The board operates under the regulations promulgated by the state's Board of Higher Education. This includes, as the board's primary responsibilities, setting policy, approving annual budgets, awarding degrees in approved fields, and recommending senior staff members for vacant positions. SSU is administered by a president, who reports to the board of trustees.

SSU is a member of the Massachusetts public higher-education system, which consists of 15 community colleges, 9 state universities, and the University of Massachusetts. It is an accredited public four-year undergraduate and graduate institution, established in 1854, and is located at 352 Lafayette Street in Salem. In the fall 2016 semester, SSU had a total student enrollment of 9,001 (7,346 in the undergraduate program and 1,655 in the graduate program), making it one of the largest state universities in Massachusetts.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of Salem State University (SSU) for the period July 1, 2014 through June 30, 2016. In testing SSU's information technology (IT) equipment inventory, we expanded the audit period through December 16, 2016.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

| Objective | Conclusion |
|---|--|
| 1. Is SSU's IT equipment accurately accounted for and properly safeguarded? | No; see Finding 1 |
| 2. Does SSU comply with the requirements of Chapter 647 of the Acts of 1989 in reporting stolen and/or missing property? | No; see Finding 2 |
| 3. Are procurement card (P-Card) expenditures properly approved, business related, supported by adequate documentation, and compliant with applicable policies and procedures? | Yes |
| 4. Has SSU established adequate internal controls to ensure the integrity of its fuel card program, including eliminating card misuse, fraud, and other forms of waste and abuse? | No; see Finding 3 |
| 5. Were transactions between SSU and its related party, the Salem State University Assistance Corporation (SSUAC), reasonable and allowable? | Yes; see Other Matters |

To achieve our audit objectives, we gained an understanding of internal controls and tested their operating effectiveness over the inventory of IT assets, P-Card transactions, SSUAC related-party transactions and conflicts of interest, and SSUAC administrative expenditures.

IT Inventory

To gain an understanding of SSU's inventory process, we reviewed SSU's policies and procedures and interviewed the chief information officer, the Information Technology Department's physical inventory coordinator, and other staff members who were involved in SSU's inventory process for IT equipment.

We requested, obtained, and examined inventory records to verify the existence of a sample of inventory items and the accuracy of the inventory list. Specifically, we selected a statistical random sample, with a 95% confidence level, of 65 of the 3,982 IT items on SSU's inventory list; verified the existence of each item; and determined whether each item was properly tagged with an SSU asset identification number and accurately recorded on the inventory list. We also analyzed the "physically verified date" field on SSU's inventory list, which indicates the last date when an inventory or physical observation of the asset was conducted, to determine whether an annual physical inventory was performed according to SSU policy.

During the audit period, SSU disposed of 1,295 IT items that it categorized as surplus. We randomly selected a nonstatistical sample of 45 of these items to verify that (1) the disposals were performed in accordance with SSU policy and the state Operational Services Division's regulations, including obtaining approval from the State Surplus Property Office before disposal, and (2) the university's inventory list had been properly updated to account for the items that had been disposed of.

Chapter 647

We gained an understanding of SSU's reporting process under Chapter 647 by interviewing the university's general counsel and vice president of administration, its chief information officer, and its chief of campus police. To determine whether SSU complied with reporting requirements, we requested and obtained a system-generated list of assets that were lost or stolen during the audit period. We reconciled the list to the Chapter 647 reports submitted by SSU to OSA. We also reviewed campus police incident reports from the audit period to determine whether there were any variances, losses, shortages, or thefts of funds or property that had not been reported to OSA.

P-Card Expenditures

To gain an understanding of SSU's process for P-Card expenditures, we reviewed SSU's policies and procedures and interviewed the associate vice president of Business Affairs, the director of Purchasing and Materials Management, and the procurement systems manager.

We requested and obtained a list of all of SSU's P-Card transactions from the audit period from JP Morgan Chase's electronic accounting system. Total P-Card activity for the audit period consisted of 43,972 P-Card transactions, totaling \$21,944,482.67. We performed analytical procedures on all transactions to examine the types and dollar values of all SSU's P-Card purchases. We used this information to identify any transactions that were prohibited by SSU's and the Office of the State Comptroller's P-Card Program policies.

We grouped, or stratified, the P-Card transaction data into different ranges of transaction amounts. We identified seven transactions for amounts greater than \$80,000. The remaining transactions were less than \$80,000 each. We tested all seven of the transactions that were more than \$80,000. We then selected a random statistical sample with 90% confidence and a 0% expected error rate from the remaining population for testing. More specifically, using data analytics software called Audit Control Language, we selected 50 P-Card transactions and reviewed their supporting documentation to determine whether they were properly approved, were supported by adequate documentation, and appeared to be legitimate and in the ordinary course of business.

Fuel Card Program

SSU's fuel card program, currently operated by WEX Inc., allows certain university employees to use fuel cards to purchase fuel for college vehicles and equipment. According to SSU's staff, WEX issues cards, retrieves transaction data, issues monthly invoices, and supplies customer service and fraud protection as part of its services. SSU has access to WEX's database so it can analyze transaction data, request information, cancel or request cards, set card parameters, and change card users' personal identification numbers.

To gain an understanding of the university's process for the use of fuel cards, we interviewed the associate vice president of Business Affairs and the fuel card program administrator. We obtained a list of all of SSU's fuel card transactions for the audit period from the WEX electronic accounting system. We

reviewed and analyzed all transactions to assess spending patterns and identified any unusual transactions to determine compliance with SSU's established practices.¹

Related-Party Transactions

To determine whether any related-party transactions existed within SSUAC's real-estate transactions and, if so, whether they were reasonable and allowable, we examined all five acquisitions made by SSUAC since its creation in 1994. We reviewed supporting documentation to verify that none of the property sellers was a previous or current SSU or SSUAC board member and that each sale price was consistent with the appraised value of the property. We also reviewed board members' files to determine whether conflict-of-interest statements had been received from board members.

Data Reliability

We determined the reliability of data obtained from SSU's Information Technology Resource Management System (ITRM), the system of record for its IT equipment, by comparing ITRM reports to other sources for agreement and by testing certain general IT controls using questionnaires, interviews, and observations. We determined that the data were sufficiently reliable for the purposes of this audit.

To determine the completeness of SSU's inventory list, we selected a judgmental sample of 25 IT items from different locations on the SSU campus to determine whether each item was correctly recorded on the inventory list. In addition, to ascertain whether new asset purchases were correctly added to the inventory list and tracked, we selected a judgmental sample of 25 IT equipment vendor invoices from the audit period and compared them to the items on the inventory list.

To determine the completeness and accuracy of the university's surplus list, we compared the items on the list to the invoices of the vendor that had been hired to dispose of them. However, the vendor invoices only listed the number of items and their weight and gave generic descriptions (e.g., "mixed electronics"). Therefore, we were not able to reconcile the items on the invoices to the items on SSU's surplus list.

We analyzed data stored in both JP Morgan Chase's electronic accounting system (for P-Card transactions) and WEX's electronic accounting system (for fuel card transactions) by performing additional validity and integrity tests, including (1) testing for missing data and (2) scanning for duplicate

1. Unusual transactions included transactions that exceeded the capacity of a vehicle's tank, incorrect odometer reading entries, purchases of premium-grade gasoline, and purchases of diesel fuel for vehicles with gasoline engines.

records. We also matched monthly credit card statement totals to the electronic data provided to us for accuracy. Based on the analyses conducted, we determined that the data obtained from these systems were sufficiently reliable for the purposes of this audit.

We determined the reliability of data obtained from QuickBooks, SSUAC's electronic accounting system, by tracing certain electronic transactions to original source documents as well as performing other electronic tests of data and making relevant inquiries. We determined that the data from the system were sufficiently reliable for the purposes of this audit.

For all areas other than IT equipment and P-Card transactions, we used nonstatistical sampling and did not project the results of our audit tests to the total populations.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Salem State University did not conduct complete annual inventories of its information technology assets, and its inventory records contained inaccuracies.

Salem State University (SSU) did not conduct a complete annual inventory of all its information technology (IT) assets during our audit period. In addition, some assets could not be located, others were found in different locations from the ones on the inventory list, and some items' recorded physical inventory dates were missing or indicated that they had not been inventoried in several years. As a result, SSU cannot be certain that all its IT assets are adequately safeguarded against abuse and misuse or that it can effectively detect lost, missing, or stolen items.

Although it made periodic checks of some assets, SSU did not confirm the existence of all IT inventory items annually. SSU gave us its then-current IT inventory list, which included items with costs greater than or equal to \$1,000 and all of SSU's computers regardless of cost. The list, dated December 16, 2016, contained 3,982 items, valued at \$4,832,814. The "physically verified date" field on the list, showing the most recent inventory date, indicated that 1,907 items, valued at \$2,373,518 (49% of the total value), had not been inventoried in the past year. Some of the 1,907 had not been inventoried since as far back as 2012. Furthermore, we were unable to determine the last time 517 other items, valued at \$471,938 (10% of the total value), had been inventoried because the "physically verified date" fields on the inventory list were blank.

In addition, the university's inventory of IT equipment was inaccurate. We selected a statistical sample of 65 IT items from SSU's inventory list to physically locate. Two of these assets could not be located, and 7 others were found in different locations from those on the inventory list. In addition, to determine the completeness of the inventory list, we judgmentally selected 25 assets on the campus and determined whether they appeared on the list. One of them did not. Three others were found in locations other than the ones on the list.

Authoritative Guidance

SSU's IT Equipment and Technology Inventory Quality Control Policy requires an annual inventory of all IT items with costs greater than or equal to \$1,000, as well as all computers regardless of cost. The

Office of the State Comptroller's Accounting and Management Policy also requires an annual physical inventory.

Reasons for Noncompliance and Inaccurate Inventory

SSU IT officials told us that the current IT inventory system, developed in house more than 10 years ago, is outdated and that the university needs a commercial system for added support. The current Web application used exclusively by the Information Technology Department for inventory management has barcode scanning capabilities, but SSU has not implemented this feature. A mobile barcode reader would help improve efficiency, save time, and reduce errors. The officials also stated that the university lacks sufficient staffing resources to conduct a complete annual inventory.

In addition, SSU does not have a defined policy or detailed procedure for IT asset relocation. The IT staff explained that when equipment is moved to a different location, staff members are expected to notify the Information Technology Department, and the Information Technology Department is supposed to physically move the asset and update the inventory list. However, some departments have their own technology assistants, who do not report to the Information Technology Department and who occasionally move equipment without notifying the department.

SSU's IT staff members could not explain the missing items.

Recommendations

1. SSU should conduct the required annual inventory of all IT assets.
2. SSU should allocate the necessary resources to ensure the completion of the required annual inventory process, including updating the inventory list as needed each year.
3. SSU should determine whether an automated solution, such as barcode scanning with an automated upload of information into the system of record, is a viable option.
4. SSU should develop and implement a defined policy and detailed procedure for the relocation of IT assets.

Auditee's Response

In order to comply with the audit recommendations, auditee has started a search for a professional asset management software package that has the ability to use barcode scanning. Auditee intends to utilize this software to help with conducting the annual IT asset inventory process in a timely fashion, reduce input errors, better track assets, and enforce policy. Auditee intends to install an appropriate product within this fiscal year. In addition, auditee will reallocate

resources as needed to conduct and complete the IT asset inventory as prescribed by auditee's policy.

Auditee will develop a policy and procedure for the allocation and relocation of IT assets that complies with the audit recommendations and is supported by the asset management software. Auditee will update the IT asset inventory policy to more closely reflect the Commonwealth's policy on IT assets by removing more stringent activities that do not represent good value for the university and Commonwealth.

2. SSU did not file required reports on unaccounted-for losses.

During our audit period, SSU did not immediately report to the Office of the State Auditor (OSA) 7 instances of missing or stolen IT equipment, totaling \$13,923. SSU notified OSA of these 7 previously unreported losses only after we began our fieldwork. In addition, 10 other unaccounted-for losses during the audit period, totaling \$5,994, were not reported to OSA.

Because it did not immediately report these thefts and losses, SSU did not give OSA the opportunity to identify the internal control weaknesses that might have contributed to, or caused, these incidents. In addition, OSA did not have the opportunity to make recommendations to SSU regarding addressing those weaknesses to reduce the risk of future thefts or losses.

Authoritative Guidance

Chapter 647 of the Acts of 1989 requires that "all unaccounted for variances, losses, shortages or thefts of funds or property . . . be immediately reported to the state auditor's office."

SSU's IT Equipment and Technology Inventory Quality Control Policy states,

- *Any equipment that is missing or believed stolen is reported to Campus Police for further investigation. . . .*
- *A Chapter 647 Report is prepared by Police Services and filed with the Office of State Auditor.*

Reasons for Noncompliance

SSU has not established university-wide policies, procedures, and monitoring controls to ensure compliance with Chapter 647. According to the university's general counsel and vice president of administration, there was a breakdown in communication between the Information Technology Department and the campus police regarding who was responsible for filing the Chapter 647 loss reports.

Recommendations

1. SSU should develop and implement policies, procedures, and monitoring controls to ensure that all unaccounted-for variances, losses, shortages, and/or thefts of funds or property are immediately reported to OSA.
2. SSU should designate an individual with the responsibility of ensuring that all unaccounted-for variances, losses, shortages, and thefts of funds or property are immediately reported to OSA.

Auditee's Response

Auditee has adopted and posted a procedure for missing or stolen assets on the university's intranet, Polaris. There is also an ITS Procedures: Equipment and Technology Inventory Quality Control policy posted on Polaris. The campus community will be notified periodically of the process via email newsletter.

Auditee has assigned the office of general counsel as responsible for filing a Chapter 647 report with OSA.

3. SSU did not ensure that fuel purchases made by its staff were cost effective and proper.

SSU typically assigns fuel cards to specific vehicles, not individual employees. According to SSU officials, each fuel card should stay in the assigned vehicle and only be used for fuel purchases for that vehicle. To initiate a fuel transaction, an SSU employee must enter two required inputs at the point of sale: a unique PIN and the vehicle's odometer reading.

We reviewed all of the 3,199 fuel card transactions that were conducted during our audit period and found that people who used fuel cards did not always enter accurate odometer readings when refueling vehicles. Specifically, our analysis identified at least 610 instances where odometer entries at the time of fueling were exactly the same as a previous entry, were rounded figures, or were otherwise incorrect. SSU uses the WEX Inc. system to collect these data and generate reports. Without ensuring that card users enter correct information, SSU cannot effectively monitor fuel purchases to ensure that they are reasonable and appropriate.

Our analysis also showed a number of questionable transactions. First, for 23 transactions, the amount of fuel purchased exceeded the capacity of the vehicle's gasoline tank according to vehicle manufacturer information by more than one gallon. Second, some employees purchased premium-grade fuel even though regular unleaded gasoline was recommended for the vehicles they were fueling. In fact, of the 3,199 transactions (totaling \$124,313 of total fuel purchased during the audit period), only 1,227

(totaling \$44,525, or 36% of the full total) were for regular unleaded gasoline. Third, in 18 instances, diesel fuel was purchased for vehicles with gasoline engines.

Authoritative Guidance

Although SSU is not required to comply with the state Office of Vehicle Management's Policies and Procedures Manual, which governs the use of state vehicles, the manual provides best practices for Commonwealth vehicles and can be used as a guideline for responsible fuel card use. According to the manual,

The only type(s) of gasoline purchased with the fuel card are either regular (unleaded) or diesel. Under no circumstances is a state employee to use super and/or premium gasoline when fueling a state-owned or leased vehicle. . . .

Fuel purchased under the fuel card program will be monitored by management reports provided by the contractor to minimize the risk of fraud.

During our audit, we brought these issues to the attention of SSU's associate vice president of Business Affairs and the associate director of Business Affairs, who is also the administrator of the fuel card program. They told us that employees are expected to enter an accurate vehicle odometer reading at the time of fueling.

Reasons for Problem Payments

SSU did not implement controls to establish accountability or effectively monitor employees' use of fuel cards. Although SSU's fuel card program has been operating since 2008, the university has not established any formal written policies and procedures for the use of fuel cards. There is no documented guidance available to employees that specifies the procedures to be followed for proper transactions (e.g., supporting documentation to be maintained, grades of fuel to be used). In addition, responsibilities for monitoring the fuel card program and the related monitoring procedures have not been established and implemented.

In relation to the questionable fuel card transactions, SSU officials told us that of its 48 fuel cards, there are 5 active cards that are not associated with specific vehicles. Two of the 5 are assigned to individuals (a head coach in the Athletics and Recreation Department and a foreman in the Custodial Services Department), 2 to the Geological Sciences Department, and 1 to the Athletics and Recreation Department. SSU officials told us that these 5 cards are used to fuel rental vehicles during out-of-state

travel and to buy gasoline for equipment like tractors and mowers. In OSA's opinion, this does not sufficiently account for questionable fuel purchases, such as the significant number of transactions (more than 50% of the total number for the audit period) in which employees purchased premium-grade fuel even though regular unleaded gasoline was the recommended fuel for the vehicle. Further, of the 212 transactions made with these 5 fuel cards during the audit period, only 44 (21%) were for gasoline purchased out of state.

The fuel card program administrator also told us that only a very high level of review of transactions is conducted. He stated that he does not have enough time to conduct consistent, in-depth reviews of fuel card transactions.

The WEX electronic accounting system assists in tracking fuel use by employee, vehicle, department, and other categories. For each vehicle, there are monthly reports that summarize key details of purchase activity. However, SSU does not use these reports and fuel transaction data to monitor fuel use. SSU does receive notifications from the WEX system when certain transactions fall outside preset parameters. However, SSU has not set parameters for fuel type and gallons per transaction.

Recommendations

1. SSU should develop and implement a comprehensive fuel card policy and related procedures that ensure accurate and efficient use of its fuel card program. At a minimum, it should address supporting documentation for transactions, accurate entry of odometer readings at the time of fueling vehicles, logs to record purchases of fuel for cards that are not assigned to a vehicle, grade of fuel to be purchased, and management monitoring.
2. Management should perform a risk assessment of its fuel card program to determine the notifications it should receive from the WEX system. These notifications should include parameters for fuel type and gallons per transaction.
3. SSU should use WEX system reports and the related fuel transaction data to monitor and properly administer staff fuel use to ensure that all fuel purchases are proper and as economical as possible. When irregularities are detected, SSU staff members should investigate the transactions and resolve them appropriately.

Auditee's Response

Auditee acknowledges that controls over its operation of the state's WEX fuel card program need to be both formalized and strengthened to ensure accountability. . . . We have begun this process.

Going forward, auditee will continue to reinforce with staff the prohibition against premium gasoline, to enter odometer readings accurately, and to purchase fuel only for the vehicle assigned to that specific card. Management's review will also increase.

Auditee notes however that we do not agree with the finding that the majority of the fuel purchased was premium-grade fuel, for two reasons. The majority of the purchases the auditors classified as premium fuel purchases occurred at the predominant supplier, University Fuel. WEX has confirmed systemic coding anomalies in that supplier's gasoline pumps (subsequently corrected, in May 2016). Afterward, the number of UN+ transactions from that supplier was reduced to just two such purchases in the thirteen-month period 7/1/16–7/31/17. Additionally, an analysis of prices shows the university paid three cents per gallon less than the WEX National Average for 87 Grade Unleaded Regular gasoline during the period.

The auditee commits to the following:

- 1. Establish and implement written fuel card program policy and procedures. This will include cardholder certification regarding their rights and responsibilities and provision of training.*
- 2. Conduct a risk assessment of fuel card program in order to tailor WEX notifications.*
- 3. Hold cardholders and their supervisors accountable for appropriate and cost-effective spending on the cards. This includes investigation and resolution of irregularities, if any.*
- 4. Advocate for improved features and reports for the overall WEX program.*

Auditor's Reply

SSU acknowledges the problems we identified with fuel purchases and indicates that it is taking measures to address these problems. However, SSU asserts that the majority of purchases OSA classified as premium grade fuel were not for premium grade fuel because they occurred at University Fuel and systemic coding anomalies at this supplier caused inaccurate information on fuel types. Because we were not given this information during our audit, we cannot comment on the accuracy of the assertion. Although we do not dispute that coding anomalies could have occurred, our analysis of SSU's fuel transactions indicated that even if SSU's assertion is correct, there were still 585 transactions, totaling more than \$31,000, that were for fuel purchases such as ethanol and super unleaded gasoline or were made with other suppliers for vehicles that did not require this type of fuel, indicating that this is a problem that needs to be addressed.

OTHER MATTERS

The Salem State University Assistance Corporation (SSUAC) was created by a special act of the state Legislature in 1994 and is a nonprofit assistance corporation separate from Salem State University (SSU). According to its enabling legislation, SSUAC was created to promote SSU's growth and development and to assist the university in securing the resources necessary to acquire and develop properties and manage and operate SSU's Enterprise Business Center. (The Enterprise Business Center provides education, training, and networking opportunities for businesses of all sizes.) SSUAC is governed by its own board of 13 appointed directors. During the audit period, SSU's president was also a member of the SSUAC board and participated in SSUAC's governance. SSUAC acquires property on SSU's behalf and leases property back to the university. SSUAC remains the owner of the property, but SSU assumes all of the property's costs, expenses, and liabilities. Since its creation in 1994, SSUAC has made five property acquisitions.

During our audit of the university, in addition to reviewing transactions between SSU and SSUAC, we determined that it was necessary to conduct additional audit work at SSUAC. Specifically, based on a risk assessment, we selected the following expense categories for further review: repairs and maintenance, website consulting, computer and equipment repairs and maintenance, building supplies, and office supplies and expenses. We used nonstatistical, random sampling to select a sample of 25 out of a population of 500 administrative expenditures to determine whether they were business related, supported by adequate documentation, and consistent with SSUAC's legislative purposes. In addition, we assessed SSUAC's compliance with the state's open-meeting law (Sections 18–25 of Chapter 30A of the Massachusetts General Laws), by reviewing all board-meeting agendas and minutes for open and executive sessions from our audit period to verify that notices of meetings were publicly posted before the meetings occurred and that minutes were properly completed and approved.

To determine whether SSUAC complied with Section 277 of Chapter 60 of the Acts of 1994 (and subsequent amendments) when acquiring property, we selected all five acquisitions made by SSUAC since its creation in 1994 for testing. We then obtained applicable supporting documentation to verify that SSUAC entered into a Memorandum of Understanding with the Executive Office for Administration and Finance and/or submitted a plan to the Massachusetts Office of the Inspector General for review and comment as required by SSUAC's enabling legislation. (The plan submitted by SSUAC details the

location of the proposed acquisition, the cost, and the financing arrangement; the legislation requires it to be reviewed with comment by the Office of the Inspector General within two weeks of submission.)

Our audit work in these areas did not identify any reportable problems.

To: Risk Management and Audit Committee

From: Karen P. House, vice president for finance and facilities

Subject: Massachusetts Office of Student Financial Assistance (MOSFA) audit
June 30, 2017

Date: January 10, 2017

In October 2017 O'Connor & Drew had not substantially completed the Massachusetts Office of Student Financial Assistance Audit for the period ending June 30 2017.

The Board of Trustees took a vote on October 11, 2017 delegating authority to accept the Report Pursuant to the Massachusetts Office of Student Financial Assistance Guide, June 30, 2017 to Vice President Karen House, with the proviso that findings, if any, be discussed first with the chair of the Risk Management and Audit Committee.

The completed report is attached and there were no findings.

SALEM STATE UNIVERSITY

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE ATTESTATION GUIDE

JUNE 30, 2017

SALEM STATE UNIVERSITY

Independent Accountants' Report Pursuant to the Massachusetts Office of Student Financial Assistance Attestation Guide

June 30, 2017

CONTENTS

| | |
|---|-----|
| Independent Accountants' Report on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster | 1 |
| Schedule of Findings and Questioned Costs | 2 |
| Summary Schedule of Prior Findings | 3 |
| Opinion on Financial Statements and Supplementary Schedule of Population, Items Tested and Findings for Massachusetts Office of Student Financial Assistance Program Cluster | 4-5 |
| Schedule of Population, Items Tested and Findings for Massachusetts Office of Student Financial Assistance Program Cluster | 6-7 |



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SPECIFIED
REQUIREMENTS APPLICABLE TO THE MASSACHUSETTS OFFICE OF STUDENT
FINANCIAL ASSISTANCE PROGRAM CLUSTER**

To the Board of Trustees
Salem State University
Salem, Massachusetts

We have examined Salem State University's compliance with the following requirements as specified in the Massachusetts Office of Student Financial Assistance ("MOSFA") *Student Financial Assistance Attestation Guide, Fifth Edition* for the year ended June 30, 2017:

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

Management of Salem State University is responsible for Salem State University's compliance with the specified requirements. Our responsibility is to express an opinion on Salem State University's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Salem State University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Salem State University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Salem State University's compliance with specified requirements.

In our opinion, Salem State University complied, in all material respects, with the aforementioned requirements of the Massachusetts Office of Student Financial Assistance *Student Financial Assistance Attestation Guide, Fifth Edition* for the year ended June 30, 2017.

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

O'Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts
November 29, 2017

SALEM STATE UNIVERSITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

There were no findings in the current year ended June 30, 2017.

SALEM STATE UNIVERSITY

Summary Schedule of Prior Findings

For the Year Ended June 30, 2017

There were no prior findings.

Salem State University has not been subjected to these procedures since fiscal year ended June 30, 2014, as the University received a two year exemption from performing the examination of the Massachusetts financial assistance from the Massachusetts Office of Student Financial Assistance.



**Opinion on Financial Statements and Supplementary Schedule of Population, Items Tested and Findings
for Massachusetts Office of Student Financial Assistance Program Cluster**

Independent Auditors' Report

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on the Financial Statements

We have audited the financial statements of Salem State University (an agency of the Commonwealth of Massachusetts, the "Commonwealth") (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We also audited the financial statements of Salem State University Foundation, Inc. (the "Foundation") and Salem State University Assistance Corporation (the "Assistance Corp.") as of June 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2017, and the changes in net position and cash flows, and combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Financial Statements as of June 30, 2016

The financial statements of Salem State University as of June 30, 2016 were audited by other auditors whose report dated November 16, 2016 expressed an unmodified opinion on those financial statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the 2017 financial statements that collectively comprise the University's basic financial statements. The accompanying Schedule of Population, Items Tested, and Findings for Massachusetts State Financial Aid Program Cluster is presented for purposes of additional analysis as required by the Massachusetts Office of Student Financial Assistance Compliance Attestation Guide, and is not a required part of the basic 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 2017 financial statements. This 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 aspects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

O'Connor and Duen, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 11, 2017

(except for the Schedule of Population, Items Tested, and Findings for Massachusetts State Financial Aid Program Cluster, for which the date is November 29, 2017)

Salem State University
 Schedule of Population, Items Tested, and Findings for the
 Massachusetts State Financial Aid Program Cluster

Attachment E

Year Ended June 30, 2017

| | <u>Description of Category</u> | <u>Number of students</u> | <u>Percent of population</u> | <u>Amount of awards</u> | <u>Percent of population</u> |
|--|------------------------------------|-------------------------------|----------------------------------|-----------------------------|----------------------------------|
| General Scholarship (MASSGrant) | Population | 1,750 | 100% | \$ 1,845,970 | 100% |
| | Tested | 14 | 1% | 18,300 | 1% |
| | Findings | - | 0% | - | 0% |
| Christian Herter Memorial Scholarship | Population | 2 | 100% | 22,800 | 100% |
| | Tested | 1 | 50% | 13,300 | 58% |
| | Findings | - | 0% | - | 0% |
| Part Time Grant | Population | 42 | 100% | 15,000 | 100% |
| | Tested | 2 | 5% | 425 | 3% |
| | Findings | - | 0% | - | 0% |
| Need Based Cash Grant Program | Population | 951 | 100% | 1,537,821 | 100% |
| | Tested | 11 | 1% | 19,400 | 1% |
| | Findings | - | 0% | - | 0% |
| Massachusetts No Interest Loans | Population | 41 | 100% | 117,200 | 100% |
| | Tested | 1 | 2% | 2,000 | 2% |
| | Findings | - | 0% | - | 0% |
| Massachusetts Foster Child Grant | Population | 27 | 100% | 151,890 | 100% |
| | Tested | 1 | 4% | 6,000 | 4% |
| | Findings | - | 0% | - | 0% |
| Paraprofessional Teacher Preparation Grant | Population | 1 | 100% | 4,050 | 100% |
| | Tested | 1 | 100% | 4,050 | 100% |
| | Findings | - | 0% | - | 0% |
| Early Educators Scholarship | Population | 18 | 100% | 64,000 | 100% |
| | Tested | 1 | 6% | 3,600 | 6% |
| | Findings | - | 0% | - | 0% |
| John & Abigail Adams Scholarship | Population | 556 | 100% | 474,719 | 100% |
| | Tested | 2 | 0% | 1,820 | 0% |
| | Findings | - | 0% | - | 0% |
| Scholar-Internship Match Fund Program | Population | 75 | 100% | 75,000 | 100% |
| | Tested | 2 | 3% | 2,000 | 3% |
| | Findings | - | 0% | - | 0% |
| GEAR UP Scholarship | Population | 67 | 100% | 61,700 | 100% |
| | Tested | 2 | 3% | 2,000 | 3% |
| | Findings | - | 0% | - | 0% |

See accompanying report.

Salem State University
 Schedule of Population, Items Tested, and Findings for the
 Massachusetts State Financial Aid Program Cluster - Continued

Attachment E

Year Ended June 30, 2017

| | <u>Description of Category</u> | <u>Number of students</u> | <u>Percent of population</u> | <u>Amount of awards</u> | <u>Percent of population</u> |
|---|------------------------------------|-------------------------------|----------------------------------|-----------------------------|----------------------------------|
| National Guard Tuition & Fee Assistance | Population | 43 | 100% | 251,323 | 100% |
| | Tested | 1 | 2% | 455 | 0% |
| | Findings | - | 0% | - | 0% |
| Need Based Tuition Waivers | Population | 1,135 | 100% | 911,313 | 100% |
| | Tested | 7 | 1% | 5,163 | 1% |
| | Findings | - | 0% | - | 0% |
| Categorical Tuition Waivers | Population | 253 | 100% | 149,850 | 100% |
| | Tested | 5 | 2% | 4,550 | 3% |
| | Findings | - | 0% | - | 0% |
| Massachusetts Educational Financing Authority Prepaid Tuition Waiver | Population | 21 | 100% | 9,466 | 100% |
| | Tested | - | 0% | - | 0% |
| | Findings | - | 0% | - | 0% |
| Senator Paul E. Tsongas Scholarship Tuition Waiver | Population | 21 | 100% | 168,244 | 100% |
| | Tested | 1 | 5% | 19,472 | 12% |
| | Findings | - | 0% | - | 0% |
| DCF Adopted Child Tuition Waiver and Fee Assistance | Population | 31 | 100% | 257,057 | 100% |
| | Tested | 1 | 3% | 9,736 | 4% |
| | Findings | - | 0% | - | 0% |
| DCF Foster Child Tuition Waiver and Fee Assistance | Population | 41 | 100% | 391,838 | 100% |
| | Tested | 2 | 5% | 19,472 | 5% |
| | Findings | - | 0% | - | 0% |
| Stanley Z. Koplik Certificate of Mastery Tuition Waiver | Population | 6 | 100% | 4,550 | 100% |
| | Tested | 1 | 17% | 910 | 20% |
| | Findings | - | 0% | - | 0% |
| Validictorian Tuition Waiver | Population | 2 | 100% | 1,365 | 100% |
| | Tested | 1 | 50% | 455 | 33% |
| | Findings | - | 0% | - | 0% |

See accompanying report.



**Jeanne Clery Disclosure of Campus Security Policy
and
Campus Crimes Statistics Act**

**2016 ANNUAL SECURITY REPORT
and
Fire Safety Report**

Published October 2017



Table of Contents

| | |
|---|----|
| PREPARATION OF THE ANNUAL SECURITY REPORT AND DISCLOSURE OF CRIME STATISTICS | 2 |
| Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act..... | 2 |
| ABOUT THE SALEM STATE UNIVERSITY POLICE DEPARTMENT | 2 |
| SAFETY, OUR NUMBER ONE PRIORITY..... | 3 |
| UNIVERSITY LAW ENFORCEMENT AUTHORITY AND JURISDICTION..... | 3 |
| MEMORANDUM OF UNDERSTANDING WITH LOCAL, STATE, AND REGIONAL AGENCIES | 4 |
| STATEMENT OF POLICY ON REPORTING A CRIME OR EMERGENCY ON CAMPUS..... | 4 |
| Salem State University Mandatory Crime Reporting Policy | 5 |
| Legally Mandated Crime Reporting | 5 |
| Limited Voluntary Confidential Reporting..... | 6 |
| STATEMENT OF POLICY ADDRESSING TIMELY WARNINGS..... | 7 |
| Crime Alerts | 8 |
| Community Safety Notice | 8 |
| Authority and Responsibility for Issuance of Timely Warnings..... | 8 |
| Clery Act Timely Warnings..... | 9 |
| Means of Dissemination of Community Safety Notice | 9 |
| POLICY REGARDING IMMEDIATE EMERGENCY RESPONSE AND EVACUATION PROCEDURES..... | 9 |
| Emergency Response and Evacuation Procedures and Policies | 9 |
| Evacuation Procedures | 10 |
| When Evacuation is Not Possible | 10 |
| Sheltering In Place..... | 10 |
| POLICY REGARDING EMERGENCY NOTIFICATIONS – IMMEDIATE THREAT..... | 11 |
| Members of the Larger Community..... | 12 |
| SAFETY AND SECURITY AWARENESS AND CRIME PREVENTION PROGRAMS | 12 |
| Rape Aggression Defense System (R.A.D.)..... | 12 |
| SSU Viking Shuttle and SGA Shuttle | 14 |
| Blue Light Phones – Emergency Notification | 14 |
| Video Cameras..... | 14 |
| Response to Medical Emergencies | 14 |
| STATEMENT OF POLICY CONCERNING FACILITY SECURITY AND ACCESS | 15 |
| Administrative and Academic Building Security and Access | 15 |
| Residential Facilities Security Access..... | 15 |
| POLICY ADDRESSING SECURITY CONSIDERATIONS USED IN THE MAINTENANCE OF FACILITIES | 15 |
| STATEMENT OF POLICY FOR ADDRESSING CRIMINAL ACTIVITY OFF CAMPUS..... | 15 |
| STATEMENT OF POLICY ADDRESSING ALCOHOL, ILLEGAL DRUGS, AND SUBSTANCE ABUSE EDUCATION..... | 16 |
| Alcohol, Drugs and Hazing Policy Information | 16 |
| Violations to Alcohol Policy | 16 |
| Good Samaritan Policy | 17 |
| Sanctions For Student Abuse of The University Alcohol Policy..... | 17 |
| Sanctions For Student Violation of The Drug-Free Campus Policy | 17 |
| Employee Drug and Alcohol Policy and Sanctions | 18 |
| Student Employee Drug Policy and Sanctions..... | 18 |
| General Policy For Faculty, Staff, Administrators and Students..... | 18 |
| General Policy for Students | 19 |
| Tobacco-Free Campus Initiative | 20 |
| Tobacco-Free Campus Policy..... | 21 |
| Conduct Regulations..... | 22 |
| If You Need Assistance | 22 |
| Hazing Policy..... | 23 |

STATEMENT OF POLICE REGARDING FIREARMS AND OTHER WEAPONS..... 24

REPORTING CRIMINAL HARASSMENT 25

POLICES AND PROCEDURES REGARDING SEXUAL ASSAULT, DOMESTIC VIOLENCE, STALKING AND
 DATING VIOLENCE, TITLE IX AND VIOLENCE AGAINST WOMEN ACT 26

 Applicable Definitions..... 33

 University’s Procedures in Response to Complaints:..... 37

 Grievance Procedure..... 39

 Rights of Complainants/Respondents Alleging Sexual Violence, Sexual Harassment,
 Gender-Based Harassment, Domestic Violence, Dating Violence, Stalking and/or Retaliation: 39

 Rights of Respondents to Claims Of Sexual Violence, Sexual Harassment, Gender-Based Harassment,
 Domestic Violence, Dating Violence, Stalking and/or Retaliation:..... 40

 Appeal..... 41

 Policy Regarding Protecting the Confidentiality of Victims..... 41

 Policy Regarding Disclosures to Alleged Victims of Crimes of Violence or Non-Forcible Sex Offenses..... 42

 Education and Prevention Programs..... 42

 How to Be an Active Bystander 44

 Risk Reduction 44

STATEMENT OF POLICY ADDRESSING SEX OFFENDER REGISTRATION..... 46

 How to Inquire 46

 Penalties for Improper Use of Sex Offender Registry Information 46

STATEMENT OF POLICY ON MISSING PERSONS..... 46

STATEMENT OF POLICY FOR REPORTING THE ANNUAL DISCLOSURE OF CRIME STATISTICS..... 47

CLERY CAMPUS GEOGRAPHY..... 48

DEFINITIONS OF REPORTABLE CRIMES..... 49

 Hate Crimes by Prejudice 51

SALEM STATE UNIVERSITY CRIME STATISTICS..... 52

ANNUAL FIRE SAFETY REPORT FOR 2014-2016..... 54

POLICY ADDRESSING FIRE SAFETY, FIRE EDUCATION, AND FIRE STATISTICS..... 54

 Overview 54

 Fire Safety 54

 Fires, Fire Prevention and Housing Fire Safety Equipment..... 54

 Definitions 54

 Student Fire Safety Education Program 55

 University Policy on Reporting Fires..... 55

 Procedures to Follow in the Event of a Fire..... 55

FIRE SAFETY POLICIES 55

 Prohibited Items 55

 Plans for Future Improvements to Fire Safety 57

 Fire Drills 57

 Emergency Evacuation Procedures..... 57

 Meeting Places for Residence Halls in the Event of a Fire Alarm 57

 Special Needs/Disabilities..... 58

 Re-Entering the Building..... 58

 Campus Fire Logs..... 58

 Residential Fire Equipment and Systems 59

 Fire Statistics for 2014-2016 59

 Fire Descriptions for 2014-2016..... 60

Message from the Chief of Police Gene Labonte

To the University Community,

On behalf of the members of the Salem State University Police Department, thank you for your interest in our Annual Security Report and Fire Safety Report. We publish this report because it contains valuable information for our campus community and in order to comply with the essential provisions of the federal Crime Awareness and Campus Security Act of 1990 and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act of 1998. Additionally, this report contains information demonstrating compliance with the 2013 reauthorization of the Violence Against Women Act (VAWA), which incorporates the Campus Sexual Violence Elimination Act (SaVe Act).

We encourage you to review the information available to you in this report. You will find information about our organization, including descriptions of various programs available to you. The report details our strong commitment to victims of crime and outlines the extensive services made available to them by the university as well as our extensive network of external partners. Additionally, this report provides important information about security policies and procedures on the Salem State University campus as well as crime data and crime prevention information.

The men and women of the Salem State University Police Department are committed to making Salem State University a safe place to live, work and study.

Gene Labonte

Assistant Vice President for Public Safety and Risk Management

Chief of Police

September 2017



PREPARATION OF THE ANNUAL SECURITY REPORT AND DISCLOSURE OF CRIME STATISTICS

This report has been prepared in compliance with the:

Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, part of the Higher Education Act of 1965, is a federal law that requires colleges and universities to disclose certain timely and annual information about campus crime and security policies. Institutions must publish a report every year by October 1st that contains three years of campus crime statistics and certain security policy statements including sexual assault policies which assure basic victims' rights, the law enforcement authority of the university police and where students should go to report crimes. Each school must disclose crime statistics for the campus, public areas immediately adjacent to or running through the campus, and non-campus facilities.

The full text of this report is available online at: <https://www.salemstate.edu/clery>

This report is prepared by the Salem State University Police Department in cooperation with the Offices of Student Life and Residence Life and other offices as deemed necessary. For issues concerning this report, please call the University Police Department at 978.542.6511.

Paper copies of this report may also be obtained at the Salem State University Police Department, located at 71 Loring Avenue, Salem, MA 01970

ABOUT THE SALEM STATE UNIVERSITY POLICE DEPARTMENT

The Salem State University Police Department provides protection to the SSU community around the clock, year- round. Police department staff work with university community members to prevent crime, solve problems, and take proactive steps to make the university as safe as possible. Police department personnel include the chief, captain, lieutenant, sergeants, police officers, communications dispatchers, institutional security officers and support staff.

The department is prepared to deal with the same types of incidents handled by municipal police agencies in cities or towns. All SSU police officers attend full-time police academies and have full police authority on campus and throughout the City of Salem. The Salem State University Police enforce state laws, including motor vehicle laws, as well as university rules and regulations.

Follow the Salem State University Police on the web at: www.salemstate.edu/police

Follow the Salem State University Police on Twitter at: @SSUPolice



SAFETY, OUR NUMBER ONE PRIORITY

The SSU Police Department takes great pride in the community at Salem State University. This community is a great place to live, learn, work, and study; however, this does not mean that the campus community is immune from problems that arise in other communities. With that in mind, SSU has taken progressive measures to create and maintain a reasonably safe environment on campus.

Though the university is progressive with its polices, programs, and education, it is up to each of us to live with a sense of awareness and use reasonable judgment when living, working, or visiting on campus.

UNIVERSITY LAW ENFORCEMENT AUTHORITY AND JURISDICTION

Salem State University, with a population of over 10,000 students and employees, including 2,423 resident students, is both a center for higher education and a vibrant, active community. As with any community of similar size, criminal activity and emergencies can and do occur on campus.

To combat crime and preserve public order, the Salem State University Police Department is a visible part of campus life. The SSUPD is organized, trained, and equipped to provide progressive law enforcement and emergency services to the university community.

Pursuant to the General Laws of Massachusetts, Chapter 15A, § 22, and Chapter 73, § 18, the Board of Trustees at Salem State University has established the Salem State University Police Department; and the Board has invested the department all the same powers, authority, immunities, and privileges of state and municipal police officers including, but not limited to, the power to make arrests, to handle prisoners, and to enforce all traffic laws on streets and highways, throughout the property owned, leased, used, or controlled by the university.

In addition to the enforcement of state law, Salem State University Police officers enforce the rules, regulations, and policies of Salem State University, including but not limited to parking and traffic regulations, whether or not violation thereof constitutes a criminal offense.

Police officers' authority has also been interpreted by case law to include the vicinity of the campus – the "environs and passageways" – in certain circumstances.

Police officers are also granted limited police authority under G.L., Chapter 147 § 10F for the enforcement of university parking regulations. Parking enforcement officers also receive grants of authority under this law.

Subject to the approval of the Chief of Police, Salem State University Police officers may also receive supplemental police authority through special appointment as City of Salem police officers under G.L., Chapter 41§ 99, or as special state police officers pursuant G.L., Chapter 22C § 63.

Salem State University Police officers attend full-time municipal police training committee academies located throughout the Commonwealth or the Special State Police Officer Academy under the direction of the Massachusetts State Police. The Salem State University Police Department operates 24 hours per day, seven days a week, providing all patrol, investigation, specialized, and emergency response, as well as crime prevention and educational services at the Salem State University campus.



By mutual agreement with state and federal agencies, SSUPD maintains a Criminal Justice Information Services terminal which provides department personnel with access to the National Crime Information Computer Network as well as the Criminal History Systems Board of the Commonwealth of Massachusetts. These computer databases are used to enhance public safety by accessing criminal history data, nationwide police records, driver/vehicle identification information, as well as other local, state and federal law enforcement information.

The sworn personnel and support staff of the Salem State University Police Department are dedicated to ensuring that the Salem State University campus is a safe environment for studying, teaching, researching, recreating, and living. Our department strives toward this goal through problem-solving partnerships with the faculty, staff, and students, as well as state and local governmental bodies, and our community's neighbors.

MEMORANDUM OF UNDERSTANDING WITH LOCAL, STATE, AND REGIONAL AGENCIES

The Salem State University Police Department maintains a close working relationship with the Salem Police Department (SPD). The SSUPD routinely works with other public safety agencies in Salem, including the Salem Fire Department, MBTA Transit Police, Essex County Sheriff's Department, and the Massachusetts State Police. Meetings are held between the leaders of these agencies on both a formal and informal basis. The officers of SSUPD and SPD communicate regularly on the scene of incidents that occur in and around the campus area. The SSUPD detectives work closely with the investigative staff at SPD when incidents arise that require joint investigative efforts, resources, crime related reports and exchanges of information, as deemed necessary. The SSUPD and SPD have entered into a Memorandum of Understanding with respect to the request for supplemental law enforcement services as well as the use of prisoner holding facilities.

STATEMENT OF POLICY ON REPORTING A CRIME OR EMERGENCY ON CAMPUS

Community members, students, faculty, staff, and guests are encouraged to report all crimes and public safety related incidents to the **university police department** in a timely manner. While this publication focuses primarily on reporting to the university police department, we recognize that members of our university community may witness or be involved in incidents off campus or immediately adjacent to campus. In these instances if assistance is required from the city police department, fire department or emergency medical service, the university police will contact the appropriate department and coordinate a response.



Crimes should be reported to the university police department to ensure inclusion in the annual crime statistics and to aid in providing timely warning notices to the community when appropriate. When calling for either emergency or non-emergency service, be prepared to:

- Clearly identify yourself;
- State where you are calling from;
- State briefly the nature of your call.

If possible, stay on the line unless otherwise advised by the dispatcher. If assistance is required from off campus, the dispatcher will summon the appropriate police, fire, and/or medical service.

The Salem State University Police Department emergency number is:

- 6111 from an on-campus phone
- 978.542.6111 from a cell phone

Salem State University Mandatory Crime Reporting Policy

Except for victims of sexually based offenses (including instances of sexual conduct under Title IX of the Education Amendments of 1972), all Salem State University students, staff, and faculty are required under this policy to report any crime occurring on campus to the Salem State University Police Department. Victims of sexual offenses may report such crimes on a voluntary, confidential basis for inclusion in the university's annual disclosure of crime statistics by mailing a written statement to the chief of police, Salem State University Police Department.

Legally Mandated Crime Reporting

In addition to SSU's policy mandating the reporting of all crimes to the Salem State University Police Department, the following individuals on campus are legally required to report crimes under certain circumstances:

Campus Security Authorities (CSA)

For the purposes of the federal Clery Act, a "campus security authority" is any university official who has "significant responsibility for student and campus activities," including, but not limited to, student housing or student disciplinary proceedings. See 20 U.S.C. § 1092(f).

Campus security authorities are required by law to receive Clery crime reports and to:

- Report them to law enforcement
- Forward all crime reports received for statistical purposes to the institution's coordinator of campus security authorities. (At SSU, the university's chief of police.)

Examples of individuals who meet the criteria for being campus security authorities include:

- A vice president for student life who oversees student housing, a student center or student extracurricular activities.
- A director of athletics, a team coach or a faculty advisor to a student group.
- A student resident assistant or a student who monitors access to dormitories.
- A coordinator of Greek Life.

Examples of individuals who would not meet the criteria for being campus security authorities include:

- A faculty member who does not have any responsibility for student and campus activity beyond the classroom.
- Clerical or cafeteria staff.

Limited Voluntary Confidential Reporting

As previously stated it is Salem State University's policy that all crimes be reported to the university police department or other appropriate law enforcement agency. Anyone who is the victim of a crime or witness to a crime on campus is encouraged to promptly report the incident to the university police. The University has no formal procedures for victims or witnesses to make voluntary confidential reports other than those made through Counseling and Health Services.

Campus "pastoral counselors" and "professional counselors," when acting as such, are not considered to be campus security authorities for the purposes of the Clery Act and are not required to report crimes for inclusion in the annual disclosure of crime statistics. However, as a matter of policy, counselors at Salem State University are encouraged; if and when they deem it appropriate, to report incidents on a voluntary basis that is personally non-identifiable for inclusion in the university's report of annual crime statistics.

Counselors are defined as:

Pastoral Counselor — an employee of the university who is associated with a religious order or denomination, recognized by that religious order or denomination as someone who provides confidential counseling and who is functioning within the scope of that recognition as a pastoral counselor.

Professional Counselor — an employee of the university whose official responsibilities include providing psychological counseling to members of the institution's community and who is functioning within the scope of his or her license or certification.

Mandated Reporters of Child Abuse or Neglect

Certain professionals are required under state law to report child abuse or neglect to the Massachusetts Department of Children and Families. They may also report the abuse or neglect to law enforcement or the state Child Advocate. See G.L. c. 119, § 51A.

Mandated reporters include (but are not limited to):

- Health care professionals, including physicians, nurses, psychological therapists, drug and alcohol counselors, and EMTs
- Educational administrators
- Child care workers
- Police officers
- Social workers
- Religious leaders, priests, ministers, rabbis, and other members of the clergy

Reports of child abuse or neglect must be made to the Salem State University Police Department, which will assist with the notification to the Department of Children and Families in conformance with G.L. c. 119, § 51A.

Mandated Reports of Elder Abuse

As with child abuse reporting, certain professionals are required to report elder abuse. Reports of elder abuse must be made to the Salem State University Police Department, which will assist with the notification to the Department of Elder Affairs in conformance with G.L. c. 19A, § 15.

Witnesses to Certain Violent Crimes

Massachusetts state law requires a witness to a murder, manslaughter, rape, armed robbery, or hazing to report that crime to law enforcement “to the extent that such person can do so without danger or peril to himself or others.” See G.L. c. 268, § 40; G.L. c. 269, § 18. Reports of violent crimes must be made to the Salem State University Police Department.

Physicians Treating Rape or Sexual Assault

Massachusetts law requires any physician who provides treatment to a rape or sexual assault victim to report the offense to law enforcement, but without including the victim’s name or other identifying information. See G.L. c. 112, § 12A 1/2. Physician reports of sexual assault must be made to the Salem State University Police Department.

Witnesses to Carrying a Firearm or Other Dangerous Weapon on Campus

Faculty and administrators are required to report the unlawful carrying of a firearm or other dangerous weapon on campus in conformance with G.L. c. 269, § 10(j). Reports of unlawful weapons-carrying must be made to the Salem State University Police Department.

Contacting the SSU Police Department to Report a Crime

Salem State University Police headquarters are located in the rear of 71 Loring Avenue Salem, MA and the department’s communication center can be reached (24 hours a day, year-round) by dialing 6111 from an on-campus telephone, or 978-542-6111 from a mobile phone. The office of the chief of police can be reached (from 8 a.m. to 4 p.m. Monday through Friday) at 978-542-6542 regarding administrative and business matters.

The Salem State University Police Department responds to all reports of criminal incidents or emergencies and investigates crimes and takes whatever action is necessary to resolve emergencies.

To report a crime that occurs at an off-campus location, contact the appropriate local police department. In the case of an emergency it is always best to dial 911 and follow the procedures outlined above.

Daily Crime Log

The Salem State University Police Department maintains a daily crime and fire log, which is available to the public for review during normal business hours. For a copy or to review the log, please visit the SSU Police station located 71 Loring Avenue Salem, MA.

STATEMENT OF POLICY ADDRESSING TIMELY WARNINGS

The purpose of this policy is to establish guidelines for the University’s issuance of (a) “Clery Act Timely Warnings” in compliance with the timely warning requirement of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act of 1990 (Clery Act) and (b) Community Safety Notices for off-campus crimes and other incidents that are deemed to pose a danger to the SSU community or are otherwise determined, in the University’s sole discretion, to be disclosed to promote safety and security awareness.

Please also see the University’s Policy Regarding Emergency Notifications – Immediate Threat. If there is an immediate significant threat to the health or safety of students or employees occurring on campus, the University will follow its Policy Regarding Emergency Notifications – Immediate Threat in the University’s current Annual Security Report in lieu of this policy.

Crime Alerts

It is the policy of Salem State University to alert the campus community – via the issuance of “Clery Act Timely Warnings” – to the occurrence of certain crimes occurring on campus in compliance with the Clery Act. The Clery Act requires Clery Act Timely Warnings following incidents constituting “Clery Act crimes” that are considered to represent a potentially serious or continuing threat to the campus community. These crimes may include the Uniform Crime Reporting Program (UCR)/National Incident based Reporting System (NIBRS) classifications¹ of murder, non-negligent manslaughter, rape and other sex offenses, robbery, aggravated assault, burglary, major incidents of arson and hate crimes, among others. Crimes, such as aggravated assault and sex offenses (including rape, fondling, incest and statutory rape), are considered on a case-by-case basis, depending upon the facts of the case and the information known to the SSUPD. For example, if an aggravated assault occurs between two students who have had a disagreement and there is no ongoing threat to other SSU community members, then a Clery Act Timely Warning would not be distributed.

The purpose of the Clery Act Timely Warning is to aid in the prevention of similar crimes by alerting the University community about the incident and providing information on the actions people can take to diminish their chances of being victimized.

The Chief of Police or designee reviews all reports of these crimes to determine if there is an ongoing threat to the community and, if time permits, consults with other University administrators as deemed necessary. The Chief of Police or designee also considers the timing of the issuance of a Clery Act Timely Warning regarding the possible risk of compromising law enforcement efforts.

Community Safety Notice

While not required by the Clery Act, as an additional service to the campus community, SSU may, in its discretion, distribute a Community Safety Notice for on or off campus crimes and other incidents (e.g., kidnapping, suspicious activity) that are deemed to pose a danger to the SSU community or are otherwise determined, in the University’s sole discretion, to be disclosed to promote safety and security awareness.

Authority and Responsibility for Issuance of Timely Warnings

Clery Act Timely Warnings and Community Safety Notices are usually written and approved for distribution by the Chief of Police, Police Captain or Police Lieutenant. If time permits, SSUPD may consult any other administrator as deemed necessary to determine the content of a Community Safety Notice.

If it is determined that a Clery Act Timely Warning or Community Safety Notice will be issued, the Chief of Police, Captain, or Lieutenant will approve the content, timing, and dissemination method.

Means of Dissemination of Clery Act Timely Warnings

Dissemination methods of Clery Act Timely Warnings may include but are not limited to the following:

- Campus-wide email
- Text messages
- Phone
- Twitter
- Facebook
- University homepage (<https://www.salemstate.edu/>)

1 Federal crime definitions apply even if state law differs from federal law.

| Clery Act Timely Warnings | | | | | |
|--|--------------------------------|-------------------------------|---|-------------------------------|------------------------------|
| Clery Act Timely Warnings – System to Use | Primary Message Creator | Backup Message Creator | Authority for Approving and Sending Messages | Primary Message Sender | Backup Message Sender |
| PRIMARY | | | | | |
| Campus-Wide email | Chief of Police | Captain | Chief of Police | Chief of Police | Captain |
| Text Messages | | Lieutenant | Captain | | Lieutenant |
| Phone | | Director of Public Relations | Lieutenant | | Director of Public Relations |
| Twitter | | | | | |
| SECONDARY | | | | | |
| SSU Police website | Chief of Police | Captain | Chief of Police | Chief of Police | Captain |
| University homepage | | Lieutenant | Captain | | Lieutenant |
| | | Director of Public Relations | Lieutenant | | Director of Public Relations |

Clery Act Timely Warnings are primarily distributed to the University community via campus-wide email, text messages, and phone; provided, however, that the Chief of Police, Police Captain, or Lieutenant may use other methods of dissemination as determined in their sole discretion.

Means of Dissemination of Community Safety Notice

Dissemination methods of Community Safety Notices may include, but are not limited to, the following:

- Campus-wide email
- Twitter
- SSU Police Website
- Community Announcements/Flyers/Posters
- University website

POLICY REGARDING IMMEDIATE EMERGENCY RESPONSE AND EVACUATION PROCEDURES

Emergency Response and Evacuation Procedures and Policies

The Salem State University Emergency Plan is designed to provide a resource for Salem State University personnel and administrators in assisting with information and guidelines in planning and responding in a crisis. While the plan does not cover every conceivable situation, it does supply the basic administrative guidelines necessary to cope with most campus emergencies.

All campus administrators, especially those whose responsibilities and authority included the operational areas specified in the manual, must adhere to these guidelines. Only those University administrators responsible for directing and/or coordinating emergency operations may approve exceptions to these crisis management procedures as required to fulfill the emergency response.

The SSU Emergency Plan includes information regarding shelter-in-place and evacuation guidelines. During the school year, the university conducts evacuation drills coordinated by the university police department. These drills are conducted twice a year at a minimum and more frequently as deemed necessary or if facilities are altered. During evacuation drills, every building is evacuated and all persons are instructed to proceed to pre-determined evacuation assembly areas. The university has designated a number of staff as building coordinators who take responsibility for directing occupants during an evacuation and coordinating assistance for those people who may have mobility issues or other special needs. The university also publishes an emergency information guide that is available to all students and employees. This guide contains detailed information regarding a variety of emergencies and hazardous conditions.



Evacuation Procedures

Every person in the building, including staff, faculty, students, visitors, and contractors where the fire alarm is sounding, regardless of known or suspected cause, is required to evacuate immediately. Persons evacuating must leave via the closest exit. Any equipment that could cause a fire should be turned off before exiting if it can be done quickly and safely. All occupants will assemble at a safe distance from the building and await further instructions from fire or police personnel. No occupant will re-enter a building until clearance is given by fire or police personnel.

The following evacuation procedures are in place for the residence halls. These procedures are to be followed when a fire alarm sounds. All residents and their guests must exit the building when a fire alarm sounds, regardless of whether it is a fire drill, false activation, or actual fire. Any persons physically unable to exit the building should immediately contact the SSU Police Department at 978-542-6111 from a cell phone or 6111 from a campus phone. Questions regarding the procedures should be directed to The Office of Residence Life or the SSU Police Department.

Please use the emergency exits available in your building. **DO NOT USE ELEVATORS.** It is important to be aware of all possible exit locations in your residence hall in the event that one or more of the fire exits are unsafe.

When Evacuation is Not Possible

In a fire or fire alarm situation, always check doors to see if they are hot or warm to the touch before you open them. If heat or smoke prevents you from evacuating, return to your room and use towels or other cloth items to seal around the door. Hang a white object in the window and reclose the window (if it opens) as much as possible. Do not reopen your window (if it opens) unless forced to do so by smoke. After you have sealed your door, immediately call 911 and advise emergency responders of your location and situation. Wait for help to arrive.

Sheltering In Place

Because sheltering in place may be the protective action recommendation for several emergencies with differing risks, and because sometimes the initial recommendation is to shelter in place followed by relocation, there is no single set of shelter in place procedures. Based on the type of emergency, such as Tornado, Hostile Intruder, or Hazardous Material Release Outside, you should consult each relevant section of the Emergency Information Guide for guidance. Emergencies change as they progress. The questions to ask yourself are: Am I safer inside or outside? Where am I safest inside? Where am I safest outside?

POLICY REGARDING EMERGENCY NOTIFICATIONS – IMMEDIATE THREAT

Salem State University has various systems in place, such as an Emergency Notification System and Siren/ Public Address System (see chart below for a list of all systems) that may be used to communicate official information during an emergency or crisis situation that disrupts normal campus operation. SSU will immediately notify the campus community upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or staff occurring on campus. The SSU Police Department receives information from various offices/departments on campus, such as the Emergency Management Team. Some or all of the below listed systems will be used to immediately notify the campus community that a dangerous situation or emergency exists involving an immediate threat to the health or safety of students or staff on campus and when immediate action is required by the recipient.

If the SSU Police Department confirms (when possible, with the assistance of key campus administrators, local first responders or the National Weather Service) that there is an emergency or dangerous situation that poses an immediate threat to the health or safety of some or all members of the SSU community, SSUPD has the authority to distribute an immediate notification message without approval. If time permits, SSUPD will collaborate with the university's General Counsel and any other administrator as deemed necessary to determine the content of the message and the messages will be initiated by the systems described below to communicate the threat to the SSU community or to the appropriate segment of the community, if the threat is limited to a particular building or segment of the population.

Follow up information pertaining to a significant emergency or dangerous situation on campus will be sent using some or all of the systems listed under "Timely" warnings.

| System to Use | Primary Message Creator | Backup Message Creator | Authority for Approving and Sending Messages | Primary Message Sender | Backup Message Sender |
|---------------------------------|--|-----------------------------|--|-----------------------------|---------------------------------------|
| PRIMARY | | | | | |
| Outdoor Siren | <i>Police Command Staff/Dispatcher</i> | <i>Police Dept. Staff</i> | <i>Police Command Staff</i> | <i>Police Command Staff</i> | <i>Dispatcher/ Police Dept. Staff</i> |
| Emergency Text Messaging | <i>Police Command Staff/Dispatcher</i> | <i>Police Dept. Staff</i> | <i>Police Command Staff</i> | <i>Police Command Staff</i> | <i>Dispatcher/ Police Dept. Staff</i> |
| SECONDARY | | | | | |
| Network Emails | <i>Chief of Police</i> | <i>Police Command Staff</i> | <i>Police Command Staff</i> | <i>Chief of Police</i> | <i>Police Command Staff</i> |

Emergency Notification System includes:

- Text messaging
- Email
- Voice Messaging (including messages to all University Phones)

NOTE: If technology fails, SSU may communicate using face to face communication and loudspeakers installed on SSUPD cruisers.

Members of the Larger Community

In the event of an incident requiring significant emergency response and evacuation of the campus, the university will without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system unless issuing a notification will, in the professional judgment of responsible authorities, compromise efforts to assist a victim or to contain, respond to or otherwise mitigate the emergency.

SAFETY AND SECURITY AWARENESS AND CRIME PREVENTION PROGRAMS

Salem State University believes that through crime prevention and security awareness education, community members are better prepared to prevent crime and to respond if crime does occur. During New Student Orientation, students and their parents are informed of safety and crime prevention resources offered by the university. They are informed of crime on-campus and in surrounding neighborhoods. Similar information is presented to new employees. Crime prevention programs and sexual assault prevention programs are offered on a continual basis. Periodically, during the academic year, the Salem State University Police Department, in cooperation with other university organizations and departments, presents crime prevention awareness sessions on sexual assault, domestic/dating violence, theft, and vandalism, as well as educational sessions on personal safety and residence hall security. A common theme of all security awareness and crime prevention programs is to encourage students and employees to be aware of their responsibility for their own security and the security of others.

Specific Education in Sexual Assault, Domestic Violence, Dating violence and Stalking:

The university is committed to providing on-going education and support programs aimed at the eradication of sexual misconduct and relationship violence.

The university has implemented primary and on-going prevention and awareness programs for students and employees focused on sexual misconduct, relationship violence, risk reduction and bystander prevention (e.g., safe and positive options that may be carried out to prevent harm or intervene when there is a risk of sexual misconduct or relationship violence), and promotion of positive and healthy behaviors that foster healthy, mutually respectful relationships and sexuality. Additional information regarding these programs can be found in this report under the section detailing our Policies and Procedures regarding Sexual Assault, Domestic Violence, Stalking and Dating Violence, Title IX and the Violence Against Women Act.

Rape Aggression Defense System (R.A.D.)

The R.A.D. Program is designed to teach women about awareness, prevention, risk reduction and avoidance while progressing into the basics of hands-on defense training. R.A.D.'s objective is to "develop and enhance the options of self-defense, so they may become viable considerations to the woman who is attacked." Contrary to popular belief, rape is not a crime of sex. Rape is a violent crime and a devastating experience, but it is survivable. Rape affects all people, no matter what their age, race or economic status. It is one of the most rapidly growing crimes in American society. FBI projections suggest that one out of three women can expect to be sexually assaulted in their lifetime. In the United States, one forcible rape occurs every seven minutes. Each year, about 90,000 forcible rapes are reported to the police, but it is estimated that almost 90% of all rapes and attempted rapes are not reported. Each situation is different, making rape prevention especially challenging. Steps can



be taken, however, to lessen the chances of being raped. The Rape Aggression Defense System is a program of realistic, self-defense tactics and techniques. R.A.D. is dedicated to teaching women defensive concepts and techniques against various types of assaults, by utilizing easy, effective and proven self-defense tactics. This system of realistic defense will provide women with the knowledge to make an educated decision about resistance.

The Salem State University Police Department invites female students and staff to take advantage of the woman's self-defense course that is provided free of charge. The course requires a 14-hour commitment from each participant. Certified R.A.D. instructors teach each course and courses are offered every semester or upon request. Classes are generally held in the evenings during the academic year.

Additional Safety Tips

The following safety tips are offered to all community members to help protect themselves from crime:

Know Your Environment:

- Emergency phones are located throughout all areas of campus. Familiarize yourself with the location of the emergency phones and how they function.
- Dial Ext. 6111 of 978.542.6111 to reach the university police department 24/7. Notify the police department of anything suspicious and an officer will gladly respond and investigate.
- Stay in well-lit areas.
- Know where to obtain help when you need it.
- Keep items left in vehicles inside a locked compartment such as a trunk or glove box so that they are out of view.
- Keep all valuables under your direct control. Do not leave valuables unattended.

Safety in Numbers:

- Walk with a friend.
- Use the student shuttle service when vans are available.
- If you are uncomfortable or concerned walking from a building to your vehicle then call the university police department to request a safety escort.

Residence Hall:

- Keep the doors locked
- Do not allow or encourage unauthorized visitors in your residence hall, room or apartment.
- Know the location of fire extinguishers and fire alarms.
- Follow campus rules about candles, combustibles, microwaves, refrigerators etc.
- Mark all equipment using an identifier and keep a record of all serial numbers.
- Use a cable-locking device to secure computers, TV, gaming devices etc.

SSU Viking Shuttle and SGA Shuttle

The SSU Viking Shuttle provides free and continuous on-campus transportation and transportation to the Salem MBTA Station for all members of the SSU Community in an effort to:

- Provide safe, efficient, and courteous passenger service
- Achieve fuel conservation and reduction of traffic congestion on campus
- Provide part-time student employment and management experience
- Increase student mobility and campus security
- Increase utilization of mass transportation



SHUTTLE SERVICES

HOURS OF OPERATION:

MONDAY - FRIDAY 7:00 AM-1:00 AM

SATURDAY and SUNDAY 1:00 PM-1:00 AM

**Please note that inclement weather, vehicle maintenance, and heavy traffic conditions may affect the times listed on the schedules. All Viking Shuttle vehicles are handicapped accessible.

The shuttle service is free of charge and is available to all students, employees, and guests of Salem State University.

A detailed shuttle schedule is posted on the university website at:

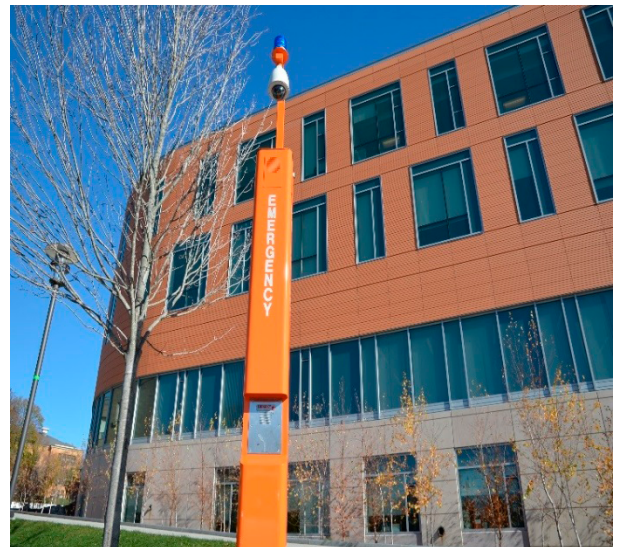
<https://www.salemstate.edu/community/campus-map/campus-shuttle-bus-information>

Blue Light Phones — Emergency Notification

There are blue light emergency communication towers throughout campus. With the push of a button the user can communicate directly with the University Police Communications Center. Upon receiving notification from the blue light emergency phone, SSU police officers will respond immediately to the location and render aid.

Video Cameras

Salem State University seeks to enhance public safety and security by utilizing video cameras, in a professional and ethical manner, in select locations on campus.



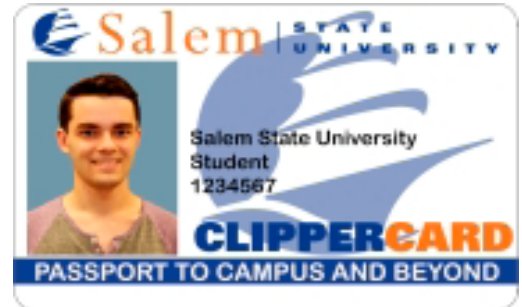
Response to Medical Emergencies

All Salem State University police officers are trained as First Responders in emergency medical care. Several officers are trained to the Emergency Medical Technician (E.M.T.) level in emergency medical care. All patrol vehicles are equipped with E.M.T. emergency equipment and automatic defibrillators.

STATEMENT OF POLICY CONCERNING FACILITY SECURITY AND ACCESS

Administrative and Academic Building Security and Access

Academic and administrative buildings are typically open and accessible during normal business hours. Salem State University utilizes a state-of-the-art card access system –using an ID card called a “Clipper Card” – and secondary locking devices in most of its campus buildings. Officers conduct routine patrols of academic and administrative buildings to monitor and maintain security protocols.



Residential Facilities Security Access

Residential facilities are locked 24/7 and are only accessible to building residents and their authorized guests. Residents are helpful in maintaining a safe living environment if they avoid allowing unknown individuals to follow them into the building. All residence halls with the exception of the Bates Townhouse Complex are monitored 24/7 by student desk receptionists. These student employees monitor access to all residence halls and ensure that only authorized residents and guests are permitted entry. Residence Life staff members and SSUPD officers routinely patrol residential facilities to observe and report any security related matters.

The Clipper Card is the official Salem State University identification card. Students, faculty, staff and other campus community members are eligible to obtain Clipper Cards. Students must be registered for classes and provide a photo ID (such as a driver’s license) in order to obtain a card.

These systems help ensure that only faculty, staff, students, and guests with proper authorization are allowed to enter university facilities. Individuals found on university property without a legitimate purpose may be directed to leave campus. Failure to comply with a warning will result in arrest for trespassing.

POLICY ADDRESSING SECURITY CONSIDERATIONS USED IN THE MAINTENANCE OF FACILITIES

Salem State University is committed to maintaining a safe physical campus. The campus is maintained in a manner that minimizes hazardous conditions, by providing well -lit walkways and parking areas. Additionally, SSUPD works closely with Facilities Management to promptly address malfunctioning door locks, burned out lights or other issues relating to physical security.

STATEMENT OF POLICY FOR ADDRESSING CRIMINAL ACTIVITY OFF CAMPUS

Criminal activity occurring off-campus is addressed by the appropriate law enforcement agency having jurisdiction where the crime occurs.

Salem State University has entered into an agreement with the City of Salem to hold students accountable for their off-campus behavior. When a Salem State University student is involved in an off-campus offense, SSU police officers may assist with the investigation in cooperation with local, state, or federal law enforcement. Salem Police routinely work and communicate with SSU officers on any serious incidents occurring on-campus or in the immediate neighborhood and business areas surrounding campus. Salem State University operates no off-campus housing or off-campus student organization facilities. However, many students live in the neighborhoods surrounding Salem State University. While the City of Salem Police have primary jurisdiction in all areas off campus, Salem State University officers can and do respond to student-related incidents that occur in close proximity to campus. Salem State University officers have direct radio communications with the city police, fire department, and ambulance services to facilitate rapid response in any emergency situation.

STATEMENT OF POLICY ADDRESSING ALCOHOL, ILLEGAL DRUGS, AND SUBSTANCE ABUSE EDUCATION

Alcohol, Drugs and Hazing Policy Information

The use of illicit drugs and alcohol at Salem State University, on university property or at university activities impairs the safety and health of students and employees, inhibits the personal and academic growth of students, lowers the productivity and quality of work performed by employees and undermines the public's confidence in the university. Only in an environment free of substance abuse can Salem State University fulfill its mission of developing the professional, social, cultural and intellectual potential of each member of this community.

In compliance with the Drug-Free Schools and Campuses Regulations (EDGAR Part 86), the information which follows outlines the standards of conduct that clearly prohibit the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees on university property or as a part of any university activities and describes the applicable legal sanctions, associated health risks and support programs and services available to employees and students. All members of this community – faculty, staff and students – are urged to carefully and seriously reflect on their personal responsibility to remain drug free, and further, to demonstrate care and concern for others through timely intervention, support and referral.

The university's policy on hazing and the responsibilities of students, student groups and organizations together with the penalties for involvement in such activities is also contained herein.

Violations to Alcohol Policy

It is the established practice of Salem State University to disclose the result of a disciplinary proceeding to a parent or guardian as long as the student is under the age of 21 at the time of the incident and the proceeding has resulted in a violation of university alcohol policies, or any federal, state, or local law (affiliated with alcohol). Such notification is standard practice. In compliance with the Drug Free Schools and Communities Act Amendments of 1989, the Dean of Students office publishes the following procedural guidelines to violations of the alcohol policy:

First violation may include:

- Parental Notification (if under 21) Written Warning
- 5 Engagement Hours

Second violation may include:

- Parental Notification (if under 21) General Probation
- 10 Engagement Hours
- \$100 fine

Third violation may include:

- Range from disciplinary probation to suspension from the residence halls or the university

Good Samaritan Policy

In order to ensure that students receive prompt and appropriate attention for alcohol intoxication and that there are no impediments to seeking such assistance, the university upholds a Good Samaritan Policy.

In those instances in which a student calls university police or another university office for assistance with an intoxicated or impaired student, neither the individual calling nor the student in need of assistance will be charged with violations of the university's policies on alcohol and other drugs. (This policy does not preclude disciplinary action regarding other violations of university standards, such as causing or threatening physical harm, sexual abuse, damage to property, harassment, hazing, etc. Students should also be aware that this university policy does not prevent action by local and state authorities.) Students who are taken to the hospital for treatment related to alcohol will be referred to the university's Counseling and Health Services. Serious or repeated incidents will prompt a higher degree of intervention from the Dean of Students office with possible disciplinary actions. This policy is designed to save lives. The spirit of the Good Samaritan Policy is that we all have an ethical responsibility to help people in need. There is an expectation that students will take active steps to protect the safety and well-being of our community.

Students found in violation of the alcohol policy through report of a sexual assault, psychological or medical emergency will not be automatically subject to the minimum sanction. Such sensitive situations will be handled on a case by case basis.

Sanctions For Student Abuse of The University Alcohol Policy

1. Individuals who are in violation of the laws of the Commonwealth regarding alcoholic beverages on campus property or at a duly sponsored campus function off campus will be disciplined by the appropriate authority.
2. Individuals in violation of university policy regarding the use of alcoholic beverages on campus property or at a duly sponsored university function off campus shall be subject to disciplinary action as described in the Student Conduct Code, which can be found in its entirety at <http://salemstate.edu/studentconductcode>.

Sanctions For Student Violation of The Drug-Free Campus Policy

1. Alleged violators of the drug policy are subject to immediate suspension from the university or any area thereof pending completion of due process as outlined in the Student Conduct Code.
2. If following due process the alleged violator is found responsible, he/she/they may be subject to expulsion from the university and may also be subject to criminal prosecution under applicable state and federal laws.

Disciplinary Sanctions for Marijuana Use for All Students

State criminal laws on possessing, distributing and using illicit and prescription drugs and drug paraphernalia are in effect on the university's property, which includes an elementary school on north campus and a daycare center on south campus, and one adjacent to central campus. Students violating the state, and university regulations, face serious student conduct and legal action. On university property, no one may possess, use, sell, distribute, or manufacture illegal drugs or drug paraphernalia. This policy also applies to any legal drugs for which the possessor does not have a legal prescription.

As marijuana is not allowed to be possessed or used under Federal law, the use and/or possession of marijuana, including marijuana prescribed for medical purposes, on any University property, owned or leased, is prohibited.

Salem State University has created a policy specifically for marijuana use and possession. The possible actions available to the student conduct board procedural advisor or designee are described below. In order to maintain the spirit of the law regarding the decriminalization of marijuana use of anything under an ounce, Salem State University has implemented the following as procedural guidelines:

First violation may include:

- Written Warning
- 5 Engagement Hours
- \$100 citation from the Police

Second violation may include:

- General Probation 10 Engagement Hours
- \$100 fine (if not cited)

Third violation may include:

Range from disciplinary probation to suspension from the residence halls or the university

Employee Drug and Alcohol Policy and Sanctions

The employees of Salem State shall not unlawfully manufacture, distribute, dispense, possess or use controlled substances or alcohol on university property, in conjunction with any university activity or in the University workplace. Any individual who violates this prohibition will be subject to disciplinary action in accordance with any applicable bargaining agreement. Such disciplinary action may include suspension from employment, mandatory participation in an alcohol/drug abuse assistance or rehabilitation program, and termination of employment as well as referral of the matter for prosecution to an appropriate enforcement agency.

As a condition of employment, all employees will abide by this statement of policy. Employees will notify the university's Assistant Vice President of Human Resources and Equal Opportunity within five (5) days of being convicted of violating a criminal drug statute in the workplace. The employer will notify a grantor agency that an employee has been convicted of a drug-related offense within ten (10) days.]

Student Employee Drug Policy and Sanctions

Any student who is also employed in any capacity by the university, as a condition of such employment, will abide by the policies outlined in this document and applicable sections of the Student Conduct Code.

Student employees will notify the university's director of financial aid within five (5) days of being convicted of violating a criminal drug statute in the workplace. The university will notify a grantor agency that a student employee has been convicted of a drug-related offense within ten (10) days.

General Policy For Faculty, Staff, Administrators and Students

The acquisition, possession, transportation and consumption of alcoholic beverages, including but not limited to ale, beer and wine are governed by various provisions of the laws of the Commonwealth of Massachusetts. These statutes fully apply on campus.

These statutes are part of the criminal laws of the Commonwealth of Massachusetts. Penalties for violations include fines of varying amounts and imprisonment for varying terms. They are enforced by police authorities, but the university requires that all members of the university community comply with them; violations of laws or policies governing alcohol use will constitute grounds for disciplinary action in accordance with university policies and procedures.

- Alcoholic beverages shall not be offered gratuitously, sold to or consumed by a person under age 21 under any circumstances.
- Alcoholic beverages shall neither be offered nor consumed at university events, whether indoors or outdoors, except in places and at times, and under circumstances approved by the Alcohol Review Board, c/o Counseling and Health Services. Alcoholic beverages will not be offered as a raffle or door prize.
- Safeguards must be taken by the sponsor of an event of which alcoholic beverages are a component, in order to insure an orderly function in compliance with these regulations. These safeguards must be presented to the Alcohol Review Board in order to gain approval for alcoholic beverages to be served. Adequate assurance must be given to the review board that there will be no violation of civil law.
- If a violation occurs, the violators may face civil prosecution which may result in fines or confinement, and they also may be subject to disciplinary action in accordance with university policies and procedures.
- No alcohol beverage will be served in any academic classroom setting.
- Open containers, including but not limited to bottles, cans, cups, mugs, pitchers and pouches of alcoholic beverages or previously opened containers (seal broken) of alcoholic beverages are prohibited from all university buildings and grounds except for areas designated by the university via application through the Alcohol Review Board.
- Alcoholic beverages may not be sold on campus for profit.
- Whenever alcohol is a component of an event, ample food and non-alcoholic beverages must be readily available. If under-aged students are present all students must be carded before being served alcohol.
- University property includes property owned by the Commonwealth and used by the university, as well as property owned or leased by the university.
- No advertising of alcoholic beverages or related products is allowed on campus.

General Policy for Students

Students who are under 21 are not permitted to consume alcohol on campus at any time; to do so is a violation of state law and university policy, and will result in legal and/or student conduct action. You and your guests are subject to the laws of the Commonwealth of Massachusetts. Underage students who are cited for alcohol violations off campus may also face student conduct action by the university. Regardless of your age, you may not drink in Bowditch Hall, Peabody Hall, Atlantic Hall, Marsh Hall, or Viking Hall. In addition, you may not have any alcohol containers (decorative or otherwise) or paraphernalia (e.g., bottles and cans, funnels, keg taps, etc.) in the above residential areas. The residence life staff may not allow you to sign guests into the building if you and/or your guests appear to be intoxicated. The staff may decide to contact university police officers for an assessment if they are concerned about a resident's or guest's safety.



Students at Bates Complex

Alcohol is permitted in student rooms and apartments of Bates Complex; and then, only by residents and guests who are 21 years of age or older. Visible alcohol is not permitted in the apartment or room if any visitors or guests are under the age of 21. Residents and guests under the age of 21 who have consumed alcohol or are found in possession of alcohol in Bates Complex will be subject to possible disciplinary action as outlined in the Student Conduct Code.

Residents who are 21 years of age or older in the Bates Complex may have in their possession no more than the following amounts of alcohol at any time:

- 1.75 liters of liquor or;
- One case of beer (30 – 12 oz. containers) or;
- Five (5) 750 milliliters or less bottles of wine

Common source containers including but not limited to: kegs, beer balls and beer machines; home brewing equipment; punch bowls; trashcans; whether empty or full, tapped or untapped, are prohibited and will be confiscated by the university. The university prohibits drinking paraphernalia, including but not limited to, drinking funnels, ice luges, and other items that encourage binge drinking. Students who sponsor, organize, facilitate, participate in, and are present during, or allow the use of their rooms for such activities may be subject to disciplinary action.

Empty alcohol containers found in the Bates common area of apartments are considered a health violation and will be subject to possible disciplinary action. Because of this, all students are asked not to store empty alcohol containers in their rooms, and are expected to dispose of them in the designated recycling or trash areas.

Any resident who invites a guest onto campus or into their room (including resident students who do not reside in the Bates Complex) assumes the responsibility of ensuring that their guest will act in an appropriate manner, as well as abide by all university policies. Should the guest of a Salem State resident violate the alcohol policy, the host student will also be subject to disciplinary action.

Alcohol is not permitted in the lounges, stairwells, or hallways of any residential facility. Students are allowed to possess alcohol in their apartment/bedroom only when all present individuals are over the age of 21.

Large parties within the residential areas are not permitted. Social gatherings exceeding the guest limits with alcohol present will be dispersed regardless of the ages of guests. The maximum number of people allowed in a room or apartment at any time is two guests per resident of the room that is present (i.e., in a six (6) person apartment, there can be no more than 18 people present). Students who host parties, with or without alcohol, will be held accountable for any violations.

Residents of Bates Complex, who fail to comply with the above policies, will be subject to possible disciplinary action for violation of the Alcohol Policy as described above and in the Student Conduct Code and the Guide to Living on Campus. If any resident over the age of 21 is found responsible for any violations of the above policies, including consuming alcohol in the presence of minors, the resident may lose their 21+ housing privileges for the remainder of the academic year. If an apartment is found responsible for any violations of the above policies, including consuming alcohol in the presence of minors, the occupants of the apartment may lose their 21+ housing privileges for the remainder of the academic year.

Tobacco-Free Campus Initiative

Salem State University recognizes the medical evidence that indicates that smoking and the use of tobacco products create a serious health hazard, and that this health hazard extends to non-smokers forced to breathe second-hand smoke. The primary responsibility of the university is to provide a healthy working and learning environment.

In the interest of further protecting the health and well-being of members and visitors of the university community, as of September 1, 2011, the use of any tobacco product is prohibited on our campus. This includes all buildings, grounds, parking lots, work areas, offices, restrooms, lobbies, public entrances, any vehicle parked on campus, etc. Because of our collective concern for the environment, our awareness of the harmful effects of tobacco use on the user, and how much is being written about the effects of second-hand smoke on the non-smoker, we are committing ourselves to a tobacco-free environment at Salem State University.

Recognition of this responsibility has resulted in the development of the following standards:

1. The use of tobacco products is prohibited anywhere on the university campus, in any university building, in any vehicle owned, leased or rented by the university or any privately owned vehicle on campus grounds.
2. The sale of tobacco products on campus is prohibited.
3. As with any university standard, violators will be subject to disciplinary action as prescribed in the university's student rules and regulations or appropriate agreement between the BHE and the university's unionized employees.
4. These university standards will be enforced by the university police department.
5. Individuals should not bring cigarettes/tobacco products onto the campus, including smoking devices such as, but not limited to, e-cigarettes and hookahs.

Tobacco-Free Campus Policy

In compliance with the laws of the Commonwealth of Massachusetts, smoking is prohibited in all buildings administered by Salem State University.

In addition, the university has adopted a tobacco-free campus initiative and there is no use of tobacco products anywhere on campus property, including in vehicles in campus parking lots. Violations of these standards will subject the individual to disciplinary procedures found for students in the Student Conduct Code or for employees in the applicable collective bargaining agreement.



Smoking Cessation

A tobacco-free campus initiative has been implemented which includes an education and awareness component, smoking cessation opportunities, and other continuing efforts to facilitate the implementation of these new standards. Students seeking help with smoking cessation may contact Counseling and Health Services at 978.542.6410. Employees may contact human resources to learn what services are available through our employee assistance program or you may contact your personal health insurance company.

Publicity

Every effort will be made to inform all members of the university community and public about the university's tobacco-free campus initiative. Such notification will include: signs on all buildings and on campus grounds, announcements at public events, reminders on programs and other materials, inclusion of the standards in the student handbook, accessibility via the university's counseling and health web page at salemstate.edu/chs and will be relayed during orientation sessions for new employees and new students.

Coverage

This policy shall apply to all administrators, faculty, staff, students, and guests of Salem State.

Disciplinary Sanctions for Tobacco Use

The Dean of Students office publishes the following procedural guidelines to violations of the tobacco-free campus policy:

First violation may include:

- Verbal Warning Smoking cessation packet

Second violation may include:

- Written Warning
- Third violation may include:
- General Probation

Subsequent violation:

- Referral to the Dean of Students office

Conduct Regulations

Listed below are those types of conduct – with regard to hazing, alcohol, drugs, and tobacco which constitute grounds for disciplinary action. Any student involved in attempting, encouraging, assisting, permitting, or inciting any of the following types of conduct is similarly subject to such action. In addition to these regulations, the university may from time to time develop interim policies or regulations which pertain to specific situations. For a complete list of all conduct regulations, please see the Student Conduct Code which can be found online at <https://www.salemstate.edu/campus-life/support-services/community-standards>.

5.0) Violation of university hazing policy

12.0) Violation of university alcoholic beverage policy: e.g., 12.1) unauthorized possession; 12.2) unauthorized sale [of alcoholic beverages]; 12.3) unauthorized use [of alcoholic beverages]; 12.4) manufacture [of alcoholic beverages]; 12.5) distribution of alcoholic beverages on university property without proper approval; 12.6) possession of commercially prepared alcoholic containers (i.e., kegs, beerballs, etc.); 12.7) possession of bulk alcoholic beverages; 12.8) behavior negatively impacted by use of alcohol; 12.9) being in the presence of alcohol in a substance free building/area

13.1) Possession [of illegal drugs]; 13.1) use of [illegal drugs]; 13.2) sale [of illegal drugs]; 13.3) distribution [of illegal drugs]; 13.4) manufacture of illegal drugs; 13.5) [possession, use, sale, distribution, or manufacture] of drugs (e.g., narcotics, stimulants, depressants, hallucinogens) or drug paraphernalia for which the required prescription has not been obtained.

13.1.a) Violation of university drug policy

13.1.b) Violation of university tobacco-free policy; 13.0.1) use of tobacco products, including but not limited to, cigarettes, cigars and chewing tobacco anywhere on campus property (including in vehicles); 13.0.2) use of any smoking devices, including, but not limited to, e-cigarettes or hookahs on campus property (including in vehicles)

If You Need Assistance

Help concerning drug, alcohol and tobacco related problems is available from several sources. If you need assistance, or know of someone who needs help or have questions concerning alcohol and drug abuse, you may contact any of the following in confidence:

1. Counseling and Health Services, Ellison Campus Center, 978.542.6410.
2. Assistant Vice President of Human Resources and Equal Opportunity, Administration Building 978.542.6123.

Counseling and Health Services emphasizes prevention and education. Individual and group counseling is available to any student who seeks assistance in exploring or changing problematic substance use. Counseling and health services has established working relationships with area hospitals to facilitate referrals when inpatient treatment is indicated. Professional and student staff in the residence halls receive training on issues regarding drug and alcohol use and abuse prior to each fall semester. In-service training continues throughout the academic year.

Additional resources as well as descriptions of drug and alcohol abuse education programs can be found at the following link: <https://www.salemstate.edu/campus-life/support-services/counseling-and-health-services/alcohol-and-drug-resources>.

Hazing Policy

All forms of hazing by any individual, group, or organization are strictly prohibited by the university. Any infractions of the hazing policy by students, groups of students, or student organizations shall be processed through established campus disciplinary procedures.

1. Individual students found guilty of the hazing policy will be subject to disciplinary sanctions in the form of suspension, dismissal, or expulsion from the university.
2. Any student organization found guilty of the hazing policy will be subject to immediate loss of recognition for a specified period of time and possible revocation of its campus charter (if applicable). An organization desiring recognition after the specified time period shall reapply for recognition through the established campus procedures.
3. If a student affiliated with an organization acts individually or on the part of the organization to commit an act of hazing, both the student and the organization shall be held liable for the action and appropriate sanctions shall be imposed.

The following are the applicable laws of the Commonwealth of Massachusetts regarding hazing:

269:17. Hazing Prohibited; Definition; Penalties.

Section 17. Whoever is a principal organizer or participant in the crime of hazing, as defined herein, shall be punished by a fine of not more than three thousand dollars or by imprisonment in a house of correction for not more than one year, or both such fine and imprisonment.

The term "hazing" as used in this section and in sections eighteen and nineteen, shall mean any conduct or method of initiation into any student organization, whether on public or private property, which willfully or recklessly endangers the physical or mental health of any student or other person. Such conduct shall include whipping, beating, branding, forced calisthenics, exposure to the weather, forced consumption of any food, liquor, beverage, drug or other substance or any other brutal treatment or forced physical activity which is likely to adversely affect the physical health or safety of any such student or other person or which subjects such student or other person to extreme mental stress, including extended deprivation of sleep or rest or extended isolation.

Notwithstanding any other provisions of this section to the contrary, consent shall not be available as a defense to any prosecution under this action.

269:18. Failure to Report Hazing; Penalty.

Section 18. Whoever knows that another person is the victim of hazing as defined in Section 17 and is at the scene of such crime shall, to the extent that such person can do so without danger or peril to himself or others, report such crime to an appropriate law enforcement official as soon as reasonably practicable. Whoever fails to report such crime shall be punished by a fine of not more than one thousand dollars.

269:19. Notification by Schools of Hazing Law; Report by Schools; Disciplinary Policy.

Section 19. Each institution of secondary education and each public and private institution of post- secondary education shall issue to every student group, student team, or student organization which is part of such institution or is recognized by the institution or permitted by the institution to use its name or facilities or is known by the institution to exist as an unaffiliated student group, student team or student organization, a copy of this section and sections 17 and 18; provided, however, that an institution's compliance with this section's requirements that an institution issue copies of this section and sections 17 and 18 to unaffiliated student groups, teams or organizations shall not constitute evidence of the institution's recognition or endorsement of said unaffiliated student groups, teams or organizations. Each such group, team or organization shall distribute a copy of this section and sections 17 and 18 to each of its members, plebes, pledges or applicants for membership. It shall be the duty of each such group, team or organization acting through its designated officer, to deliver annually, to the institution an attested acknowledgement stating that such group, team or organization has received a copy of this section and said sections 17 and 18, that each of its members, plebes, pledges, or applicants received a copy of section 17 and 18 and that such group, team or organization understands and agrees to comply with the provisions of this section and sections 17 and 18.

Each institution of secondary education and each public or private institution of post- secondary education shall, at least annually, before or at the start of enrollment deliver to each person who enrolls as a full time student in such institution a copy of this section and sections 17 and 18.

Each institution of secondary education and each public or private institution of post- secondary education shall file, at least annually, a report with the regents of higher education and in the case of secondary institutions, the board of education, certifying that such institution has complied with its responsibility to inform student groups, teams or organizations and to notify each full time student enrolled by it of the provisions of this section and sections 17 and 18 and also certifying that said institution has adopted a disciplinary policy with regard to the organizers and participants of hazing, and that such policy has been set forth with appropriate emphasis in the student handbook or similar means of communicating the institution's policies to its students. The Board of Regents and, in the case of secondary institutions the board of education shall promulgate regulations governing the content and frequency of such reports, and shall forthwith report to the attorney general any such institution which fails to make such report.

STATEMENT OF POLICE REGARDING FIREARMS AND OTHER WEAPONS

Weapons of any type, unless otherwise indicated as an exception below, are prohibited on campus. A weapon is generally anything somebody could use to hurt or harm somebody else. Weapons could be any of the following including but not limited to:

- a knife
- a gun/firearm
- a BB gun, pellet gun or air soft gun
- any available object that could be used to hurt somebody else

Massachusetts General Laws, MGL Chapter 140 Section 121 defines a weapon as any rifle, shotgun or firearm.

- A firearm is defined as a pistol, revolver or other weapon of any description, loaded or unloaded, from which a shot or bullet can be discharged and of which the length of the barrel or barrels is less than 16 inches or 18 inches in the case of a shotgun as originally manufactured; provided, however, that the term firearm shall not include any weapon that is: (i) constructed in a shape that does not resemble a handgun, short-barreled rifle or short-barreled shotgun including, but not limited to, covert weapons that resemble key-chains, pens, cigarette-lighters or cigarette-packages; or (ii) not detectable as a weapon or potential weapon by x-ray machines commonly used at airports or walk- through metal detectors.

- All firearms are prohibited on campus.
 - Under Massachusetts General Law Chapter 269 Section 10 possessing a firearm on school grounds is prohibited.
 - “Whoever, not being a law enforcement officer...carries on his person a firearm...loaded or unloaded or other dangerous weapon in any building or on any grounds of any elementary or secondary school, college or university...shall be punished by a fine or not more than one thousand dollars or by imprisonment for not more than one year, or both”.
- All imitation firearms or facsimile firearms are prohibited.
- All ammunition is prohibited on campus regardless of the presence of a firearm.
- Electronic defense weapons are prohibited on campus.
- The carrying or storage of knives or other edged weapons on campus is prohibited except a pocket knife with a single edge blade measuring less than 2 ½ inches². No person shall carry on his/her person or under his/her control in a vehicle or within a campus building any stiletto, dagger or a device or case which enables a knife with a locking blade to be drawn at a locked position, any ballistic knife, or any knife with a detachable blade capable of being propelled by any mechanism, dirk knife, any knife having a double edged blade, or a switch knife, or any knife having an automatic spring release device by which the blade is released from the handle, having a blade or over one and one half inches, or a slung shot, blowgun, blackjack, metallic knuckles or knuckles of any substance which could be put to same use of with the same or similar effect as metallic knuckles, nunchaku, zoobow, also known as klackers or kung fu sticks, or any similar weapon consisting of two sticks of wood, plastic or metal connected at one end by a length of rope, chain, wire or leather, a shuriken or any similar pointed star-like object intended to injure a person when thrown, or any armband, made with leather which has metallic spikes, points or studs or any similar device made from any other substance or a cestus or similar material weighted with metal or other substance and worn on the hand, or a manrikigusari or similar length of chain having weighted ends.
- All chemical sprays with the exception of certain pepper sprays as specified below are prohibited on campus.
- Certain pepper spray canisters are allowed by persons 18 years of age or older for personal defense purposes. Pepper spray canisters must be standard form personal use size (2.5 oz. or less). Pepper spray canisters must not be in the form of a firearm or anything resembling a firearm. Only oleoresin capsicum form pepper spray is allowable in aerosol form (no gels allowed). Anyone wishing to carry pepper spray on campus must register it, in person, with the university police prior to carrying it on their person or storing it on campus.

REPORTING CRIMINAL HARASSMENT

All members of the Salem State University community have the right to be free from being harassed and or placed in fear. The law has provided victims of criminal harassment with the ability to receive relief from the courts even though there is no relationship with the abuser. The Harassment Prevention Order, Massachusetts General Law 258E, fills a critical gap in the law to protect victims of criminal harassment, stalking, or sexual assault from being harassed repeatedly regardless of their relationship with the perpetrator. If you are a victim of criminal harassment contact the Salem State University Police Department immediately for assistance or report to the Assistant Director of Labor and Employee Relations.

2 Knives utilized strictly for cooking purposes or cutting food (such as steak knives) are permissible in apartment style housing however these instruments must be properly stored within residential facilities and must not be carried on one's person outside of residential units.

POLICES AND PROCEDURES REGARDING SEXUAL ASSAULT, DOMESTIC VIOLENCE, STALKING AND DATING VIOLENCE, TITLE IX AND VIOLENCE AGAINST WOMEN ACT

Title IX of the Educational Amendments of 1972 (Title IX), 20 U.S.C. §§1681 et seq., and its implementing regulations, 34 C.F.R. Part 106, prohibit discrimination on the basis of sex in education programs or activities operated by recipients of federal financial assistance. Title IX also covers sexual violence and reminds schools of their responsibilities to take immediate and effective steps to respond to sexual violence. Sexual harassment of students and/or employees, which includes acts of sexual violence, is a form of sex discrimination prohibited by Title IX.

Sexual violence refers to physical sexual acts perpetrated against a person's will or where a person is incapable of giving consent due to the victim's use of drugs or alcohol. An individual also may be unable to give consent due to an intellectual or other disability. A number of different acts fall into the category of sexual violence, including rape, sexual assault, sexual battery, and sexual coercion. All such acts of sexual violence are forms of sexual harassment covered under Title IX.

Salem State University's Title IX Coordinator is:

Siobhain Feeney, Assistant Director for Human Resources and Equal Opportunity 978.542.2985

Marlin Nabors, Associate Dean of Students/Deputy Title IX Coordinator 978.542.6442

Salem State will not tolerate, and specifically prohibits, sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation in any form. Where there is probable cause to believe that the university's regulations prohibiting such acts have been violated, the university will encourage the alleged victim to pursue disciplinary action through the Sexual Violence Investigation and Resolution Procedures. (To view the Equal Opportunity, Diversity and Affirmative Action Plan in its entirety, please go to <https://www.salemstate.edu/offices-and-services/human-resources-and-equal-opportunity/title-ix/discrimination-harassment-and> .) Disciplinary sanctions for sexual assault violations may include suspension, dismissal or expulsion from the university. A student charged with sexual assault can be prosecuted under Massachusetts criminal statutes and disciplined under the university's student conduct process. In those instances in which criminal justice authorities choose not to prosecute a student for involvement in an alleged sexual assault, the victim retains the option to pursue disciplinary action within the student conduct system.

Salem State University will not tolerate, and specifically prohibits, any member of the university community sexually harassing, discriminating or assaulting another employee, student or other person having dealings with the university. This policy applies to face-to-face violations as well as those perpetrated through the use of electronic media. The university is committed to providing a working, living and learning environment that is free from all forms of sexually abusive, harassing or coercive conduct. This policy seeks to protect the rights of all members of the university community (faculty, librarians, administrators, staff, and students) and other persons having dealings with the university, to be treated with respect and dignity.

At times, persons may be hesitant to report the occurrence of sexual misconduct or violence to University officials because they are concerned that they themselves, or witnesses to, or persons with knowledge of the conduct, might be charged with violations of the University's alcohol and/or drug policies. While the University does not condone these behaviors, it places a higher priority on the need to address instances of sexual misconduct and violence. In such cases, the University will not pursue disciplinary action towards violations of the alcohol and/or drug policies against a person who, in good faith, reports misconduct or violence, is a witness to, or has knowledge of the incident.

Furthermore, in cases of alleged sexual assault, domestic violence, dating violence, stalking, sexual harassment, and sexual misconduct, the investigation will be completed by the Title IX coordinator or the Dean of Students Office. Once all evidence has been collected, materials will be given to the Student Title IX Review Board, which

is comprised of a minimum of three administrators. Training shall be provided to all members of such panels. For details on the administrative investigation process, please refer to the Definitions and Protocols portion of this section.

Title IX, VAWA Definitions and Protocols (Code of Conduct):

Refer to <https://www.salemstate.edu/offices-and-services/human-resources-and-equal-opportunity/title-ix> for more information regarding Title IX and VAWA

What is Title IX?

Title IX of the Education Amendments Act of 1972 prohibits discrimination on the basis of sex in any federally funded education program or activity. Title IX also covers sexual violence and reminds schools of their responsibilities to take immediate and effective steps to respond to sexual violence.

What is the Violence Against Women Act (VAWA)?

This Act addresses and prohibits acts of violence motivated by gender.

What is the definition of consent?

Consent is an understandable exchange of affirmative words or actions, which indicate a willingness by all parties to participate in mutually agreed upon sexual activity. Consent must be informed, freely and actively given. It is the responsibility of the initiator to obtain clear and affirmative responses at each stage of sexual involvement.

Silence, previous sexual relationships or experiences, and/or a current relationship may not, in themselves, be taken to imply consent. While nonverbal consent is possible (through active participation), it is best to obtain verbal consent. Similarly, consent to one form of sexual activity does not imply consent to other forms of sexual activity. Consent to sexual activity may be withdrawn at any time, as long as the withdrawal is communicated clearly.

An individual who is incapacitated by alcohol and/or drugs both voluntarily or involuntarily consumed may not give consent. Alcohol or drug related incapacitation is more severe than impairment, being under the influence, or intoxication. Evidence of incapacity may be detected from context clues, such as slurred speech, bloodshot eyes, the smell of alcohol on the breath, shaky equilibrium, vomiting, unusual behavior or unconsciousness. While context clues are important in determining incapacitation, they alone do not necessarily indicate incapacitation.

When consent cannot be given:

- One of the persons is under the age of consent (16 years old in Massachusetts)
- Persons who are intellectually incapable of understanding the implications and consequences of the act or actions in question
- Persons who are physically helpless (i.e., one who is asleep, blacked out, involuntarily physically restrained, unconscious, or, for any other reason, unable to communicate unwillingness to engage in any act)

The use of alcohol or drugs to render another person mentally or physically incapacitated as a precursor to or part of a sexual assault is prohibited. The use of alcohol, medications or other drugs does not excuse a violation of this policy.

Furthermore, consent is not effective if a person is coerced, pressured, intimidated or threatened.

Who is the Complainant?

The Complainant is the individual making a complaint against someone else of engaging in sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation in any form.

Who is the Respondent?

The Respondent is the individual who is being accused of engaging in sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation in any form.

What is the definition of preponderance of evidence?

The preponderance of the evidence is the burden of proof standard used in Sexual Violence Investigation and Resolution Procedures. This means the Complainant must prove by the greater weight of the evidence that the Respondent actually violated the Sexual Violence Policy. In other words, considering all the evidence in the case, the administrative investigator and the administrative review board must be persuaded considering all the evidence in the case that more likely than not that a violation of the Sexual Violence Policy occurred.

What is the definition of retaliation?

The University prohibits retaliation against any person for making a complaint of sexual violence, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking and retaliation, for assisting in making a complaint, for resisting or openly opposing such conduct, or for otherwise using or participating in the complaint investigation process. Persons who file, or participate in the investigation or resolution of, claims or complaints of sexual violence, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking and retaliation with outside agencies, law enforcement or otherwise pursuant to any applicable state or federal law, are also protected from retaliation.

Prohibited retaliation includes, but is not limited to: threats; intimidation; reprisals; continued harassment or misconduct; other forms of harassment; slander and libel; and adverse actions related to employment or education. Retaliation can be committed by individuals or groups, including friends, relatives or other associates of the person against whom a complaint is filed. Retaliation, even in the absence of proven sexual violence, sexual harassment, gender-based harassment, domestic violence, dating violence or stalking in an underlying complaint, constitutes a violation of this policy that is just as serious as the main offense itself.

Title IX and VAWA Reminders

Reports cannot remain confidential. Title IX requires institutions to report and take action.

Students have the right not to share information. It is important to know that the University may then be limited in its response.

Confidentiality

Employees (faculty, staff and administrators), especially those designated "Responsible Employees" are not able to keep reports of sexual assault confidential. According to Title IX, "If a complainant insists that his/her name not be disclosed to the alleged perpetrator, the school should inform the complainant that its ability to respond may be limited." Specific information is not shared publicly, rather only with the Title IX coordinator and those trained to respond to such information.

At the same time, different resources on campus come with different levels of confidentiality and, subsequently, different abilities to assist with the situation. Faculty, staff and administrators are not considered a confidential source that is protected by law. If a student wants to talk to someone and be assured of confidentiality, please refer to the following offices:

- Counseling and Health Services
- University Chaplain
- Off-campus counseling or medical care

Preservation of Evidence

Any person who has experience sexual violence is encouraged to take steps to preserve evidence of the incident, as doing so may be necessary to the proof of a crime or to obtain a protection order from the court. After an incident occurs, one should try to refrain from bathing, showering, brushing teeth, drinking, eating, douching or changing clothes until the evidence can be collected. If one changes clothes, one should place each garment in a separate paper (not plastic) bag. If the incident involves any written or electronic communications (e.g., pictures/videos, texts, social media posts, etc.), take care to preserve copies and not delete the originals. University police officers are trained to collect evidence and will assist with this process regardless of whether a complainant wishes to pursue a criminal complaint.

Advisors

Students have the right to an advisor to be present during any meetings regarding the process (other than meetings between victims and University officials regarding accommodations or protective interim measures) and disciplinary proceedings. Except as otherwise required by law, the advisor may observe, but may not participate in any way whatsoever, including, without limitation, by asking questions or speaking during the meeting or proceeding. The advisor's role is to provide support and/or advice to the party. During meetings and proceedings, the advisor may speak with the party or pass notes in a non-disruptive manner. The University reserves the right to remove from the meeting or proceeding any advisor who disrupts the process, or who does not abide by the restrictions on their participation. In addition, please note that the University does not need to cancel or delay a meeting or proceeding simply because an advisor cannot be present. Further, the advisor is not permitted to attend a meeting or proceeding without the advisee.

What is the Sexual Violence Investigation and Resolution Procedures?

If a complaint has been properly filed, or the University otherwise determines that an administrative investigation is necessary, the University will assign the matter to an administrative investigator. The University may also designate other trained and knowledgeable University officials with the administrative investigation. The administrative investigator will promptly notify the respondent of the complaint, provide the student with a copy of the complaint, and invite the respondent to submit a written response to the complaint. If the respondent does not respond, or otherwise fails to participate in the administrative investigation, the administrative investigator will complete the administrative investigation on the basis of the other information obtained. Where a complaint is brought by a third party reporter, the administrative investigator shall attempt to meet with the potential complainant to discuss their participation in the administrative investigation and gain additional information.

The administrative investigation shall include, but is not limited to: an analysis of the allegations and defenses presented using the preponderance of evidence standard; consideration of all relevant documents, including written statements and other materials presented by the parties; interviews of the parties and other individuals and/or witnesses; and/or reviewing certain documents or materials in the possession of either party that the administrative investigator has deemed relevant. The administrative investigator may review any university police investigation reports or the investigation reports of local law enforcement authorities.

In regards to the complaints alleging sexual violence or other gender-based misconduct, questions, statements, or information about the sexual activity of the complainant or alleged victim with any person other than the respondent is not relevant and will not be considered. If the complainant raises the issue of their own sexual activity with anyone other than the respondent, the administrative investigator may ask relevant questions

about that relationship. Parties to complaints of sexual violence or other gender-based misconduct are permitted to submit questions for the administrative investigator to ask of the other parties and witnesses, but the questions must be specifically about the allegations of the present complaint.

A person making a complaint of sexual violence or other gender-based misconduct may submit a victim impact statement. A respondent to a complaint of sexual violence or other gender-based misconduct may submit a statement of mitigation or extenuation.

At the conclusion of the administrative investigation, the administrative investigator shall prepare an Administrative Investigation Report for submission to the Student Title IX Review Board to review. The Administrative Investigation Report shall: outline the administrative investigation steps undertaken; summarize the factual findings; state whether a policy violation has occurred based on the preponderance of evidence; explain the rationale for the violation determination; and if applicable, recommend a sanction(s). The administrative investigation will not be shared with the parties except upon request following the issuance of the Notice of Outcome, and then only in accordance with applicable law.

On Campus Resources, Important Information and Assistance

The university recognizes that sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation can be a very traumatic crime and as such it will endeavor to work with students who are victims of such crimes to reduce fears and concerns regarding their personal safety. Any individuals who believes they may have experienced sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation may receive important information and assistance regarding the university's policies and responsive processes from any of the following offices. In addition, these offices are available for complaints of sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation to be filed in:

1. Salem State University Police (available 24-hours a day)

Office Location: Central Campus

Telephone: 978.542.6111

**University Police is able to take immediate action to help you. They can assist in obtaining a restraining order.*

2. Dean of Students Office

Office Location: Meier Hall room 245

Telephone: 978.542.6401

Email: studentlife@salemstate.edu

**The Dean of Students office is able to take action in many areas to protect you through utilization of the Sexual Violence Policy.*

3. Residence Life

Office Location: Atlantic Hall room 131

Telephone: 978.542.6416

**Residence Life is able to take action to help you, through utilization of the Sexual Violence Policy.*

4. Title IX Coordinator

Siobhain Feeney,

Office Location: North Campus, Administration Annex

Telephone: 978.542.2985

Email: sfeeney@salemstate.edu

**The Title IX Coordinator oversees and ensures compliance of issues related to sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation.*

5. Counseling and Health Services

Office Location: Ellison Campus Center room 107

Telephone: 978.542.6410 or 978.542.6413

**Counseling and Health Services is a confidential resource and can provide medical and counseling services as well as information and support. They can advocate for you with your consent.*

6. PEAR (Prevention, Education, Advocacy, Response) Program

Office Location: Ellison Campus Center room 112

Telephone: 978.542.2987

24/7 confidential PEAR Hotline: 978.594.7089 (call or text)

Email: carmstrong@salemstate.edu

**The PEAR Program provides programs, trainings and advocacy on topics related to sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation. The 24/7 confidential PEAR hotline goes to a confidential advocate who can provide support, information, referrals, and follow-up for Salem State students.*

7. Spiritual Life

Rev. Laura Biddle

Office Location: Ellison Campus Center room 219

Telephone: 978.542.6129

Email: lbiddle@salemstate.edu

**Spiritual Life is a confidential resource and can provide information and support. The coordinator for spiritual life can advocate for you with your consent.*

Furthermore, if an apparent conflict of interest prevents use of the assistance of the above offices, the person complaining of sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation may request assistance directly from the President's Office, located in Meier Hall room 316. The telephone number is 978.542.6134 and the email address is: president@salemstate.edu.

Off Campus Resources:

In addition to the available on-campus resources there are a number of off-campus resources where victims/survivors of sexual assault can obtain services and support:

- **YWCA North Shore Rape Crisis Center**
24-hour hotline- 800.922.8772
Free, Confidential, and can accompany a victim/survivor to the hospital, police station, and/or court.
- **Healing Abuse Working for Change (HAWC)**
24-hour hotline- 800.547.1649
Free comprehensive services to all individuals experiencing domestic violence.

Important Information

- Victims and/or survivors are reminded that on-campus and off-campus counseling services exist for the emotional well-being of Salem State University students.
- Students may request to change academic and residential (on-campus) situations after an alleged sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation incident, and may request assistance to do so if changes are reasonably available.

How to Report an Incident

The University recognizes that sexual assault, sexual misconduct, sexual harassment, gender-based harassment, domestic violence, dating violence, stalking, and/or retaliation can be a very traumatic crime and as such it will endeavor to work with students who are victims of such crimes to reduce fears and concerns regarding their personal safety. Depending on the nature of the incident, one or more of the following options may apply:

- You can proceed with an on-campus complaint through the Sexual Violence Investigation and Resolution Procedures. A complaint can be filed with a residence life staff member, the Dean of Students office, or the Title IX Coordinator.
- Though the decision to contact the police is a personal one, the university is committed to supporting victims who decide to report the crime to the police. Deciding whether to report the crime to the police may be very difficult, but if you do decide to pursue criminal charges, you can proceed by filing a complaint with the Salem State University police department.
- You may request a court-issued restraining order through the Salem State University police department.
- You do not have to pursue any official action.

Remember: Whatever option you decide, it is important that you at least report and document the incident.

Description of Options

- **Sexual Violence Investigation and Resolution Procedures:** If you want to pursue campus action, a complaint may be filed with a residence life staff member, the Dean of Students office or the Title IX coordinator. Staff members will investigate the complaint and, if appropriate, the university will levy charges against the student(s) and process the complaint through the Sexual Violence Investigation and Resolution Procedures. See above in the section of Definitions and Protocols for a description of the administrative investigation process.
- **Criminal Charges:** If you are a victim of a sexual assault at this institution, your first priority should be to get to a place of safety. You should then obtain necessary medical treatment. Deciding whether to report the crime to the police may be very difficult. The university police department strongly advocates that a victim of sexual assault report the incident in a timely manner. University police officers have received specialized training in the investigation of sexual assault and they work closely with other law enforcement professionals as well as university administrators and counseling staff throughout the investigative process. The officers will investigate your complaint and, if founded, will assist you in bringing the matter forward to the local district attorney's office. Time is a critical factor for evidence collection and preservation. An assault should be reported directly to a university police officer, residence life staff member, Counseling and Health Services Center staff member or other university official. Filing a police report with a university police officer will not obligate the victim to prosecute, nor will it subject the victim to scrutiny or judgmental opinions from officers or university officials. Filing a police report will:
 - Ensure that a victim of sexual assault receives the necessary medical treatment and tests.
 - Provide the opportunity for collection of evidence helpful in prosecution, which cannot be obtained later. (Ideally a victim of sexual assault should not wash, douche, use the toilet, or change clothing prior to a medical/legal exam).
 - Assure the victim has access to confidential counseling from counselors specifically trained in the area of sexual assault crisis intervention.

- **Protective Order/Restraining Order:** If you feel a person is intimidating or harassing you, you can seek a protective order through the Salem State University police department. A protective order is a letter that is sent from the district attorney's office, notifying the student whom you feel is harassing you to stay away from you. The letter also informs the person that discipline charges will be filed if the protective order is violated.
- **No Contact Order:** This is an administrative action. However, it is a directive from the University to two parties that states they are not to have any contact with each other whether in person, through social media, and/or through a 3rd party. Violation of this order may result in disciplinary action through the University's student conduct system.
- **Other Action:** Even if you decide not to file a complaint against someone, the university may be able to assist you in various ways. For instance, the university can document the incident that occurred. You may change your mind and reserve the right to file a complaint later on, so fresh and current documentation is important.

Applicable Definitions

Sexual Assault and Sexual Misconduct

1. **Sexual Assault (Clery Act):** Any sexual act directed against another person, without consent of the victim, including instances where the victim is incapable of giving consent.
2. **Rape (Clery Act):** The penetration, no matter how slight, of the vagina or anus, with any body part or object, or oral penetration by a sex organ of another person, without the consent of the victim. This offense includes the rape of both males and females.
3. **Rape (Massachusetts General Laws³):** Sexual intercourse or unnatural sexual intercourse by a person with another person who is compelled to submit by force and against his will or by threat of bodily injury, or sexual intercourse or unnatural sexual intercourse with a child under sixteen years of age.
4. **Sexual Harassment:** Unwelcome conduct of a sexual nature is prohibited when: submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or education; and/or submission to, or rejection of, such conduct by an individual is used as a basis for academic or employment decisions affecting that individual; and/or such conduct has the purpose or effect of substantially interfering with an individual's academic or professional performance or creating a sexually intimidating, hostile, or offensive employment, educational, or living environment. Examples of sexual harassment may include, but are not limited to: repeatedly pressuring another person for sexual activity; making sexist remarks about an individual's clothing, body or sexual activities; unnecessary touching, patting or pinching another person; demanding sex from a subordinate while making threats concerning the subordinate's job; demanding sex from a student while making implied threats concerning the student's grade; electronically transmitting derogatory, demeaning or pornographic materials; posting explicit sexual pictures on an exterior office door or on a computer monitor; and sexually assaulting another person.
5. **Acquaintance Rape:** Sexual intercourse undertaken by a friend or acquaintance without the consent of the victim. Acquaintance rape occurs when a person is forced to have sexual intercourse over his or her objections or as a result of threats, physical restraints, or physical violence.
6. **Indecent Assault and Battery:** Any unwanted sexual contact; including but not limited to, unwanted touching, kissing, or fondling of any body part of a person.

Consent

1. Definition of Consent (Institution's Definition): Consent is an understandable exchange of affirmative words or actions, which indicate a willingness by all parties to participate in mutually agreed upon sexual activity. Consent must be informed, freely and actively given. It is the responsibility of the initiator to obtain clear and affirmative responses at each stage or sexual involvement.
 - a. Silence, previous sexual relationships or experiences, and/or a current relationship may not, in themselves be taken to imply consent. While nonverbal consent is possible (through active participation), it is best to obtain verbal consent. Similarly, consent to one form of sexual activity does not imply consent to other forms of sexual activity. Consent to sexual activity may be withdrawn at any time, as long as the withdrawal is communicated clearly.
 - b. An individual who is incapacitated by alcohol and/or drugs both voluntarily or involuntarily consumed may not give consent. Alcohol or drug related incapacitation is more severe than impairment, being under the influence, or intoxication. Evidence of incapacity may be detected from context clues, such as slurred speech, bloodshot eyes, the smell of alcohol on the breath, shaky equilibrium, vomiting, unusual behavior or unconsciousness. While context clues are important in determining incapacitation, they alone do not indicate incapacitation.
 - c. Consent cannot be given when:
 - i. One of the persons is under the age of consent (16 years old in Massachusetts).
 - ii. Persons who are intellectually incapable of understanding the implications and consequences of the act or actions in question.
 - iii. Persons who are physically helpless (i.e., one who is asleep, blacked out, involuntarily restrained, unconscious, or, for any other reason, unable to communicate unwillingness to engage in any act).
2. Massachusetts General Laws does not specifically define consent solely for the purposes of rape aside from the age of consent (16 years old), and lack of mental capacity.

Domestic Violence

1. Types of Domestic Violence: Attempting to cause or causing physical or emotional harm; placing another in fear or imminent serious physical harm; causing another to engage involuntarily in sexual relations by force, threat or duress (rape).
2. Definition of Domestic Violence (Clery Act): A felony or misdemeanor crime of violence committed:
 - a. By a current or former spouse or intimate partner of the victim;
 - b. By a person with whom the victim shares a child in common;
 - c. By a person who is cohabitating with, or has cohabitated with, the victim as a spouse or intimate partner;
 - d. By a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction in which the crime of violence occurred;
 - e. By any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction in which the crime of violence occurred.

3. Definition of Domestic Violence (Massachusetts General Laws⁴): A pattern of coercive and controlling behaviors and tactics used by one person over another to gain power and control. This may include verbal abuse, financial abuse, emotional, sexual, and physical abuse. M.G.L. Ch. 209A Section 1 further defines abuse as the occurrence of one or more of the following acts between family or household members:
 - a. Attempting to cause or causing physical harm;
 - b. Placing another in fear of imminent serious physical harm;
 - c. Causing another to engage involuntarily in sexual relations by force, threat or duress.

Persons involved in a Domestic Violence situation can file for an Abuse Prevention Order, otherwise known as a 209-A Order. The victim can contact University Police and they will assist with obtaining this order, 24 hours a day, and seven days a week.

Stalking

1. Types of Stalking: Stalking may occur in a range of formats including, but not limited to, in-person conduct, writings, texting, voicemail, email, social media, following someone with a global position system (GPS), and video/audio recording.
2. Definition of Stalking (Clery Act): Engaging in a course of conduct directed at a specific person that would cause a reasonable person to fear for the person's safety or the safety of others; or suffer substantial emotional distress. For the purposes of this definition:
 - a. Course of conduct means two or more acts, including but not limited to, acts in which the stalker directly, or indirectly, or through third parties, by any action, method, device, or means, follows, monitors, observes, surveils, threatens, or communicates to or about a person, or interferes with a person's property.
 - b. Reasonable person means a reasonable person under similar circumstances and with similar identities to the victim.
 - c. Substantial emotional distress means significant mental suffering or anguish that may, but does not necessarily require medical or other professional treatment or counseling.
3. Definition of Stalking (Massachusetts General Laws): Whoever (1) willfully and maliciously engages in a knowing pattern of conduct or a series of acts over a period of time directed at a specific person which seriously alarms or annoys that person and would cause a reasonable person to suffer substantial emotional distress, and (2) makes a threat with the intent to place the person in imminent fear of death or bodily injury, shall be guilty of the crime of stalking and shall be punished by imprisonment in the state prison for not more than 5 years or by a fine of not more than \$1000, or imprisonment in the house of correction for not more than 2 ½ hours or by both such fine and imprisonment. The conduct, acts or threats described in this subsection shall include, but be limited to, conduct, acts or threats conducted by mail or by use of a telephonic or telecommunication device or electronic communication device including, but not limited to, any device that transfers signs, signals, writing, images, sounds, data, or intelligence of any nature transmitted in whole or in part by a wire, radio, electromagnetic, photo-electronic or photo-optical system, including, but not limited to, electronic mail, internet communications, instant messages or facsimile communications.

Dating Violence

1. Definition of Dating Violence (Clery Act): Violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim. The existence of such a relationship shall be determined based on the reporting party's statement and with consideration of the length of the relationship, the type of relationship, and the frequency of interaction between the persons involved in the relationship. For the purposes of this definition:
 - a. Dating violence includes, but is not limited to, sexual or physical abuse or the threat of such abuse.
 - b. Dating violence does not include acts covered under the definition of domestic violence.
2. Massachusetts General Laws does not separately define dating violence.

Harassment

1. Definition of Harassment: Three or more acts of willful and malicious conduct aimed at a specific person committed with the intent to cause fear, intimidation, abuse, or damage to property and that does in fact cause fear, intimidation, abuse, or damage to property. Unwelcome conduct of a nonsexual nature based on a person's actual or perceived sex, including conduct based on gender identity, gender expression, and nonconformity with gender stereotypes, is prohibited when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or education; and/or submission to, or rejection of, such conduct by an individual is used as a basis for academic or employment decisions affecting that individual; and/or such conduct has the purpose or effect of substantially interfering with an individual's academic or professional performance or creating an intimidating, hostile, or offensive employment, educational, or living environment based on gender.

Sexual Misconduct

1. Types of Sexual Misconduct: Misconduct may include, but is not limited to, non-consensual videotaping or audio taping of sexual activity, engaging in peeping on others, sexting, internet dissemination of sexual materials, performing sexual acts in the presence of another without their consent, or any sexual exploitation, which is taking non-consensual sexual advantage of another for one's benefit or for the benefit of others, or sexual coercion, which is the act of persuading, pressuring, or forcing someone to have sexual contact with someone against their will, prostitution (cash or non-cash payments) or lewd and indecent behavior.
2. Definition of Sexual Misconduct: Misconduct of a sexual nature typically perpetrated against someone's will or without their consent or at the expense of another.

NOTE: Reporting procedures: Due to the physical and emotional trauma that often occurs as a result of a sexual assault, the victim may initiate university disciplinary charges at any time.

University's Procedures in Response to Complaints:

| Incident Being Reported | Procedure the Institution Will Follow |
|--------------------------|---|
| Sexual Assault | <ul style="list-style-type: none"> • Depending on when the incident is reported (immediate or delayed report), the institution will provide the complainant with access to medical care. • Institution will assess immediate safety needs of the complainant. • Institution will assist the complainant with contacting university police or local police AND will provide the complainant with contact information for police. • Institution will provide the complainant with referral information for on campus and off campus mental health providers. • Institution will assess the need to implement interim or long-term protective measures, such as housing changes, change in class schedule, "No Contact" orders between involved parties. • Institution will provide a "No Trespass" order to the accused party if deemed appropriate. • Institution will provide instructions on how to apply for a Protective Order/ Restraining Order and will assist the complainant with the process. • Institution will provide a copy of the Sexual Misconduct Policy to the complainant and inform the complainant regarding timeframes for inquiry, investigation and resolution. • Institution will inform the complainant of the outcome of the investigation, whether or not the accused will be administratively charged and what the outcome of the hearing is. • Institution will enforce the anti-retaliation policy and take immediate and separate action against any and all parties that retaliate against a person who has made a complaint of sex-based discrimination or for assisting in the complaint and investigation process. |
| Domestic Violence | <ul style="list-style-type: none"> • Institution will assess immediate safety needs of the complainant • Institution will assist the complainant with contacting university police or local police AND will provide the complainant with contact information for police. • Institution will provide instructions on how to apply for a Protective Order/ Restraining Order and will assist the complainant with the process. • Institution will provide information to the complainant regarding how to preserve evidence. • Institution will assess the need to implement interim or long-term protective measures to protect the complainant, if appropriate. • Institution will provide a "No Trespass" order to the accused party if deemed appropriate |

| Incident Being Reported | Procedure the Institution Will Follow |
|---|---|
| <p>Dating Violence</p> | <ul style="list-style-type: none"> • Institution will assess the immediate safety needs of the complainant. • Institution will assist the complainant with contacting university police or local police AND will provide the complainant with contact information for police. • Institution will provide instructions on how to apply for a Protective Order/ Restraining Order and will assist the complainant with the process. • Institution will provide information to the complainant regarding how to preserve evidence. • Institution will assess the need to implement interim or long-term protective measures to protect the complainant, if appropriate. • Institution will provide a “No Trespass” order to the accused party if deemed appropriate. |
| <p>Stalking</p> | <ul style="list-style-type: none"> • Institution will assess immediate safety needs of the complainant • Institution will assist the complainant with contacting university police or local police AND will provide the complainant with contact information for police. • Institution will provide instructions on how to apply for a Protective Order/ Restraining Order and will assist the complainant with the process. • Institution will provide information to the complainant regarding how to preserve evidence. • Institution will assess the need to implement interim or long-term protective measures to protect the complainant, if appropriate. • Institution will provide a “No Trespass” order to the accused party if deemed appropriate. |
| <p>Disciplinary Sanctions (Applicable to all conduct violations)</p> | <ul style="list-style-type: none"> • Warning • Probationary Status • Residence Hall Relocation • Suspension from Residence Halls • Expulsion from Residence Halls • Suspension from the University • Dismissal from the University |

| Incident Being Reported | Procedure the Institution Will Follow |
|---|---|
| Range of Protective Measures in response to incidents of sexual assault, domestic violence, dating violence and stalking | <ul style="list-style-type: none"> • An immediate investigation • Safety Escorts • Allowing someone you choose to accompany you throughout the proceedings. • Allowing the victim and the accused to attend different classes. • Moving the accused to a different residence hall. • Counseling and medical services. • Academic support services. |

Grievance Procedure

1. Mediation is not an option and will not be permissible for sexual assault, sexual misconduct, domestic violence, sexual harassment, stalking, dating violence and relationship abuse allegations.
2. Salem State University will not wait for the conclusion of a criminal investigation or criminal proceeding to begin its own investigation. Salem State University will take immediate steps to protect the student in the educational setting.
3. The Assistant Dean of Students or the Coordinator of Student Conduct and Mediation Programs may waive the time limit at his/her discretion and in any situation including, but not limited to, incidents of sexual assault or harassment and instances in which criminal charges may be pursued. The decision of the assistant dean of students or the coordinator of student conduct and mediation programs about whether to waive the time limits shall be final.
4. The student being charged and the student bringing charges will be informed of the outcome of any campus disciplinary proceeding brought forward alleging a sexual violence or gender-based misconduct.
5. Victims of sexual assault shall have the opportunity to notify proper law enforcement authorities and shall have the option to be assisted by campus personnel in notifying these authorities, if the student chooses to do so.
6. The Title IX coordinator will review the recipient's disciplinary procedures to ensure that the procedures comply with the prompt and equitable requirements of Title IX.
7. Salem State University will provide an appeals process for both parties if needed.

Rights of Complainants/Respondents Alleging Sexual Violence, Sexual Harassment, Gender-Based Harassment, Domestic Violence, Dating Violence, Stalking and/or Retaliation:

- to an explanation of the options available;
- to referrals to confidential assistance and support services from both on- and off-campus resources, including 24 hour services;
- to a change in on-campus residence and/or an adjustment to their academic schedule if such changes are reasonably available;
- to request that the University impose no contact/communication orders or other interim measures;
- to make a complaint that starts the University's investigation and resolution processes;

- to a prompt, thorough and equitable investigation and resolution of a complaint;
- to choose whether or not to initiate a formal investigation of the complaint, unless the University deems it necessary to investigate to protect the safety of the community or in compliance with applicable law;
- to the confidentiality of the investigation process to the extent possible;
- to an advisor of one's choice who will assist and be present at any time during the investigation proceedings, but who may not participate in or otherwise provide representation in any way throughout the process;
- to reasonable accommodations for a documented disability during the process;
- to know, in advance, the names of all persons known to be involved;
- not to have irrelevant sexual history discussed;
- to be present at meetings and review documents;
- to speak and present information on one's own behalf;
- to submit questions for the Administrative Investigator to ask witnesses;
- to know the status of the case at any point during the process;
- to be informed of the outcome of the process in a timely manner;
- to an appeal from the outcome of the process;
- to file no complaint with the University, but receive support services from the University;
- to file a police report and/or take legal action separate from and/or in addition to the University discipline process;
- to seek and enforce a no contact, restraining or similar court order;
- to be assisted by the University in seeking assistance from or filing a complaint with local law enforcement;
- to not file a complaint or seek assistance from local law enforcement, but receive support services from the University;
- to be free from any behavior that may be construed by the University to be intimidating, harassing or retaliatory; and
- to have the matter handled in accordance with University Policy.

Rights of Respondents to Claims Of Sexual Violence, Sexual Harassment, Gender-Based Harassment, Domestic Violence, Dating Violence, Stalking and/or Retaliation:

- to an explanation of the allegations against them;
- to referrals to confidential assistance and support services from both on- and off-campus resources, including 24 hour services;
- to receive a copy of the complaint filed against them;
- to be presumed not in violation of University policy until a violation is established through the complaint investigation process;
- to the confidentiality of the investigation process to the extent possible;
- to an advisor of one's choice who will assist and be present at any time during the investigation proceedings, but who may not participate in or otherwise provide representation in any way throughout the process;
- to reasonable accommodations for a documented disability during the process;

- to know, in advance, the names of all persons known to be involved;
- not to have irrelevant sexual history discussed;
- to be present at meetings and review documents;
- to speak and present information on one's own behalf;
- to submit questions for the Administrative Investigator to ask witnesses;
- to know the status of the case at any point during the investigation and resolution process;
- to be informed of the outcome of the process in a timely manner;
- to an appeal from the outcome of the process;
- to be free from any behavior that may be construed by the University to be intimidating, harassing or retaliatory; and
- to have the matter handled in accordance with University Policy.

Appeal

Any recommendation of a hearing body which affirms the charges against a student may be appealed to the assistant vice president and dean of students or designee by the student found responsible by the review board, including those cases where it has been recommended that a student be suspended. For cases where it has been recommended that a student be dismissed or expelled from the university, the student found responsible by the review board may appeal to the president or designee. In all sexual misconduct cases, the request for appeal must be submitted in writing by the student to the student conduct and mediation programs office within five (5) business days of the date of receipt of the original written decision. The original decision of the hearing body shall be final and conclusive, if no appeal is made within the prescribed time.

Appeals may be submitted on the following grounds:

1. To allege a material procedural error within the investigation and resolution process that would substantially change the outcome; or
2. To consider new evidence that was not known at the time of investigation that would substantially change the outcome.

Appeals will not be considered on any other basis. Where practicable, within thirty (30) days of receiving the appeal, the appellate officer shall contemporaneously issue a written decision to the parties in which it may uphold, reverse or modify the decision. All appellate decisions are final.

Policy Regarding Protecting the Confidentiality of Victims

Salem State University will, at all times, protect the confidentiality of victims of sexual assault and domestic violence. Salem State will not make records, containing personally identifying information, prepared as part of an investigation of such matters available to the public. This includes any crime logs or other documents prepared in compliance with the Clery Act.

In accordance with MGL Chapter 265 Section 24C:

- That portion of the records of a court or any police department of the commonwealth or any of its political subdivisions, which contains the name of the victim in an arrest, investigation or complaint for rape or assault with intent to rape under section thirteen B, 13B ½ , 13B ¾ , twenty-two, twenty-two A, 22B, 22C, twenty-three, 23A, 23B, twenty-four, or twenty-four B, inclusive of chapter two hundred and sixty-five, or an arrest, investigation or complaint for trafficking of persons under section 50 of said chapter 265, shall be withheld from public inspection, except with the consent of a justice of such court where the complaint or indictment is or would be prosecuted.

Said portion of such court record or police record shall not be deemed to be a public record under the provisions of section seven of chapter four.

Except as otherwise provided in this section, it shall be unlawful to publish, disseminate or otherwise disclose the name of any individual identified as an alleged victim of any of the offenses described in the first paragraph.

Similarly, Salem State University will maintain as confidential any accommodations or protective measures provided to a victim to the extent that maintaining such confidentiality does not impair the ability of Salem State to provide such accommodations or protective measures.

Policy Regarding Disclosures to Alleged Victims of Crimes of Violence or Non-Forcible Sex Offenses

Salem State University will, upon written request, disclose to the alleged victim of a crime of violence, or a non-forcible sex offense, the results of any disciplinary hearing conducted by the university against the student who is the alleged perpetrator of the crime or offense. If the alleged victim is deceased as a result of the crime or offense, Salem State University will provide the results of the disciplinary hearing to the victim's next of kin, if so requested.

Education and Prevention Programs

The University engages in comprehensive, intentional and integrated programming initiatives, strategies, and campaigns intended to end dating violence, domestic violence, sexual assault and stalking that:

- Are culturally relevant, inclusive of diverse communities and identities, sustainable, responsive to community needs, an informed by research, or assessed for value, effectiveness, or outcome; and
- Consider environmental risk and protective factors as they occur on the individual, relationship, institutional, community and societal levels.

Educational programming consists of primary prevention and awareness programs for all incoming students and new employees and ongoing awareness and prevention campaigns for students and employees that:

- Identify domestic violence, dating violence, sexual assault and stalking as prohibited conduct;
- Define what behavior constitutes domestic violence, dating violence, sexual assault and stalking by using definitions provided by both the Department of Education as well as state law.
- Define what behavior and actions constitute consent to sexual activity in the Commonwealth of Massachusetts.
- Provide a description of safe and positive options for bystander intervention. Bystander intervention means safe and positive options that may be carried out by an individual or individuals to prevent harm or intervene when there is a risk of dating violence, domestic violence, sexual assault or stalking. Bystander intervention includes recognizing situations of potential harm, understanding institutional structures and cultural conditions that facilitate violence, overcoming barriers to intervening, identifying safe and effective intervention options and taking action to intervene;
- Provide information on risk reduction. Risk reduction means options designed to decrease perpetration and bystander inaction, and to increase empowerment for victims in order to promote safety and to help individuals and communities address conditions that facilitate violence.
- Provide an overview of information contained in the Annual Security Report in compliance with the Jeanne Clery Disclosure of Campus Security Policy and Campus Crimes Statistics Act.

Specific programming regarding primary prevention and awareness undertaken on campus include but are not limited to the following:

- SSU provides primary prevention programs intended to reduce violence, foster a safe campus climate, encourage bystander intervention and inform community members of campus policies and resources. These include:
 - New Student Orientation- Sexual Assault Prevention and Awareness Training, Domestic and Dating Violence Awareness. Program focuses on awareness, definitions, campus policies and resources, bystander interventions and risk reduction.
 - Transfer Student Orientation- Sexual Assault Prevention and Awareness Training, Domestic and Dating Violence Awareness
 - International Student Orientation- Program focuses on awareness, definitions, campus policies and resources, bystander interventions and risk reduction.
 - Online education program through Ever Fi- Haven for all incoming students.
 - New employee training and employee Ever Fi Haven online training designed to raise awareness about campus policies and resources.
 - Title IX Responsible Employee Training- Educates employees on Title IX, VAWA and Clery, how to identify and respond to disclosures or incidents of sexual assault, dating or domestic violence and stalking, and need to report.
 - New students are encouraged to participating in prevention programming during the first weeks of the semester including alcohol and drug awareness, sexual assault prevention and bystander intervention (Vikings CARE)
- Awareness Programs throughout the academic year include:
 - Rape Aggression Defense (RAD)
 - Campus Educators On Sexual Assault- 15 hour training for students interested in being peer educators. Focuses on sexual assault awareness, identifying perpetrator behavior, how to help a friend, bystander intervention, risk reduction.
 - Student wellness prevention programming- “sex in the dark” to educate students on safe sex, consent and risk reduction; “Healthy relationships” to address dating and domestic violence, and “Hunting Ground” discussion to address sexual assault on college campuses.
 - Vikings CARE (Bystander Intervention Training Program)
 - Training developed and shared with student leaders and general student body. This training program is modeled after University of Arizona’s Step UP program and has been customized to the Salem State community.
 - Student organizations lead several awareness events on campus focused on violence prevention- ribbon day for domestic violence awareness, consent campaigns, no more campaigns, etc.
 - The Title IX Task Force created campus poster campaign that stated the SSU no tolerance policy violence and stalking.

How to Be an Active Bystander

Bystanders play a critical role in the prevention of sexual and relationship violence. They are “individuals who observe violence or witness the conditions that perpetuate violence. They are not directly involved but have the choice to intervene, speak up, or do something about it.”⁵ We want to promote a culture of respect, civility and responsibility within the Salem State community and as such, we have created Vikings CARE, a group that actively incorporates individual personal stories as part of student trainings and allows students to gain tools to recognize and confront various situations with an understanding of the ways individuals may be impacted by cultural, gender, and life experiences. Our goal is to create a culture of investment amongst students, staff and faculty and provide knowledge and tools to empower the community to deal with situations related to power based personal violence. Our overarching mission is to foster and emphasize each individual’s responsibility to the larger community where bystanders are actively engaged in the prevention of violence without causing further harm. Based on the Step Up model from the University of Arizona, Vikings CARE trains on the five steps that must take place in order for any help to be given— (a) notice the event, (b) interpret it as a problem, (c) assume personal responsibility, (d) know how to help, (e) step up. Below is a list of some practical ways to be an active bystander. ⁶If there is immediate danger, dial 911. This could be when a person is yelling at or being physically abusive towards another and it is not safe to interrupt.

- Watch out for friends and fellow students/employees. If there is someone who looks like they could be in trouble or need help, ask if they are ok.
- Confront people who seclude, hit on, try to make out with, or have sex with people who are incapacitated.
- Speak up when someone discusses plans to take sexual advantage of another person.
- Believe someone who discloses sexual assault, abusive behavior, or experience with stalking.
- Refer people to on or off campus resources listed in this document for support in health, counseling, or with legal assistance.

Risk Reduction

With no intent to victim blame and recognizing that only rapists are responsible for rape, the following are some strategies to reduce one’s risk of sexual assault or harassment (taken from Rape, Abuse, and Incest National Network, www.rainn.org)

- Be aware of your surroundings. Knowing where you are and who is around you may help you to find a way to get out of a bad situation.
- Try to avoid isolated areas. It is more difficult to get help if no one is around.
- Walk with purpose. Even if you don’t know where you are going, act like you do.
- Trust your instincts. If a situation or location feels unsafe or uncomfortable, it probably isn’t the best place to be.
- Try not to load yourself down with packages or bags as this can make you appear more vulnerable.
- Make sure your cell phone is with you and charged and that you have cab money.
- Don’t allow yourself to be isolated with someone you don’t trust or someone you don’t know.

5 Burn, S.M. (2009). A situational model of sexual assault prevention through bystander intervention. *Sex Roles*, 60, 779-792.

6 Bystander intervention strategies adapted from Stanford University’s Office of Sexual Assault and Relationship Abuse.

- Avoid putting music headphones in both ears so that you can be more aware of your surroundings, especially if you are walking alone.
- When you go to a social gathering, go with a group of friends. Arrive together, check in with each other throughout the evening, and leave together. Knowing where you are and who is around you may help you find a way out of a bad situation.
- Trust your instincts. If you feel unsafe in any situations, go with your gut. If you see something suspicious, contact law enforcement immediately.
- Don't leave your drink unattended while talking, dancing, using the restroom, or making a phone call. If you've left your drink alone, just get new one.
- Don't accept drinks from people you don't know or don't trust. If you choose to accept a drink, go with the person to the bar or to order it, watch it being poured, and carry it yourself. At parties, don't drink from the punch bowls or other large, common open containers.
- Watch out for your friends and vice versa. If a friend seems out of it, is way too intoxicated for the amount of alcohol they've had, or is acting out of character, get him or her to a safe place immediately.
- If you suspect that you or a friend has been drugged, contact law enforcement immediately. Be explicit with doctors so they can give you the correct tests.
- If you need to get out an uncomfortable or scary situation here are some things that you can try:
 - Remember that being in this situation is not your fault. You did not do anything wrong, it is the person who is making you uncomfortable that is to blame.
 - Be true to yourself. Don't feel obligated to do anything you don't want to do. "I don't want to" is always a good enough reason. Do what feels right to you and what you are comfortable with.
 - Have a code word with your friends or family so that if you don't feel comfortable you can call them and communicate your discomfort without the person you are with knowing. Your friends or family can then come get you or make up an excuse for you to leave.
 - Lie. If you don't want to hurt the person's feelings it is better to lie and make up a reason to leave than to stay and be uncomfortable, scared, or worse. Some excuses you could use are: needing to take care of a friend or family member, not feeling well, having somewhere else that you need to be, etc.
 - Try to think of an escape route. How would you try to get out of the room? Where are the doors? Windows? Are there people around who might be able to help you? Is there an emergency phone nearby?
 - If you and/or the other person have been drinking, you can say that you would rather wait until you both have your full judgment before doing anything you may regret later.

STATEMENT OF POLICY ADDRESSING SEX OFFENDER REGISTRATION

The federal Campus Sex Crimes Prevention Act requires colleges and universities to issue a statement advising the campus community where information concerning registered sex offenders may be obtained. The act also requires registered sex offenders to provide to appropriate state officials, notice of each institution of higher education in the state in which the offender is employed, carries on a vocation, or is a student.

How to Inquire

Members of the Salem State University community may request information about sex offenders in Massachusetts at the Massachusetts Sex Offender Registry Board, telephone 978.740.6400 or <http://www.state.ma.us/sorb>

Members of the Salem State University community may obtain information from the SSU Police Department concerning registered sex offenders that either work or are enrolled as students at Salem State.

Penalties for Improper Use of Sex Offender Registry Information

Information contained in the Sex Offender Registry shall not be used to commit a crime against an offender or to engage in illegal discrimination or harassment of an offender. Any person who improperly uses Sex Offender Registry information shall be punished by not more than two and one-half years in a house of correction or by a fine of not more than \$1,000 or by both such fine and imprisonment.

STATEMENT OF POLICY ON MISSING PERSONS

The following policies regarding Missing Persons are being provided according to requirements of the 2008 Amendments to the Higher Education Opportunity Act.

Any person (student, staff or faculty) believed to be missing from the campus unexpectedly shall be immediately reported to the University Police.

It is the policy of the Salem State University Police Department to investigate any report of a missing person that is filed by someone with knowledge of that student being missing or otherwise not where he/she/they is expected to be. This report may be filed by a parent/guardian or other family member of the person, by a roommate, a Residential Life staff member (including student staff), Health Services staff member, faculty member, employment supervisor, or anyone else with information that indicates the person is missing.

The SSU Police will conduct an initial investigation to determine if the person appears to be missing, or has simply changed her or his routine unexpectedly, and whether or not there is reason to believe the person is endangered.

Police officers will check student's login records, class schedules, interview fellow students and faculty, and use other methods to determine the status of a missing person. From this initial investigation, the scope will continue to expand to make attempts to determine the location of the person reported missing to assure she/he is safe.

The SSU Police will enter a missing person record into the National Crime Information Computer database immediately upon determination that the person is missing.

After investigating the missing person report, should SSUPD determine that the student is missing and has been missing for more than 24 hours, SSUPD will notify the local law enforcement agency with jurisdiction in the area the student went missing (if other than on-campus) and the student's confidential contact no later than 24 hours after the student is determined to be missing. The local law enforcement agency will be contacted regardless if the missing person has identified a contact person, is above the age of 18, or is an emancipated minor. If the missing student is under the age of 18 and is not an emancipated individual, SSUPD will notify the student's parent or legal guardian and their confidential contact immediately after SSUPD has determined that the student has been missing for more than 24 hours.

In addition to registering an emergency contact, students residing in on-campus housing have the option to identify, confidentially, an individual to be contacted by SSU in the event the student is determined to be missing for more than 24 hours. If a student has identified such an individual, SSU will notify that individual no later than 24 hours after the student is determined to be missing.

A student who wishes to identify a confidential contact can do so by contacting the Office of Residence Life. A student's confidential contact information will be accessible only by authorized campus officials and law enforcement as appropriate and it will not be disclosed outside of a missing person investigation.

Reports of missing persons should be filed with:

University Police: 978-542-6111

Office of Residence Life: 978-542-6416

Dean of Students Office: 978-542-6401

STATEMENT OF POLICY FOR REPORTING THE ANNUAL DISCLOSURE OF CRIME STATISTICS

As required by federal law, Salem State University compiles yearly crime statistics in accordance with the definitions of crimes provided by the FBI for use in the Uniform Crime Reporting (UCR) system. The report includes statistics for the previous three years concerning crimes that occurred on campus that were reported to the Salem State University Police, designated campus officials (including but not limited to directors, deans, department heads, residence life staff, advisors to students, and athletic coaches). In addition, these statistics also include persons referred for campus disciplinary action for categories required under the Clery Act, including liquor and drug law violations and illegal weapons possession.

Statistical information for certain off-campus locations or property owned or controlled by the Salem State University as well as public property within or immediately adjacent to and accessible from the campus are requested from Salem Police Department. For statistical purposes, crime statistics reported to any of these sources are recorded in the calendar year during which the crime was reported.

CLERY CAMPUS GEOGRAPHY

North Campus

1. Sullivan Building (SB)
School of Graduate Studies / School of Education / School of Continuing and Professional Studies
2. Administration Building (ADM) / Human Resources
3. 331 Lafayette Street
4. Gordon Center for Creative and Performing Arts
5. Commons Dining Hall
6. Meier Hall (MH) / College of Arts and Sciences
7. Peabody Residence Hall (PH)
8. North Campus Parking Garage
9. Berry Library and Learning Commons (BL)
10. Ellison Campus Center (ECC) / Alumni Plaza
11. North Campus Quad / McKeown Plaza
12. Horace Mann Laboratory School (HM)
13. Bowditch Residence Hall (BH)

Central Campus

14. Media Services / ITS Laptop Support
15. Classroom Building (CC) / Bertolon School of Business
16. Student Navigation Center
17. Recital Hall
18. University Police
19. Marsh Conference Center / Dining Commons
20. Marsh Residence Hall (MAR)
21. Atlantic Residence Hall (ATL) / Residence Life
22. Baseball Field
23. Tennis Courts
24. Agganis Building / Enterprise Center (ENT)
25. Bookstore
26. Admissions
27. Viking Residence Hall (VH)
28. Salem Diner
29. Stanley Building (STLY) / ITS / Shipping and Receiving
30. Facilities Storage

O'Keefe Complex (OK)

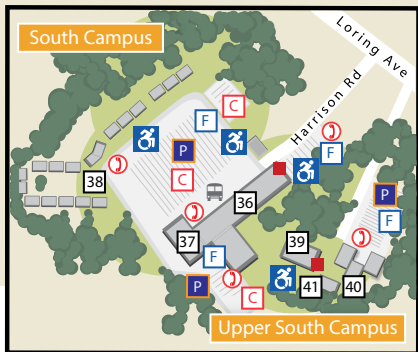
31. Alumni Field
32. Pool
33. Twohig Gymnasium
34. Gassett Fitness Center (GF)
35. Rockett Arena

South Campus

36. Harrington Building (HB) / Maguire Meservey College of Health and Human Services / School of Nursing
37. South Campus Gymnasium
38. Bates Residence Complex (BC)

Upper South Campus

39. Academic Building (AB)
40. Alumni House (AH)
41. Preschool



For accommodations and access information, visit salemstate.edu/access.

- Parking
- Shuttle Bus Stop
- Emergency Phone
- Handicapped Parking
- Accessible Entrance
- Commuter Student
- Faculty/Staff
- Enterprise Center
- Metered
- Electric Car (EV) Charging Station



DEFINITIONS OF REPORTABLE CRIMES

Under the Clery Act, for the purposes of counting and disclosing Criminal Offense, Hate Crime, arrest and disciplinary referral statistics you must do so based on definitions provided by the Federal Bureau of Investigation's (FBI's) Uniform Crime Reporting (UCR) Program. The definitions for Murder, Rape, Robbery, Aggravated Assault, Burglary, Motor Vehicle Theft, Arson, Weapons Carrying and Possessing Etc. Law Violations, Drug Abuse Violations, and Liquor Law Violations are from the Summary Reporting System (SRS) User Manual from the FBI's UCR Program. The definitions of Fondling, Incest and Statutory Rape are from the FBI's National Incident-Based Reporting System (NIBRS) Data Collection Guidelines edition of the UCR. Hate Crimes are classified according to the FBI's Uniform Crime Reporting Hate Crime Data Collection Guidelines and Training Manual. Note that, although the law states that institutions must use the UCR Program definitions, Clery Act crime reporting does not have to meet all of the other UCR Program Standards.

For the categories of Domestic Violence, Dating Violence and Stalking, the Clery Act specifies that the institution must use the definitions provided by the Violence Against Women Act of 1994 and repeated in the Clery Act regulations.

The following list describes crimes reportable under the Clery Act regulations.

Murder/Non-negligent Manslaughter: The willful (non-negligent) killing of one human being by another.

Negligent Manslaughter: The killing of another person through gross negligence.

Sex Offenses – Any sexual act directed against another person, without the consent of the victim, including instances where the victim is incapable of giving consent.

- **Rape:** The Penetration, no matter how slight, of the vagina or anus with any body part or object, or oral penetration by a sex organ of another person, without the consent of the victim, including instances in which the victim is incapable of giving consent.
- **Fondling:** The touching of the private body parts of another person for the purpose of sexual gratification, forcibly and/or against that person's will; or, not forcibly or against the person's will where the victim is incapable of giving consent because of his/her youth or because of his/her temporary or permanent mental incapacity.
- **Incest:** Non-forcible sexual intercourse between persons who are related to each other within the degrees wherein marriage is prohibited by law.
- **Statutory Rape:** Non-forcible sexual intercourse with a person who is under the statutory age of consent.

Robbery: The taking or attempting to take anything of value from the care, custody, or control of a person or persons by force or threat of force, violence, and/or causing the victim fear.

Aggravated Assault: An unlawful attack by one person upon another for the purpose of inflicting severe or aggravated bodily injury. This type of assault usually is accompanied by the use of a weapon or by means likely to produce death or great bodily harm. It is not necessary that injury result from an aggravated assault when a gun, knife, or other weapon is used which could or probably would result in a serious potential injury if the crime were successfully completed.

Burglary: The unlawful entry of a structure to commit a felony or a theft. For reporting purposes this definition includes: unlawful entry with intent to commit a larceny or a felony; breaking and entering with intent to commit a larceny; housebreaking; safecracking; and all attempts to commit any of the aforementioned.

Motor Vehicle Theft: The theft or attempted theft of a motor vehicle. Classified as motor vehicle theft are all cases where automobiles are taken by persons not having lawful access even though the vehicles are later abandoned-including joy riding.

Arson: Any willful or malicious burning or attempt to burn, with or without intent to defraud, a dwelling, house, public building, motor vehicle or aircraft, personal property of another, etc.

Liquor Law Violations: The violation of laws or ordinance prohibiting: the manufacture, sale, transporting, furnishing, possessing of intoxicating liquor; maintaining unlawful drinking places; bootlegging; operating a still; furnishing liquor to minor or intemperate person; using a vehicle for illegal transportation of liquor; drinking on a train or public conveyance; all attempts to commit any of the aforementioned. (Drunkenness and driving under the influence are not included in this definition.)

Drug Law Violations: Violations of state and local laws relating to the unlawful possession, sale, use, growing, manufacturing, and making of narcotic drugs. The relevant substances include: opium or cocaine and their derivatives (morphine, heroin, codeine); marijuana; synthetic narcotics (Demerol, methadone); and dangerous non-narcotic drugs (barbiturates, Benzedrine).

Weapons Law Violations: The violation of laws or ordinances dealing with weapon offenses, regulatory in nature, such as: manufacture, sale, or possession of deadly weapons; carrying deadly weapons, concealed or openly; furnishing deadly weapons to minors; aliens possessing deadly weapons; all attempts to commit any of the aforementioned.

Domestic Violence: A felony or misdemeanor crime of violence committed by

- A current or former spouse or intimate partner of the victim,
- A person with whom the victim shares a child in common,
- A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner,
- A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies [under VAWA], or
- Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction

Dating Violence⁷: means violence committed by a person

- Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- Where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - The length of the relationship;
 - The type of relationship; and
 - The frequency of interaction between the persons involved in the relationship.

Stalking⁸: means engaging in a course of conduct directed at a specific person that would cause a reasonable person to

- Fear for his or her safety or the safety of others; or
- Suffer substantial emotional distress

7 Collection of statistics for Dating Violence and Stalking began in 2013

8 Collection of statistics for Dating Violence and Stalking began in 2013

Hate Crimes by Prejudice

Hate Crimes: hate (bias) related crimes are reported by the type of bias as defined above on for the following classifications: murder/non-negligent manslaughter, negligent manslaughter, sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, arson (see definitions above) and larceny, simple assault, vandalism, and intimidation (see definitions below).

- **Larceny-theft:** The unlawful taking, carrying, leading, or riding away of property from the possession or constructive possession of another.
- **Simple Assault:** An unlawful physical attack by one person upon another where neither the offender displays a weapon, nor the victim suffers obvious severe or aggravated bodily injury involving apparent broken bones, loss of teeth, possible internal injury, severe laceration or loss of consciousness.
- **Vandalism:** (Damage) To willfully or maliciously destroy, injure, disfigure, or deface any public or private property, real or personal, without the consent of the owner or person having custody or control by cutting, tearing, breaking, marking, painting, drawing, covering with filth, or any other such means as may be specified by local law.
- **Intimidation:** To unlawfully place another person in reasonable fear of bodily harm through the use of threatening words and/or other conduct, but without displaying a weapon or subjecting the victim to actual physical attack.

| SALEM STATE UNIVERSITY CRIME STATISTICS⁹ | | | | | |
|--|-------------|----------------------------|---|----------------------------|------------------------|
| Offense | Year | GEOGRAPHIC LOCATION | | | |
| | | On-Campus Property | On-Campus Student Housing Facilities | Non-Campus Property | Public Property |
| Murder/Non-Negligent Manslaughter | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Manslaughter By Negligence | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Rape | 2014 | 7 | 7 | 0 | 0 |
| | 2015 | 5 | 4 | 0 | 0 |
| | 2016 | 5 | 5 | 0 | 0 |
| Fondling | 2014 | 1 | 0 | 0 | 1 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 2 | 2 | 0 | 1 |
| Incest | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Statutory Rape | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Robbery | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Aggravated Assault | 2014 | 1 | 0 | 0 | 0 |
| | 2015 | 1 | 1 | 0 | 0 |
| | 2016 | 2 | 1 | 0 | 0 |
| Burglary | 2014 | 5 | 2 | 0 | 0 |
| | 2015 | 10 | 2 | 0 | 0 |
| | 2016 | 9 | 1 | 0 | 0 |
| Motor Vehicle Theft | 2014 | 0 | 0 | 0 | 1 |
| | 2015 | 0 | 0 | 0 | 1 |
| | 2016 | 0 | 0 | 0 | 0 |
| Arson | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |

| SALEM STATE UNIVERSITY CRIME STATISTICS ⁹ | | | | | |
|--|------|---------------------|--------------------------------------|---------------------|-----------------|
| Offense | Year | GEOGRAPHIC LOCATION | | | |
| | | On-Campus Property | On-Campus Student Housing Facilities | Non-Campus Property | Public Property |
| Domestic Violence | 2014 | 10 | 8 | 0 | 2 |
| | 2015 | 7 | 5 | 0 | 0 |
| | 2016 | 14 | 6 | 0 | 1 |
| Dating Violence | 2014 | 2 | 2 | 0 | 0 |
| | 2015 | 1 | 1 | 0 | 0 |
| | 2016 | 3 | 1 | 0 | 0 |
| Stalking | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 1 | 0 | 0 | 0 |
| | 2016 | 2 | 0 | 0 | 0 |

| SALEM STATE UNIVERSITY CRIME STATISTICS ⁹ | | | | | |
|--|------|---------------------|--------------------------------------|---------------------|-----------------|
| Offense | Year | GEOGRAPHIC LOCATION | | | |
| | | On-Campus Property | On-Campus Student Housing Facilities | Non-Campus Property | Public Property |
| Arrests: Weapons Carrying, Possession, Etc. | 2014 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 5 | 4 | 0 | 2 |
| Disciplinary Referrals: Weapons Carrying, Possession, Etc. | 2014 | 1 | 1 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Arrests: Drug Abuse Violations | 2014 | 1 | 1 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 1 | 0 | 0 | 4 |
| Disciplinary Referrals: Drug Abuse Violations | 2014 | 49 | 49 | 0 | 3 |
| | 2015 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 |
| Arrests: Liquor Law Violations | 2014 | 22 | 12 | 0 | 0 |
| | 2015 | 7 | 4 | 0 | 1 |
| | 2016 | 8 | 1 | 0 | 1 |
| Disciplinary Referrals: Liquor Law Violations | 2014 | 233 | 228 | 0 | 2 |
| | 2015 | 323 | 318 | 0 | 1 |
| | 2016 | 234 | 229 | 0 | 5 |

2014: No Hate Crime Report /

2015: No Hate Crimes Reported /

2016: No Hate Crimes Reported

2014: No Incidents Unfounded /

2015: No Incidents Unfounded /

2016: No Incidents Unfounded

Annual Fire Safety Report for 2014-2016

POLICY ADDRESSING FIRE SAFETY, FIRE EDUCATION, AND FIRE STATISTICS

Overview

The Higher Education Opportunity Act (P.L. 110-315) became law in August 2008, requiring all U.S. academic institutions to produce an annual fire safety report outlining fire safety practices, standards, and all fire-related on-campus statistics related to student housing. The following public disclosure report details all information required by this law as it relates to Salem State University as outlined in the initial regulation; subsequent yearly reports will comply with the Act as amended and published October 29, 2009.

Fire Safety

Salem State University takes fire safety very seriously and continues to enhance its programs to the university community through education, engineering, and enforcement. Educational programs are presented throughout the year to faculty, staff, and students so they are aware of the rules and safe practice. These programs include identification and prevention of fire hazards, actual building evacuation procedure and drills, specific occupant response to fire emergencies, and hand-on use of fire extinguishers.

Fires, Fire Prevention and Housing Fire Safety Equipment

At Salem State University, all university residence halls are protected by fire detection and alarm systems which are centrally monitored 24 hours/day, seven days/week. The buildings are also equipped with either emergency generators or lighting fixtures that incorporate backup batteries; upon loss of power, these systems automatically activate to assure adequate egress lighting in hallways and emergency exit stairwells. All of our residence halls are fully equipped with sprinkler systems. Carbon monoxide detectors have been installed in all residence hall mechanical rooms where products of combustion could occur. All fire safety systems and equipment are strictly maintained and tested in accordance with applicable national standards. All on campus buildings, residential, academic and administrative buildings are equipped with portable dry chemical fire extinguishers. The extinguishers are located on every floor of the building, inside laboratories, utility areas, and kitchens. The extinguishers are maintained annually in compliance with NFPA 10.



Fire prevention is the responsibility of all members of the Salem State University community. University residence halls are particularly susceptible to fires, and students residing in the halls must carefully adhere to fire safety regulations.

Definitions

The following terms are used within this report. Definitions have been obtained from the Higher Education Opportunity Act.

- On-Campus Student Housing- A student housing facility that is owned or controlled by the institution, or is located on property that is owned or controlled by the institution, and is within a reasonable contiguous area that makes up the campus.
- Fire- Any instance of open flame or other burning in a place no intended to contain the burning or in an uncontrolled manner.

Student Fire Safety Education Program

Fire safety education programming for all students residing in on-campus student housing and all employees that have any professional association with on-campus housing is held each year. These programs are coordinated through the Office of Residence Life and in consultation with the City of Salem Fire Prevention staff. The programs are designed to familiarize everyone with the fire safety systems in each residence hall and train occupants on the proper procedures to follow in the event of a fire. At the start of each semester the residence life staff hold meetings with all occupants to review policies and procedures regarding fire safety and to ensure familiarity with evacuation routes and fire alarm systems.



In addition to the regular training in the residence halls the Salem State University Police Department periodically coordinates with the Salem Fire Department, Fire Prevention Office to provide additional awareness and prevention training for students residing in on-campus housing as well as students residing in off-campus housing. Additional information regarding fire safety for residence halls can be found here:

<https://www.salemstate.edu/campus-life/living-campus/guide-living-campus/safety-and-security>

University Policy on Reporting Fires

Fire alarms for University owned buildings ring directly to the Salem State University Police dispatch and the Salem Fire Department. However, any member of the community who becomes aware of any active or past fire must notify the University Police or Salem Fire Department immediately.

Procedures to Follow in the Event of a Fire

Every person in the building, including staff, faculty, students, visitors, and contractors where the fire alarm is sounding, regardless of known or suspected cause, is required to evacuate immediately. Persons evacuating must leave via the closest exit. Any equipment that could cause a fire should be turned off before exiting if it can be done quickly and safely. All occupants will assemble at a safe distance from the building and await further instructions from fire or police personnel. No occupant will re-enter a building until clearance is given by fire or police personnel.

FIRE SAFETY POLICIES

Prohibited Items

Appliances and Electronics

Because many appliances are considered fire hazards, and the use of too many appliances at one time may overload a building's electrical capacity, the following appliances are not permitted in any of the residence halls:

- Electrical extension cords
- Air conditioners
- Hot pots without auto on/off switches
- Halogen lamps

- Hotplates
- Water coolers
- Televisions larger than 40"
- "Medusa lamps" (with multiple plastic shades)

The following items are not permitted on North Campus, but are allowed at the Bates Complex and on Central Campus, as long as they remain in the kitchen area:

- Toaster ovens and toasters
- Sandwich makers
- Waffle irons and griddles

Coffee makers and irons with automatic shut-off switches are allowed in all residential areas.

Microwaves are allowed on North Campus (Peabody and Bowditch halls) if the microwave is under 700 watts/10 amps, and is plugged into an amperage overload protector (different from a surge protector). If a refrigerator is in the room, it must also be plugged into the amperage overload protector with the microwave.

Individual refrigerators must have a capacity of less than four cubic feet. **Micro-fridge units** may be rented by calling 1.800.637.7567. At the end of the year, all residents are responsible for cleaning the units, and returning them per posted information. Residents may be billed for failing to return a unit, or for not following the proper cleaning and return procedures.

Stereo speakers should be of a reasonable size; sub-woofers and amplifiers are strongly discouraged. If a resident does use these items, s/he may be asked to lower the volume if it disturbs other residents, or the noise level is deemed inappropriate.

Candles and Incense: Candles and incense are strictly prohibited from the residence halls, as they pose a significant fire risk. Residents are not allowed to possess any candles, including those of a decorative nature. This also includes candles that have not been burned. **Possession of candles and incense on campus could result in suspension from the residence halls (held in abeyance) or loss of housing!**

Residents found in violation will be directed to correct the violation and remove the item immediately. Residence Life will hold illegal items for residents for a maximum of two (2) weeks, and then dispose of them if residents do not remove them from the building. Repeat violations will result in administrative or judicial action.

Additional Guidance and Restrictions with Respect to Residence Halls

Because of fire risk, Residence Life has strict guidelines about what is and isn't allowed on campus. Violations of this policy will result in judicial action, up to and including loss of housing. The following items and/or conditions are **not permitted** in any of the residential areas:

- Live Christmas trees, menorahs with candles, Kwanzaa candles, and similar decorations
- Heating coils, coffee pots without auto shut-off, hot pots and hotplates, and electrical space heaters
- Flammable decorations placed near light fixtures or in enclosed areas
- Popcorn poppers, toasters and toaster ovens and similar heating devices outside of the kitchen areas at Bates and Central Campus residence halls

- Stairwell and exit doors propped open
- Bicycles in hallways, lounges or blocking the doorways of rooms, apartments and stairwells
- Tapestries and similar hangings covering a door or significant portion of the wall or any lights and lamps, or hung from ceilings
- Electrical devices and appliances such as: halogen lamps, lanterns and sun lamps
- Gasoline, lighter fluid, flammable cleaning fluid, turpentine, and paint solvents
- Motorcycles, mopeds and automotive equipment in hallways or rooms
- Desks, chairs, dressers, closets, or beds that block any part of doorways, or one's ability to move
- Disconnected, covered or altered smoke detectors

Plans for Future Improvements to Fire Safety

Salem State University continues to monitor trends related to residence hall fire incidents and alarms to provide a fire-safe living environment for all students. New programs and policies are developed as needed to help ensure the safety of all students, faculty, and staff. While Salem State has worked diligently with the Fire Prevention Unit of the Salem Fire Department to provide education to students and staff we recognize that educational programming must be updated to account for current trends and must be reinforced each year as the building occupancy changes. Salem State University monitors communication from the National Center for Campus Fire Safety and will publish updates as deemed appropriate.

Fire Drills

Fire drills are conducted in all on-campus student housing units twice each year at a minimum. The drills are mandatory, with full evacuation conducted under the supervision of the residence life staff, university police and witnessed by the City of Salem fire department.

Emergency Evacuation Procedures

All students and staff are strongly encouraged to treat all fire alarms as real. In the event of a fire, the university expects that all campus community members will evacuate by the nearest exit, close doors and activate the fire alarm system as they leave. Once safely outside a building, it is appropriate to contact the university police department (978.542.6111) or 911. Trained staff will inform students, staff and guests where to relocate to if circumstances warrant at the time of the alarm. In the event fire alarms sound, university policy is that all occupants must evacuate from the building, closing doors as they leave. No training is provided to students or employees in firefighting or suppression activity as this is inherently dangerous and each community member's only duty is to exit safely and quickly, shutting doors along the exit path as they do to contain the spread of flames and smoke, and to activate the alarm as they exit. At no time should the closing of doors or the activation of the alarm delay the exit from the building.

Meeting Places for Residence Halls in the Event of a Fire Alarm

All students should gather at their buildings designated meeting place so that emergency vehicles and personnel can gain easy access to the building and ensure the safety of those who have exited the building. In the event of an emergency residence life staff will take attendance at the meeting place in order to give emergency personnel a list of individuals who may still be in the building and may need assistance exiting it. Residence life staff will also direct students to a temporary shelter if necessary.

Special Needs/Disabilities

Individuals with special needs and/or disabilities that may require accommodations in the event of a fire alarm need to contact their Resident Director (RD) to create a plan to ensure their safety in the case of a fire alarm. Typically the university police maintain a database of those students in university housing who would need assistance in evacuating a building in the event of a fire.

Re-Entering the Building

No one should re-enter the building until directed to do so by a member of the Residence Life and Housing staff or the Police Department. Even if an alarm stops sounding you must wait for university officials to direct you into the building.

Definitions:

The following definitions are applicable to this section:

- **Cause of fire:** The factor or factors that give rise to a fire. The causal factor may be, but is not limited to, the result of an intentional or unintentional action, mechanical failure, or act of nature.
- **Fire:** Any instance of open flame or other burning in a place not intended to contain the burning or in an uncontrolled manner.
- **Fire drill:** A supervised practice of a mandatory evacuation of a building for a fire.
- **Fire-related injury:** Any instance in which a person is injured as a result of a fire, including an injury sustained from a natural or accidental cause, while involved in fire control, attempting rescue, or escaping from the dangers of a fire. The term "person" may include students, faculty, staff, visitors, firefighters, or any other individuals.
- **Fire-related death:** Any instance in which a person (1) is killed as a result of a fire, including death resulting from a natural or accidental cause while involved in fire control, attempting rescue, or escaping from the dangers of a fire; or (2) dies within one year of injuries sustained as a result of a fire.
- **Fire-safety system:** Any mechanism or system related to the detection of a fire, the warning resulting from a fire, or the control of a fire. This may include sprinkler systems or other fire extinguishing systems; fire detection devices; stand-alone smoke alarms; devices that alert one to the presence of a fire, such as horns, bells, or strobe lights; smoke-control and reduction mechanisms; and fire doors and walls that reduce the spread of a fire.
- **Value of property damage:** The estimated value of the loss of the structure and contents, in terms of the cost of replacement in like kind and quantity. This estimate should include contents damaged by fire, and related damages caused by smoke, water, and overhaul; however, it does not include indirect loss, such as business interruption.

Campus Fire Logs

A log of all fires and fire alarms in which there was a physical cause (i.e., smoke; heat, etc., rather than a faulty detector or system malfunction). For a copy or to view the fire log, please visit the University Police located at 71 Loring Avenue Salem, MA 01970.

When changes in the causes or information about a University fire become known to Salem State University Police, any updates will be made to the log within two business days of the status change.

| Residential Fire Equipment and Systems | | | | | | |
|---|---------------------------------|------------------------------|------------------------|---------------------------|-------------------------------------|---|
| Residential Facility | Partial Sprinkler System | Full Sprinkler System | Smoke Detection | Fire Extinguishers | Evacuation Plans on Placards | Number of Evacuation Drills each Calendar Year |
| Bowditch Hall | | X | X | X | X | 2 |
| Peabody Hall | | X | X | X | X | 2 |
| Atlantic Hall | | X | X | X | X | 2 |
| Marsh Hall | | X | X | X | X | 2 |
| Viking Hall | | X | X | X | X | 2 |
| Bates Complex | | X | X | X | X | 2 |

Residential Facility Addresses

| | |
|----------------|---|
| Bowditch Hall: | 42 Loring Avenue Salem, MA 01970 |
| Peabody Hall: | 1 College Drive Salem, MA 01970 |
| Atlantic Hall: | 71A Loring Avenue Salem, MA 01970 |
| Marsh Hall: | 71B Loring Avenue Salem, MA 01970 |
| Viking Hall: | 73 Loring Avenue Salem, MA 01970 (Opened August 2015) |
| Bates Complex: | 20-32 Harrison Road Salem, MA 01970 |

| Fire Statistics for 2014-2016 | | | | | | | | |
|--------------------------------------|-----------------|----------------------|---------------------|----------------------|-------------------|--------------------|----------------------|--------------|
| | | Bowditch Hall | Peabody Hall | Atlantic Hall | Marsh Hall | Viking Hall | Bates Complex | TOTAL |
| 2014 | Fires | 0 | 0 | 0 | 0 | N/A | 0 | 0 |
| | Injuries | 0 | 0 | 0 | 0 | N/A | 0 | 0 |
| | Deaths | 0 | 0 | 0 | 0 | N/A | 0 | 0 |
| 2015 | Fires | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Injuries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Deaths | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2016 | Fires | 0 | 0 | 1 | 0 | 0 | 1 | 2 |
| | Injuries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Deaths | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Residential Facility Addresses

| | |
|----------------|---|
| Bowditch Hall: | 42 Loring Avenue Salem, MA 01970 |
| Peabody Hall: | 1 College Drive Salem, MA 01970 |
| Atlantic Hall: | 71A Loring Avenue Salem, MA 01970 |
| Marsh Hall: | 71B Loring Avenue Salem, MA 01970 |
| Viking Hall: | 73 Loring Avenue Salem, MA 01970 (Opened August 2015) |
| Bates Complex: | 20-32 Harrison Road Salem, MA 01970 |

| Fire Descriptions for 2014-2016 | | | | |
|--|--------------------------------|------------------------------|----------------------------|------------------------|
| 2014 | | | | |
| Residence | Cause of Fire | Fire-related Injuries | Fire-related Deaths | Property Damage |
| N/A | N/A | N/A | N/A | N/A |
| 2015 | | | | |
| Residence | Cause of Fire | Fire-related Injuries | Fire-related Deaths | Property Damage |
| N/A | N/A | N/A | N/A | N/A |
| 2016 | | | | |
| Residence | Cause of Fire | Fire-related Injuries | Fire-related Deaths | Property Damage |
| Atlantic Hall | Accidental/ Cooking | 0 | 0 | \$0.00 |
| Bates #10 | Accidental/ Cooking | 0 | 0 | \$0.00 |

Residential Facility Addresses

- Bowditch Hall: 42 Loring Avenue Salem, MA 01970
- Peabody Hall: 1 College Drive Salem, MA 01970
- Atlantic Hall: 71A Loring Avenue Salem, MA 01970
- Marsh Hall: 71B Loring Avenue Salem, MA 01970
- Viking Hall: 73 Loring Avenue Salem, MA 01970 (Opened August 2015)
- Bates Complex: 20-32 Harrison Road Salem, MA 01970

END OF REPORT

SUBJECT: Academic Affairs and Student Life Committee Meeting Report for January 24, 2018

The Academic Affairs and Student Life Committee of the Board of Trustees met on Wednesday, January 24, 2018, in the Paul Petrowski Conference Room of Marsh Hall on the Central Campus of Salem State University.

Present for the Committee were Trustees Chisholm (chair), Duperval, and Russell; Chair Mattera (ex-officio); President Keenan (ex-officio); Provost Silva (committee liaison), Executive Vice President James (committee liaison), and staff associate Longo, academic affairs. Also present and participating in the meeting were Co-Interim Chief Diversity and Inclusion Officers Michael Mobley and Rebecca Comage; and Professor Juditha Burchsted.

Trustee Chisholm called the meeting to order at 6:25 pm. The following items were discussed:

Campus Climate Survey Results Update

Co-Interim Chief Diversity and Inclusion Officers Mobley and Comage provided the Committee with an update on diversity and inclusion efforts at Salem State and the University's commitment to creating a culture of inclusive excellence (Attachment A). Efforts are being made on a number of fronts, including: campus wide forums focused on strategies to address campus climate survey results; police officer training; increased recruitment and retention of faculty of color; and unconscious bias training for faculty and staff. Professor Burchsted also noted that faculty have been forming peer to peer groups to improve diversity and inclusion efforts in the classroom and the Center for Teaching Innovation has been offering professional development workshops in this area. After a brief discussion, it was agreed that all efforts need to be regularly reviewed and assessed for effectiveness. It was further agreed that while the Office of Diversity & Inclusion is the coordinating entity for this work, it should not be the sole office working on these efforts. The entire community needs to be engaged.

Business Intelligence: Data & Productivity Update

Executive Vice President James provided the Committee with an initial draft of fact book pages for sections related to admissions and enrollment (Attachment B).

Provost Silva provided an overview of instructional productivity based on student credit hours and instructional full-time equivalents (Attachment C). It was noted that some programs, such as nursing and occupational therapy, will have lower instructional productivity compared to others because of the high touch nature of their delivery. Executive Vice President James provided an

overview of business intelligence and its role in decision-making at Salem State (Attachment D). A Business Intelligence Steering Committee, has formed and is actively working toward developing a system that will overlay program net revenue by demand, yield and degree production so that we can fully understand the financial impact of growing different programs. Provost Silva and Executive Vice President James will share a final model with the Board by the end of the academic year.

There being no further business to come before the Committee and on a motion made duly by Trustee Russell and seconded by Trustee Duperval, it was unanimously:

VOTED: To adjourn the meeting at 7:20 pm.

Prepared by: D. Longo, staff associate, academic affairs

Campus Climate Survey Results Update



Office of Inclusive Excellence (OIE)



Co-Interim Chief Diversity and Inclusion Officers
Michael Mobley, Ph.D.
Rebecca Comage, M.Ed.

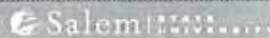
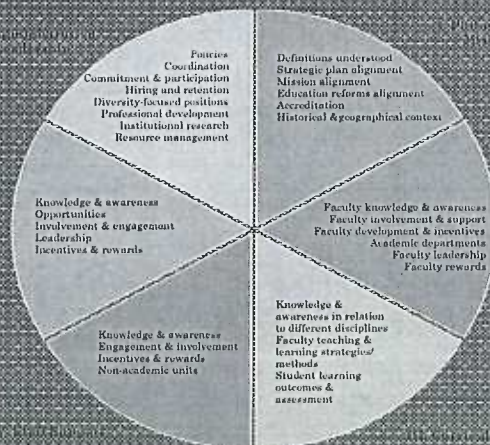


Inclusive Excellence at SSU

- is defined as a strategy for transforming SSU into an institution that conceptualizes inclusiveness and excellence as one in the same, makes inclusiveness ubiquitous, assigns responsibility for inclusiveness to everyone on campus, and utilizes a broad definition of inclusiveness.
- requires a comprehensive and coordinated set of systemic actions that focus specifically on fostering greater diversity, equity, inclusion, and accountability at every level of University life.



Model for Inclusive Excellence Institutionalization of Diversity, Equity & Inclusion



OIE Status Update

- Campus Climate Survey & Results
 - Implementation Team – 23 members
 - 16 Action Forums (Structured & Requested) in Fall 2017 (until February 16, 2018)
 - Emerging trends for Action Steps recommended by SSU Community

- Professional Development Training
 - Workplace Answers with HR – Prescott (12/16 – 1/18/18)
 - *The Power of Respectful Language* – 1,051 employees totaling 165.5 hours
 - *Uncovering Implicit Bias* – 1,018 employees totaling 282.7 hours

OIE Status Update

- Professional Development Training
 - Diversity & Inclusive Excellence training during SSU HR Monthly Employee Orientation effective April 2018
 - *“Black Student Success on Your Campus: Increase Recruitment, Retention, Engagement, & Completion”* PaperClip Communications, Feb. 14, 2018
 - *“Culture Coaching: The Power to Transform Leaders and Institutional Climate”* CUPA-HR Webinar, Feb. 15, 2018
 - **SSU Train-the-Trainers, Build a Culture of Inclusive Excellence** - reconvene 25 faculty and staff in February 2018

OIE Status Update

- Professional Development Training
 - *Anti-Bias and Diversity training for SSU Police*
 - Anti-Defamation League (ADL)
 - Law Enforcement and Society (LEAS) team at SSU on-campus visit January 31, 2018 at the Center for Holocaust and Genocide Studies
 - On-Campus Training in June 2018
 - *Equity Review Process with Human Resource*
 - 2017-2018 Conducted 42 equity reviews
 - Implemented Resume Filter based on Interview Questions
 - Increased tenure-track Diverse Faculty
 - Fall 2017: 6 Tenure-track; 2 FT Temp
 - Spring 2018: 2 FT Temp
 - Fall 2018: 2 Tenure-track

OIE Status Update

- Inclusive Excellence Model Training
 - Academic Unit
 - CAS, February 7, 2018
 - SSU All Chairs, February 21, 2018
 - Student Life, February 2018
- Capacity Building Interim CDI Officers
 - National Association of Diversity Officers in Higher Education (NADOHE) conference, March 7-10, 2018
 - AACU Diversity, Equity, and Inclusive Democracy conference, March 22-24, 2018 (SSU Faculty representative)

OIE Status Update

- ***12th Annual Black, Brown, and College Bound Summit, March 24-28, 2018 with Dean Gail Gasparich***
 - Application based on academic performance (3.0 GPA) and demonstrated leadership potential for 6-7 Black and Latino male students
 - Men of Color Learning Community (MOC LC) and The Brotherhood
- ***Women of Color Conference, Spring 2018 with Rebecca Comage***
 - Application based on academic performance (3.0 GPA) and demonstrated leadership potential for 6-7 Black and Latino female students
 - Women of Color Learning Community (WOC LC) and Bees

OIE/DMA Status Update

- ***[Social Justice Education Training, Date, 2018-2019]***
 - Director Rebecca Comage & Associate Director, LEAD
 - Development of the Social Justice Coalition
 - Cultural & Identity Based Groups
 - Capacity Building for students
 - Application based on academic performance and interest
 - demonstrate leadership potential

Questions/Comments



Salem

2017-2018 Fact Book

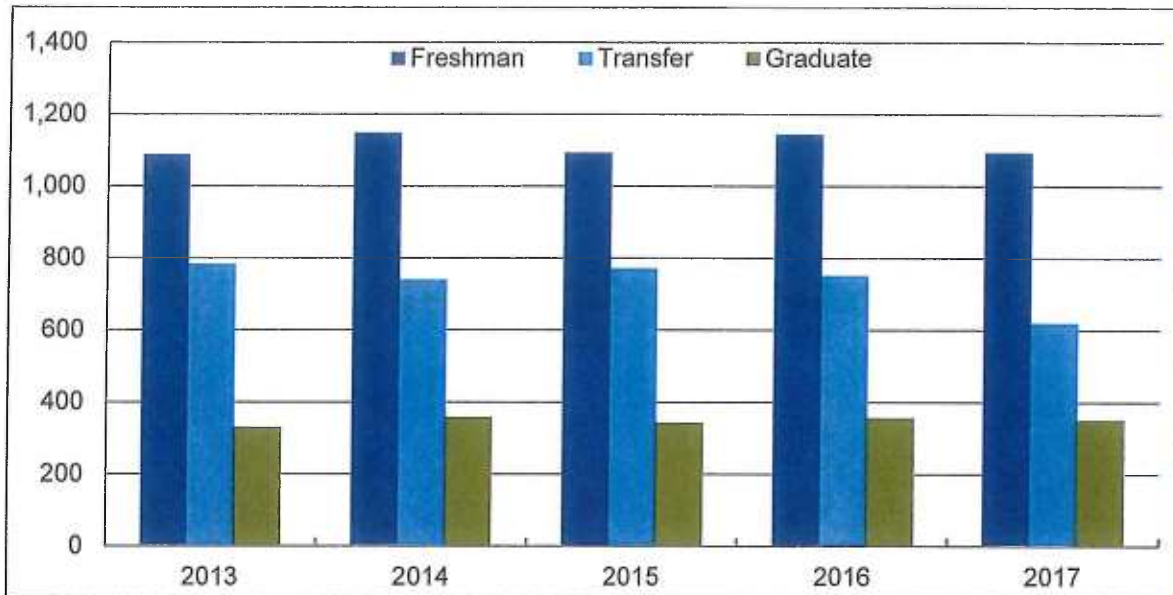
Preview

Section on Admissions

NEW STUDENTS ENTERING

FALL 2013-2017

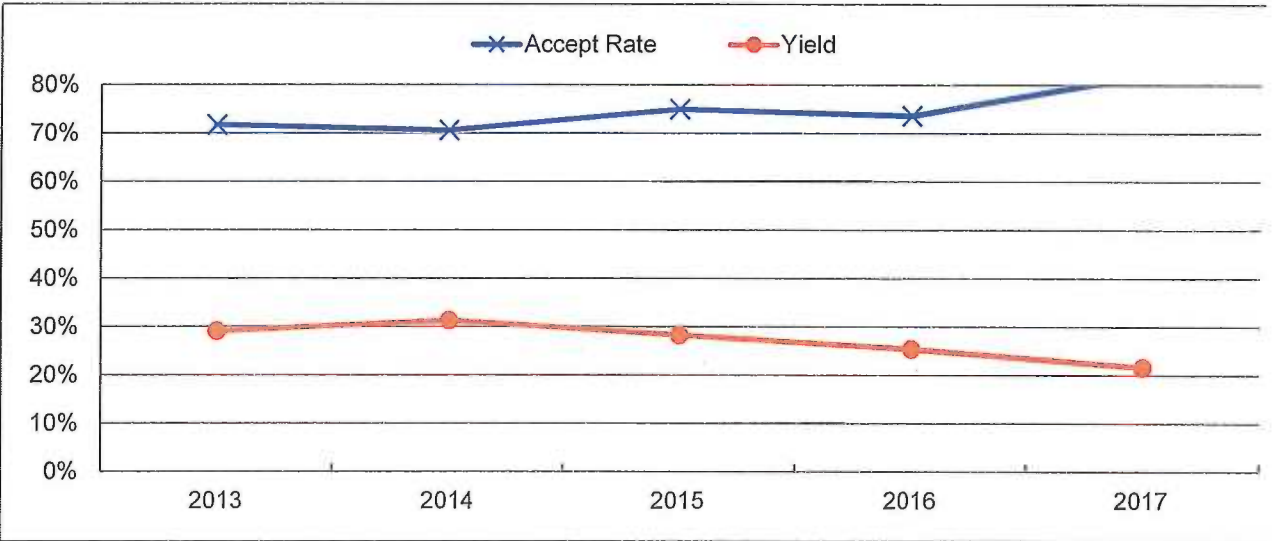
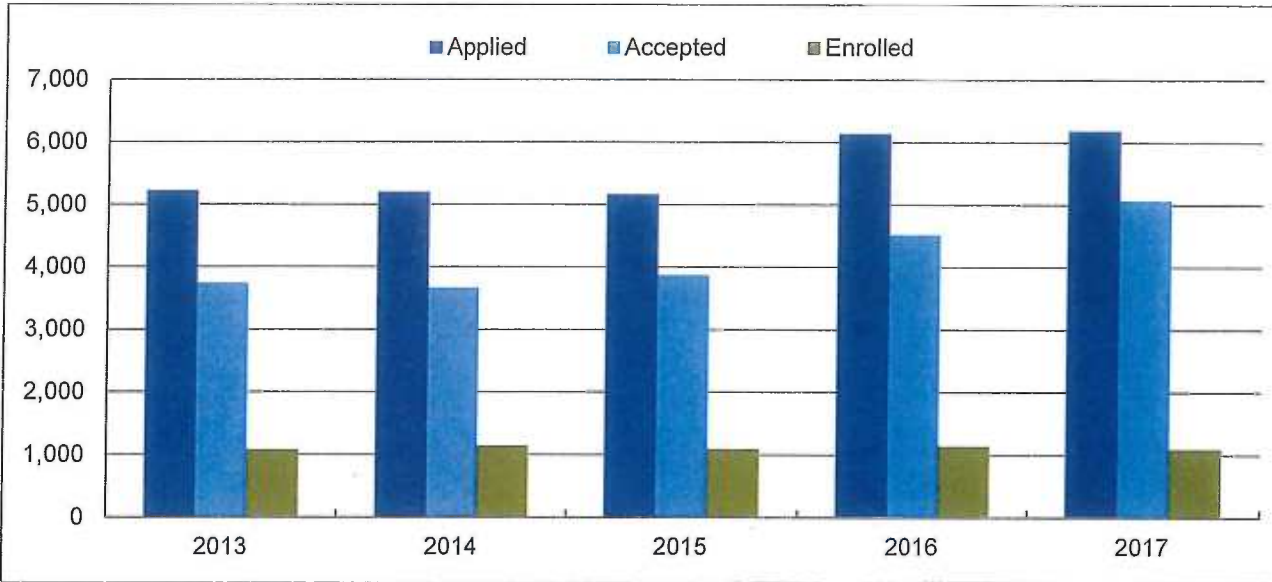
| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|-------|-------|-------|-------|-------|
| Freshman | 1,087 | 1,148 | 1,093 | 1,145 | 1,094 |
| Transfer | 782 | 740 | 771 | 752 | 620 |
| Graduate | 330 | 359 | 343 | 357 | 351 |



FRESHMAN ADMISSIONS

FALL 2013-2017

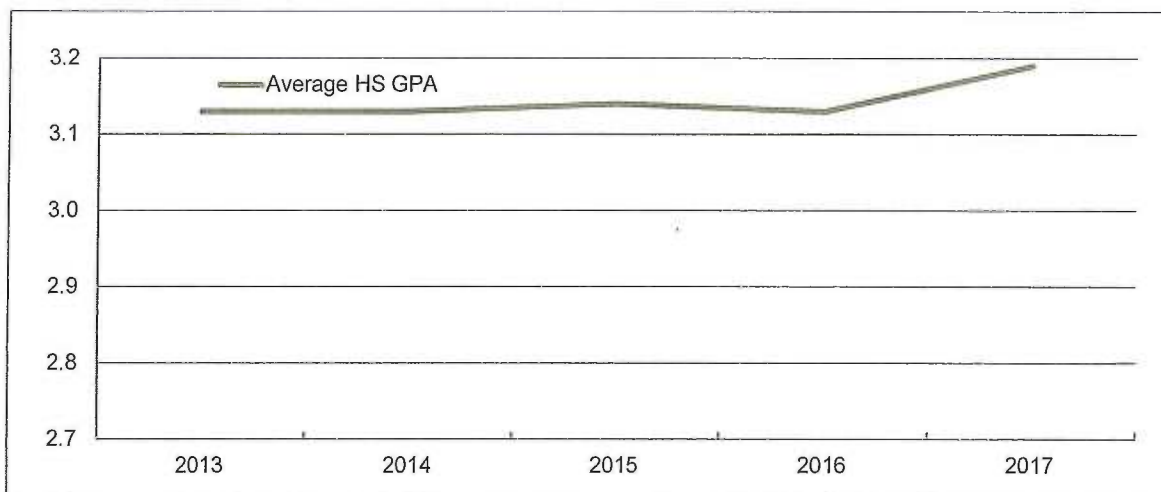
| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|-------|-------|-------|-------|-------|
| Applied | 5,216 | 5,198 | 5,164 | 6,139 | 6,185 |
| Accepted | 3,739 | 3,668 | 3,868 | 4,517 | 5,066 |
| Enrolled | 1,087 | 1,148 | 1,093 | 1,145 | 1,094 |
| Accept Rate | 72% | 71% | 75% | 74% | 82% |
| Yield | 29% | 31% | 28% | 25% | 22% |



FRESHMAN ENROLLED BY ACADEMIC PROFILE

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|-------|-------|-------|-------|-------|
| Enrolled | 1,087 | 1,148 | 1,093 | 1,145 | 1,094 |
| Average HS GPA | 3.13 | 3.13 | 3.14 | 3.13 | 3.19 |
| Average SAT (Old) | | | | | |
| Math | 496 | 493 | 489 | 492 | |
| Verbal | 494 | 493 | 494 | 497 | |
| Combined Math + Verbal | 990 | 987 | 983 | 990 | |
| Average SAT (New) | | | | | |
| Math | | | | | 526 |
| Verbal | | | | | 541 |
| Combined Math + Verbal | | | | | 1067 |



FRESHMAN ENROLLED BY GENDER AND RACE/ETHNICITY

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|-------|-------|-------|-------|-------|
| Total | 1,087 | 1,148 | 1,093 | 1,145 | 1,094 |
| Female | 689 | 706 | 688 | 748 | 708 |
| Male | 398 | 442 | 405 | 397 | 386 |
| % Female | 63.4% | 61.5% | 62.9% | 65.3% | 64.7% |
| Non Resident Alien | 17 | 15 | 13 | 20 | 12 |
| Hispanic/Latino | 140 | 150 | 134 | 204 | 190 |
| American Indian | 2 | 1 | 3 | 1 | 2 |
| Black or African American | 65 | 77 | 87 | 107 | 102 |
| White | 782 | 816 | 775 | 726 | 700 |
| Asian | 40 | 47 | 31 | 41 | 34 |
| Hawaiian/Pacific Islander | 0 | 0 | 0 | 0 | 0 |
| Two or more races | 20 | 32 | 41 | 34 | 33 |
| Unknown | 21 | 10 | 9 | 12 | 21 |
| % Non-White* | 25.5% | 27.3% | 27.6% | 34.8% | 34.0% |

% Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

FRESHMAN ENROLLED BY MAJOR

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|------|------|------|------|------|
| Total | 1087 | 1148 | 1093 | 1145 | 1094 |
| UNDECLARED | 212 | 175 | 150 | 165 | 161 |
| BUSINESS ADMINISTRATION | 158 | 156 | 172 | 142 | 148 |
| NURSING | 67 | 85 | 62 | 61 | 96 |
| EDUCATION | 86 | 79 | 84 | 87 | 91 |
| PSYCHOLOGY | 68 | 83 | 78 | 98 | 88 |
| CRIMINAL JUSTICE | 65 | 100 | 86 | 94 | 78 |
| BIOLOGY | 74 | 73 | 85 | 77 | 64 |
| THEATRE | 38 | 27 | 46 | 33 | 40 |
| HISTORY | 28 | 37 | 42 | 34 | 39 |
| SPORT & MOVEMENT SCIENCE | 20 | 58 | 38 | 41 | 37 |
| ENGLISH | 24 | 42 | 29 | 31 | 34 |
| COMMUNICATIONS | 37 | 42 | 30 | 41 | 33 |
| COMPUTER SCIENCE | 32 | 21 | 37 | 43 | 33 |
| SOCIAL WORK | 38 | 30 | 43 | 29 | 28 |
| HEALTHCARE STUDIES | | | | 22 | 26 |
| POLITICAL SCIENCE | 15 | 12 | 11 | 14 | 18 |
| MATH | 13 | 21 | 11 | 9 | 16 |
| CHEMISTRY | 20 | 14 | 19 | 20 | 15 |
| ATHLETIC TRAINING | 19 | 38 | 14 | 26 | 13 |
| ART | 15 | 13 | 20 | 22 | 7 |
| WORLD LANGUAGES & CULTURES | 4 | 10 | 4 | 10 | 7 |
| MUSIC | 10 | 12 | 5 | 6 | 6 |
| DANCE | | | 9 | 6 | 4 |
| ECONOMICS | 4 | 1 | 3 | 7 | 4 |
| GEOLOGICAL SCIENCES | 4 | 6 | 6 | 6 | 4 |
| SOCIOLOGY | 7 | 5 | 4 | 7 | 2 |
| CARTOGRAPHY | 2 | 1 | 0 | 1 | 1 |
| GEOGRAPHY | 1 | 1 | 3 | 2 | 1 |
| LIBERAL STUDIES | 26 | 6 | 1 | 9 | 0 |
| PHILOSOPHY | | | 1 | 2 | 0 |

Top 5 (in 2017) Percent:

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|------|------|------|------|------|
| UNDECLARED | 20% | 15% | 14% | 14% | 15% |
| BUSINESS ADMINISTRATION | 15% | 14% | 16% | 12% | 14% |
| NURSING | 6% | 7% | 6% | 5% | 9% |
| EDUCATION | 8% | 7% | 8% | 8% | 8% |
| PSYCHOLOGY | 6% | 7% | 7% | 9% | 8% |

FRESHMAN ENROLLED BY TOP FEEDER HIGH SCHOOLS

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------|------|------|------|------|------|
| PEABODY VETERANS MEMORIAL HS | 39 | 53 | 42 | 44 | 43 |
| DANVERS HIGH SCHOOL | 17 | 15 | 19 | 13 | 30 |
| SALEM HIGH SCHOOL | 28 | 30 | 45 | 34 | 28 |
| SAUGUS HIGH SCHOOL | 16 | 19 | 22 | 11 | 25 |
| LYNN CLASSICAL HIGH SCHOOL | 42 | 37 | 20 | 39 | 25 |
| LYNN ENGLISH HIGH SCHOOL | 21 | 20 | 20 | 25 | 24 |
| BEVERLY HIGH SCHOOL | 27 | 19 | 23 | 17 | 22 |
| WOBURN MEMORIAL HIGH SCHOOL | 13 | 14 | 14 | 20 | 20 |
| READING MEMORIAL HIGH SCHOOL | 9 | 6 | 8 | 6 | 18 |
| CHELSEA HIGH SCHOOL | 8 | 5 | 7 | 8 | 16 |
| LOWELL HIGH SCHOOL | 6 | 21 | 11 | 14 | 15 |
| MEDFORD HIGH SCHOOL | 5 | 11 | 9 | 7 | 14 |
| REVERE HIGH SCHOOL | 13 | 25 | 12 | 9 | 14 |
| GLOUCESTER HIGH SCHOOL | 20 | 29 | 20 | 15 | 14 |
| NORTHEAST METRO TECH HS | 14 | 15 | 14 | 19 | 13 |
| GREATER LOWELL TECHNICAL HS | | 4 | 8 | 7 | 13 |
| MARBLEHEAD HIGH SCHOOL | 7 | 4 | 2 | 10 | 11 |
| FRAMINGHAM HIGH SCHOOL | 4 | 5 | 3 | 3 | 10 |
| ESSEX AGRICULTURAL & TECH HS | 10 | 4 | 13 | 6 | 10 |
| SWAMPSCOTT HIGH SCHOOL | 15 | 7 | 11 | 10 | 9 |
| WILMINGTON HIGH SCHOOL | 16 | 11 | 9 | 3 | 9 |
| METHUEN HIGH SCHOOL | 2 | 4 | 10 | 11 | 9 |
| TRITON REGIONAL SCHOOL | 17 | 8 | 8 | 9 | 9 |
| IPSWICH HIGH SCHOOL | 5 | 11 | 9 | 2 | 9 |
| BOSTON LATIN ACADEMY | 2 | 3 | 2 | 3 | 9 |
| MALDEN HIGH SCHOOL | 17 | 14 | 12 | 14 | 9 |
| EVERETT HIGH SCHOOL | 18 | 22 | 31 | 15 | 9 |
| MONTACHUSETT REG VOC TECH HS | 3 | 3 | | 5 | 8 |
| TEWKSBURY MEMORIAL HIGH SCHOOL | 4 | 7 | 8 | 5 | 8 |
| WALTHAM SENIOR HIGH SCHOOL | 7 | 8 | 8 | 14 | 8 |
| WEYMOUTH HIGH SCHOOL | 5 | 4 | 9 | 3 | 8 |
| LEOMINSTER HIGH SCHOOL | 1 | 1 | 9 | 2 | 8 |

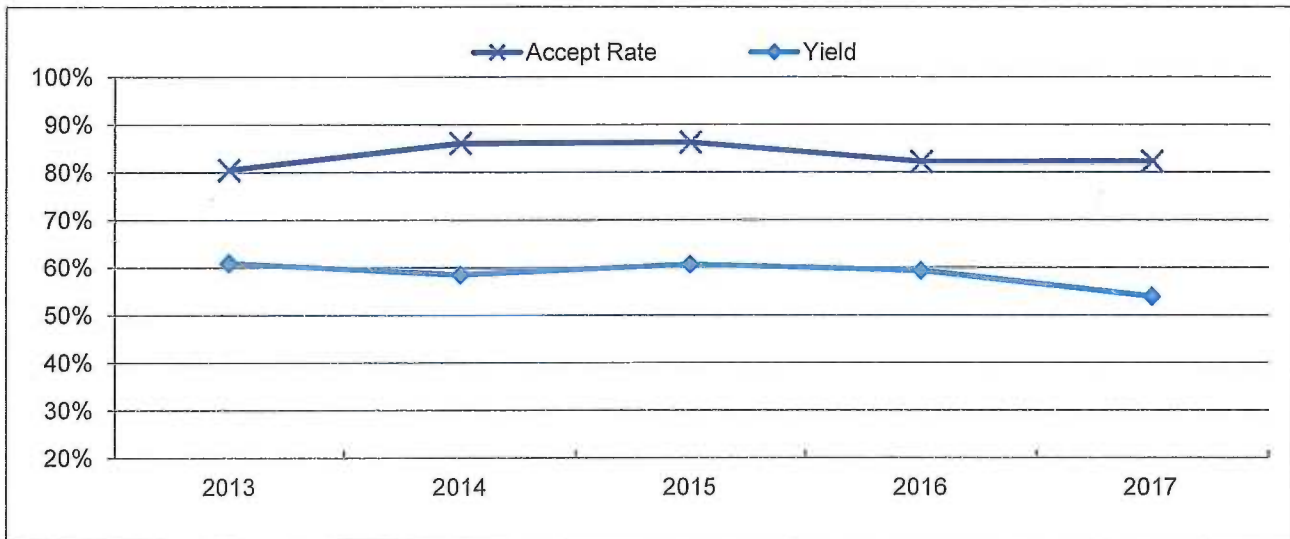
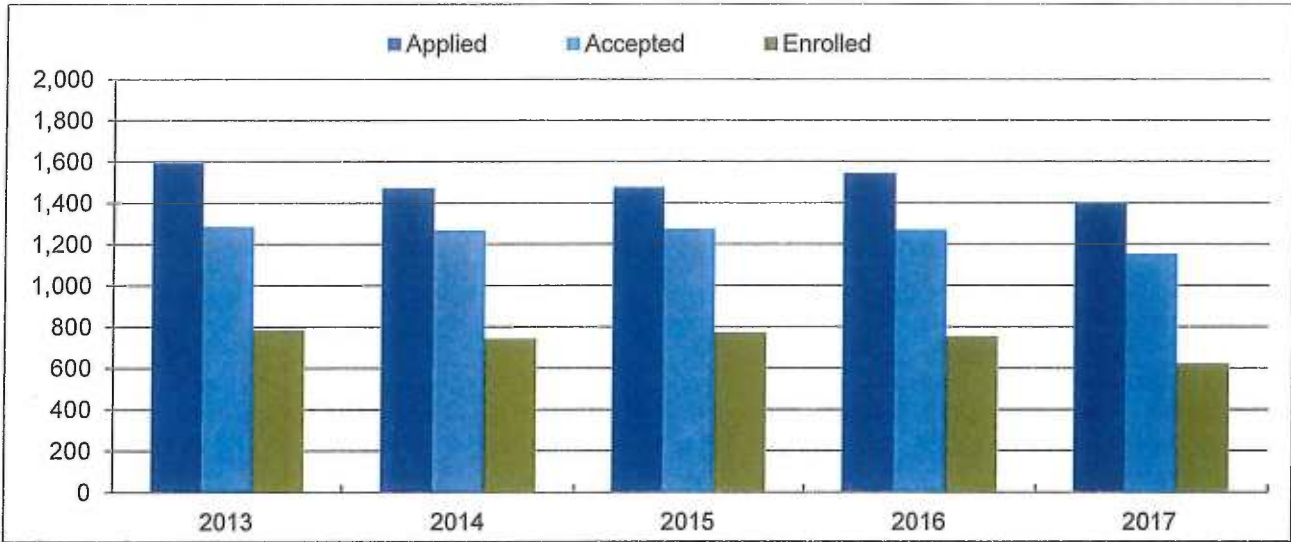
Top 5 (in 2017) Percent:

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------|------|------|------|------|------|
| PEABODY VETERANS MEMORIAL HS | 4% | 5% | 4% | 4% | 4% |
| DANVERS HIGH SCHOOL | 2% | 1% | 2% | 1% | 3% |
| SALEM HIGH SCHOOL | 3% | 3% | 4% | 3% | 3% |
| SAUGUS HIGH SCHOOL | 1% | 2% | 2% | 1% | 2% |
| LYNN CLASSICAL HIGH SCHOOL | 4% | 3% | 2% | 3% | 2% |

TRANSFER ADMISSIONS

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|-------|-------|-------|-------|-------|
| Applied | 1,595 | 1,472 | 1,475 | 1,543 | 1,400 |
| Accepted | 1,284 | 1,267 | 1,272 | 1,268 | 1,151 |
| Enrolled | 782 | 740 | 771 | 752 | 620 |
| Accept Rate | 81% | 86% | 86% | 82% | 82% |
| Yield | 61% | 58% | 61% | 59% | 54% |



TRANSFER ENROLLED BY GENDER AND RACE/ETHNICITY

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|-------|-------|-------|-------|-------|
| Total | 782 | 740 | 771 | 752 | 620 |
| Female | 457 | 425 | 459 | 443 | 353 |
| Male | 325 | 315 | 312 | 309 | 267 |
| % Female | 58.4% | 57.4% | 59.5% | 58.9% | 56.9% |
| Non Resident Alien | 45 | 40 | 32 | 30 | 21 |
| Hispanic/Latino | 85 | 88 | 127 | 131 | 117 |
| American Indian | 3 | 0 | 0 | 3 | 0 |
| Black or African American | 69 | 79 | 76 | 79 | 50 |
| White | 510 | 478 | 470 | 434 | 365 |
| Asian | 26 | 24 | 19 | 25 | 20 |
| Hawaiian/Pacific Islander | 0 | 0 | 0 | 0 | 0 |
| Two or more races | 17 | 9 | 29 | 24 | 23 |
| Unknown | 27 | 22 | 18 | 26 | 24 |
| % Non-White* | 28.2% | 29.5% | 34.8% | 37.6% | 36.5% |

* % Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

TRANSFER ENROLLED BY MAJOR

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|------|------|------|------|------|
| Total | 782 | 740 | 771 | 752 | 620 |
| Business Administration | 147 | 159 | 181 | 144 | 148 |
| Psychology | 74 | 41 | 57 | 63 | 62 |
| Criminal Justice | 37 | 60 | 57 | 76 | 55 |
| Education | 49 | 67 | 60 | 52 | 54 |
| Biology | 27 | 45 | 54 | 32 | 33 |
| Social Work | 56 | 49 | 53 | 37 | 32 |
| Sport & Movement Science | 35 | 28 | 40 | 36 | 28 |
| Healthcare Studies | | | | 19 | 23 |
| English | 20 | 21 | 25 | 19 | 21 |
| Undeclared | 69 | 39 | 31 | 39 | 21 |
| Communications | 43 | 32 | 32 | 34 | 20 |
| Computer Science | 18 | 20 | 19 | 24 | 17 |
| History | 13 | 13 | 19 | 21 | 16 |
| Nursing | 40 | 50 | 46 | 48 | 12 |
| Chemistry | 21 | 10 | 7 | 8 | 10 |
| Theater | 8 | 9 | 12 | 13 | 10 |
| Fire Science | 2 | 14 | 4 | 9 | 6 |
| Geography | 7 | 3 | 5 | 6 | 6 |
| Political Science | 12 | 7 | 7 | 7 | 6 |
| Sociology | 13 | 7 | 3 | 5 | 6 |
| Liberal Studies | 21 | 12 | 4 | 11 | 5 |
| World Languages & Cultures | 10 | 4 | 4 | 4 | 5 |
| Geological Sciences | 4 | 3 | 2 | 3 | 4 |
| Occupational Therapy | 6 | 3 | 4 | 6 | 4 |
| Art | 17 | 19 | 9 | 11 | 3 |
| Math | 8 | 5 | 9 | 2 | 3 |
| Music | 7 | 2 | 3 | 2 | 3 |
| Athletic Training | 12 | 11 | 11 | 13 | 2 |
| Dance | | | 1 | 2 | 2 |
| Philosophy | | 1 | 3 | 2 | 2 |
| Economics | 6 | 4 | 6 | 4 | 1 |
| Cartography | 0 | 2 | 3 | 0 | 0 |

Top 5 (in 2017) Percent:

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|------|------|------|------|------|
| Business Administration | 19% | 21% | 23% | 19% | 24% |
| Psychology | 9% | 6% | 7% | 8% | 10% |
| Criminal Justice | 5% | 8% | 7% | 10% | 9% |
| Education | 6% | 9% | 8% | 7% | 9% |
| Biology | 3% | 6% | 7% | 4% | 5% |

TRANSFER ENROLLED BY TOP FEEDER COLLEGES

FALL 2013-2017

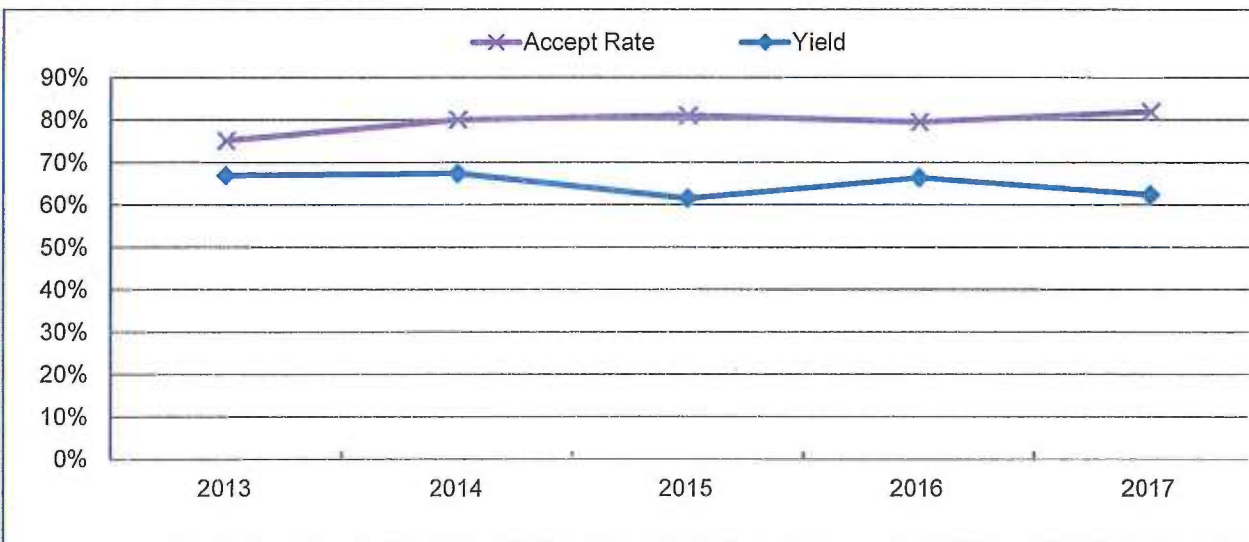
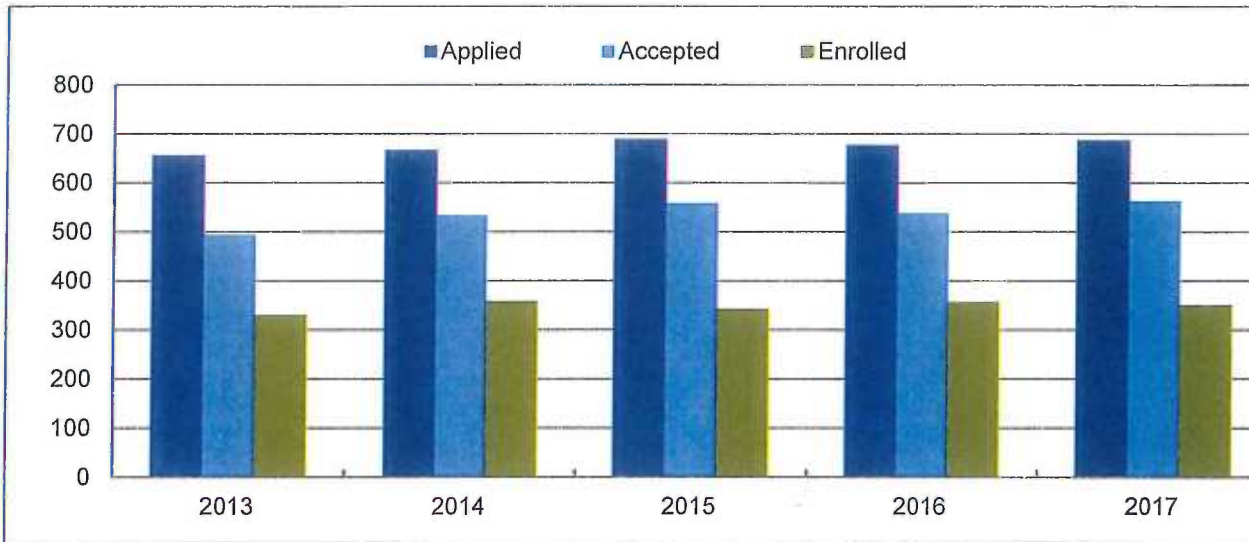
| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------|------|------|------|------|------|
| NORTH SHORE CMTY COL | 245 | 236 | 211 | 244 | 197 |
| BUNKER HILL CMTY COL | 44 | 61 | 67 | 62 | 44 |
| NORTHRN ESSEX CMTY C | 40 | 47 | 31 | 33 | 42 |
| MIDDLESEX CMTY COLLE | 46 | 40 | 56 | 47 | 32 |
| UNIV MASS AMHERST | 17 | 5 | 11 | 12 | 13 |
| BRIDGEWATER STATE CO | 6 | 7 | 9 | 7 | 13 |
| MASSASOIT CMTY COLLE | 9 | 6 | 8 | 13 | 12 |
| MASS BAY CMTY COLLEG | 13 | 13 | 12 | 12 | 11 |
| BRISTOL CMTY COLLEGE | 10 | 3 | 4 | 4 | 9 |
| QUINSIGAMOND CMTY CO | 6 | 8 | 5 | 7 | 9 |
| WESTFIELD STATE COLL | 5 | 11 | 5 | 10 | 9 |
| QUINCY COLLEGE | 11 | 9 | 9 | 10 | 8 |
| NEW HAMPSHIRE COLLEG | 6 | 4 | 5 | 7 | 7 |
| FITCHBURG ST COLLEGE | 6 | 5 | 6 | 3 | 6 |
| ENDICOTT COLLEGE | 1 | 2 | 3 | 6 | 5 |
| UNIV NEW HAMPSHIRE D | 5 | 12 | 4 | 4 | 5 |
| UNIV MASS BOSTON | 12 | 11 | 11 | 7 | 5 |
| HOLYOKE CMTY COLLEGE | 3 | 4 | 3 | 3 | 5 |
| MERRIMACK COLLEGE | 2 | 6 | 4 | 4 | 5 |
| CAPE COD CMTY COLLEG | 4 | 7 | 8 | 6 | 4 |
| UNIV MASS LOWELL | 11 | 5 | 14 | 10 | 4 |
| COMMUNITY C RHODE IS | 1 | 1 | 2 | 1 | 4 |
| FRAMINGHAM STATE COL | 7 | 3 | 3 | 3 | 4 |
| COASTAL CAROLINA UNI | | | 2 | | 4 |
| SUFFOLK UNIVERSITY | 11 | 4 | 4 | 7 | 4 |
| WORCESTER STATE COLL | 2 | 4 | 3 | 6 | 4 |
| # of Enrolling - Top Ten | 488 | 489 | 519 | 555 | 406 |
| % of Total Enrolled - Top Ten | 62% | 66% | 67% | 74% | 65% |
| Total Count of Feeder Colleges | 148 | 139 | 141 | 149 | 132 |

Top 10 Based on number of admitted, enrolled students. High Schools that sent the same numbers of students are counted at the same rank which is why the top 10 may include more than 10 colleges.

GRADUATE ADMISSIONS

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|------|------|------|------|------|
| Applied | 656 | 666 | 689 | 677 | 687 |
| Accepted | 493 | 533 | 558 | 538 | 563 |
| Enrolled | 330 | 359 | 343 | 357 | 351 |
| Accept Rate | 75% | 80% | 81% | 79% | 82% |
| Yield | 67% | 67% | 61% | 66% | 62% |



GRADUATE ENROLLED BY GENDER AND RACE/ETHNICITY

FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|-------|-------|-------|-------|-------|
| Total | 330 | 359 | 343 | 357 | 351 |
| Female | 246 | 277 | 260 | 277 | 260 |
| Male | 84 | 82 | 83 | 80 | 91 |
| % Female | 74.5% | 77.2% | 75.8% | 77.6% | 74.1% |
| Non Resident Alien | 19 | 18 | 12 | 20 | 15 |
| Hispanic/Latino | 22 | 28 | 28 | 29 | 34 |
| American Indian | 1 | 1 | 1 | 1 | 0 |
| Black or African American | 11 | 13 | 15 | 20 | 17 |
| White | 240 | 246 | 255 | 259 | 265 |
| Asian | 7 | 11 | 3 | 7 | 6 |
| Hawaiian/Pacific Islander | 1 | 0 | 0 | 0 | 0 |
| Two or more races | 2 | 8 | 8 | 5 | 4 |
| Unknown | 27 | 34 | 21 | 16 | 10 |
| % Non-White* | 15.1% | 19.2% | 17.6% | 18.9% | 18.4% |

% Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

NEW GRADUATE STUDENTS ENROLLED BY PROGRAM

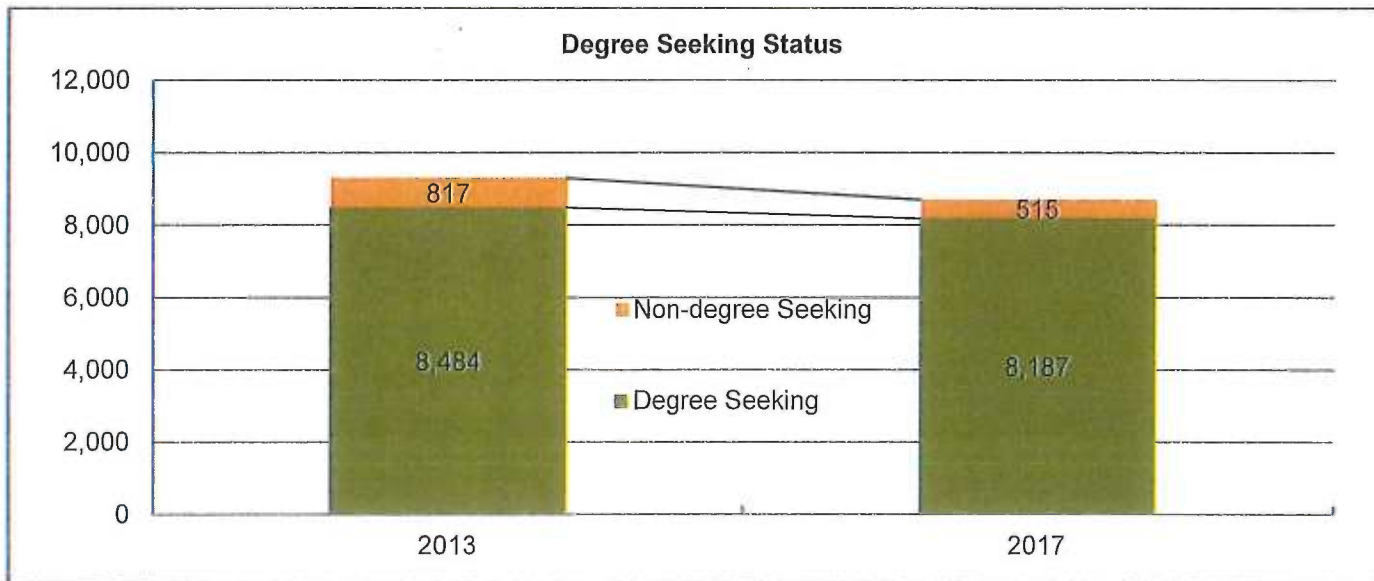
FALL 2013-2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------|------|------|------|------|
| Social Work - MSW | 73 | 102 | 107 | 108 | 83 |
| Business - MBA | 14 | 10 | 10 | 14 | 12 |
| Higher Education in Student Affairs - MED | 19 | 28 | 21 | 20 | 28 |
| Special Education - MED | 22 | 22 | 15 | 16 | 13 |
| School Counseling -MED | 5 | 9 | 15 | 6 | 12 |
| Elementary Education - MED | 16 | 11 | 14 | 6 | 10 |
| Early Childhood Education - MED | 2 | 8 | 7 | 14 | 8 |
| Reading - MED | 5 | 7 | 6 | 4 | 7 |
| Library Media Studies - MED | 11 | 7 | 5 | 5 | 2 |
| Physical Education - MED | 1 | | 1 | 2 | 1 |
| Secondary Education - MED | 1 | 5 | 2 | | |
| Middle School - MED | 1 | 3 | | | |
| English as a Second Language - MAT | 9 | 7 | 8 | 6 | 9 |
| Art - MAT | | 1 | 5 | 4 | 8 |
| History - MAT | 3 | 3 | 6 | 2 | 4 |
| Spanish - MAT | 2 | | 2 | 3 | 3 |
| English - MA/MAT | 1 | 1 | | 1 | 3 |
| Physical Education - MAT | | | | | 2 |
| Mathematics - MAT | 8 | 6 | 3 | 1 | 1 |
| English - MAT | 3 | | 1 | | |
| General Science - MAT | 1 | 1 | | | |
| Chemistry - MAT | 1 | | | | |
| Counseling & Psychological Services - MS | 27 | 9 | 23 | 20 | 20 |
| Nursing - MSN | 16 | 25 | 22 | 22 | 26 |
| Occupational Therapy - BS/MS | | 30 | 19 | 28 | 18 |
| History - MA | 11 | 7 | 5 | 7 | 7 |
| English - MA | 7 | 4 | 5 | 4 | 8 |
| Geo-Information Science - MS | 5 | 4 | 7 | 4 | 1 |
| Industrial/Organizational Psychology - MS | 10 | 7 | 12 | 17 | 11 |
| Behavior Analysis - MS | | | 5 | 5 | 3 |
| Criminal Justice - MS | 6 | 6 | 3 | 5 | 3 |
| Mathematics - MS | 6 | 2 | 2 | 1 | 3 |
| CAGS - Education | | | 12 | | |
| Certificate, Licensure, No Award Tracks | 44 | 34 | | 32 | 45 |

2017-2018 Fact Book
Preview

Section on Enrollment

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|-------|-------|-------|-------|-------|
| University Total | 9,301 | 9,267 | 9,215 | 9,001 | 8,702 |
| Undergraduate Total | 7,664 | 7,600 | 7,499 | 7,346 | 7,110 |
| Graduate Total | 1,637 | 1,667 | 1,716 | 1,655 | 1,592 |
| Degree Seeking | 8,484 | 8,627 | 8,575 | 8,454 | 8,187 |
| Non-degree Seeking | 817 | 640 | 640 | 547 | 515 |
| Full Time | 6,194 | 6,287 | 6,371 | 6,353 | 6,333 |
| Undergraduate | 5,834 | 5,905 | 5,919 | 5,864 | 5,792 |
| Graduate | 360 | 382 | 452 | 489 | 541 |
| Part Time | 3,107 | 2,980 | 2,844 | 2,648 | 2,369 |
| Undergraduate | 1,830 | 1,695 | 1,580 | 1,482 | 1,318 |
| Graduate | 1,277 | 1,285 | 1,264 | 1,166 | 1,051 |
| Undergraduate | | | | | |
| Degree Seeking Undergraduate | 7,134 | 7,180 | 7,091 | 7,016 | 6,776 |
| Full Time Undergraduate | 5,752 | 5,843 | 5,858 | 5,828 | 5,776 |
| Part Time Undergraduate | 1,382 | 1,337 | 1,233 | 1,188 | 1,000 |
| Non-Degree Seeking Undergraduate | 530 | 420 | 408 | 330 | 334 |
| Graduate | | | | | |
| Degree Seeking Graduate | 1,350 | 1,447 | 1,484 | 1,438 | 1,411 |
| Full Time Graduate | 344 | 366 | 432 | 478 | 535 |
| Part Time Graduate | 1,006 | 1,081 | 1,052 | 960 | 876 |
| Non-Degree Seeking Graduate | 287 | 220 | 232 | 217 | 181 |



**DEGREE SEEKING UNDERGRADUATE HEADCOUNT
BY GENDER AND RACE/ETHNICITY**

FALL 2013- 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-time total | 5,752 | 5,843 | 5,858 | 5,828 | 5,776 |
| Female | 3,485 | 3,535 | 3,559 | 3,585 | 3,579 |
| Male | 2,267 | 2,308 | 2,299 | 2,243 | 2,197 |
| % Female | 61% | 60% | 61% | 62% | 62% |
| Non Resident Alien | 206 | 218 | 181 | 162 | 157 |
| Hispanic/Latino | 621 | 682 | 708 | 801 | 880 |
| American Indian | 17 | 12 | 12 | 9 | 7 |
| Black or African American | 408 | 436 | 451 | 500 | 538 |
| White | 4,099 | 4,066 | 4,076 | 3,891 | 3,710 |
| Asian | 173 | 196 | 190 | 197 | 197 |
| Hawaiian/Pacific Islander | 5 | 1 | 2 | 1 | 0 |
| Two or more races | 143 | 143 | 161 | 167 | 178 |
| Unknown | 80 | 89 | 77 | 100 | 109 |
| % Non-White | 25% | 27% | 27% | 30% | 33% |
| Part-time total | 1,382 | 1,337 | 1,233 | 1,188 | 1,000 |
| Female | 883 | 834 | 755 | 744 | 608 |
| Male | 499 | 503 | 478 | 444 | 392 |
| % Female | 64% | 62% | 61% | 63% | 61% |
| Non Resident Alien | 37 | 46 | 41 | 41 | 30 |
| Hispanic/Latino | 154 | 160 | 165 | 192 | 200 |
| American Indian | 2 | 1 | 3 | 2 | 1 |
| Black or African American | 187 | 195 | 169 | 181 | 125 |
| White | 890 | 847 | 755 | 673 | 561 |
| Asian | 58 | 37 | 38 | 46 | 26 |
| Hawaiian/Pacific Islander | 2 | 2 | 1 | 0 | 0 |
| Two or more races | 15 | 13 | 22 | 23 | 26 |
| Unknown | 37 | 36 | 39 | 30 | 31 |
| % Non-White | 32% | 33% | 35% | 40% | 40% |

% Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

**DEGREE SEEKING GRADUATE HEADCOUNT
BY GENDER AND RACE/ETHNICITY**

FALL 2013- 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|--------------|--------------|--------------|------------|------------|
| Full-time total | 344 | 366 | 432 | 478 | 535 |
| Female | 267 | 284 | 338 | 381 | 413 |
| Male | 77 | 82 | 94 | 97 | 122 |
| % Female | 78% | 78% | 78% | 80% | 77% |
| Non Resident Alien | 29 | 35 | 38 | 38 | 27 |
| Hispanic/Latino | 21 | 22 | 25 | 35 | 46 |
| American Indian | 1 | 1 | 1 | 0 | 0 |
| Black or African American | 11 | 19 | 17 | 32 | 31 |
| White | 257 | 250 | 297 | 332 | 392 |
| Asian | 7 | 10 | 14 | 13 | 10 |
| Hawaiian/Pacific Islander | 0 | 0 | 0 | 0 | 0 |
| Two or more races | 3 | 6 | 13 | 14 | 8 |
| Unknown | 15 | 23 | 27 | 14 | 21 |
| % Non-White | 14% | 19% | 19% | 22% | 20% |
| Part-time total | 1,006 | 1,081 | 1,052 | 960 | 876 |
| Female | 745 | 812 | 784 | 704 | 660 |
| Male | 261 | 269 | 268 | 256 | 216 |
| % Female | 74% | 75% | 75% | 73% | 75% |
| Non Resident Alien | 28 | 28 | 17 | 18 | 18 |
| Hispanic/Latino | 51 | 67 | 80 | 78 | 69 |
| American Indian | 1 | 1 | 3 | 4 | 2 |
| Black or African American | 25 | 24 | 36 | 38 | 38 |
| White | 793 | 827 | 800 | 722 | 686 |
| Asian | 18 | 20 | 15 | 15 | 17 |
| Hawaiian/Pacific Islander | 2 | 0 | 0 | 0 | 0 |
| Two or more races | 4 | 12 | 12 | 10 | 8 |
| Unknown | 84 | 102 | 89 | 75 | 38 |
| % Non-White | 11% | 13% | 15% | 17% | 16% |

% Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

**NON-DEGREE SEEKING UNDERGRADUATE AND GRADUATE
HEADCOUNT BY GENDER AND RACE/ETHNICITY**

FALL 2013- 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|------------|------------|------------|------------|------------|
| Undergraduate total | 530 | 420 | 408 | 330 | 334 |
| Female | 283 | 224 | 236 | 196 | 208 |
| Male | 247 | 196 | 172 | 134 | 126 |
| % Female | 53% | 53% | 58% | 59% | 62% |
| Non Resident Alien | 75 | 57 | 58 | 23 | 11 |
| Hispanic/Latino | 25 | 37 | 41 | 40 | 36 |
| American Indian | 3 | 0 | 1 | 1 | 0 |
| Black or African American | 25 | 20 | 26 | 25 | 37 |
| White | 301 | 236 | 215 | 198 | 193 |
| Asian | 14 | 13 | 15 | 18 | 18 |
| Hawaiian/Pacific Islander | 1 | 0 | 0 | 0 | 0 |
| Two or more races | 2 | 1 | 1 | 1 | 1 |
| Unknown | 84 | 56 | 51 | 24 | 38 |
| % Non-White | 19% | 23% | 28% | 30% | 32% |
| Graduate total | 287 | 220 | 232 | 217 | 181 |
| Female | 201 | 164 | 170 | 164 | 146 |
| Male | 86 | 56 | 62 | 53 | 35 |
| % Female | 70% | 75% | 73% | 76% | 81% |
| Non Resident Alien | 10 | 18 | 14 | 13 | 3 |
| Hispanic/Latino | 17 | 8 | 16 | 19 | 11 |
| American Indian | 3 | 0 | 0 | 1 | 1 |
| Black or African American | 6 | 3 | 11 | 8 | 5 |
| White | 186 | 147 | 150 | 131 | 124 |
| Asian | 1 | 2 | 6 | 3 | 3 |
| Hawaiian/Pacific Islander | 0 | 0 | 0 | 0 | 0 |
| Two or more races | 0 | 1 | 1 | 1 | 0 |
| Unknown | 64 | 41 | 34 | 41 | 34 |
| % Non-White | 13% | 9% | 18% | 20% | 14% |

% Non-White excludes Non-resident Alien students and students with Unknown race/ethnicity.

DEGREE SEEKING UNDERGRADUATE HEADCOUNT BY MAJOR

FALL 2013- 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total | 7,134 | 7,180 | 7,091 | 7,016 | 6,776 |
| College of Arts and Sciences | | | | | |
| Psychology | 589 | 545 | 554 | 573 | 552 |
| Biology | 442 | 484 | 525 | 495 | 451 |
| SFL/Sport & Movement Science | 301 | 326 | 340 | 357 | 364 |
| Undeclared | 487 | 419 | 346 | 337 | 296 |
| Communications | 344 | 325 | 291 | 306 | 266 |
| English | 260 | 254 | 232 | 205 | 207 |
| Computer Science | 151 | 131 | 159 | 185 | 189 |
| History | 211 | 212 | 211 | 191 | 179 |
| Theatre | 161 | 150 | 162 | 150 | 150 |
| Art | 172 | 175 | 153 | 135 | 113 |
| Chemistry | 116 | 120 | 125 | 114 | 94 |
| Political Science | 81 | 70 | 76 | 74 | 84 |
| Math | 77 | 89 | 74 | 64 | 69 |
| Sociology | 103 | 88 | 66 | 70 | 66 |
| Athletic Training | 107 | 108 | 76 | 74 | 53 |
| Geological Sciences | 48 | 50 | 65 | 58 | 49 |
| Geography | 74 | 64 | 59 | 50 | 45 |
| Music | 58 | 57 | 45 | 34 | 42 |
| World Languages & Cultures | 72 | 60 | 43 | 50 | 42 |
| Economics | 46 | 30 | 26 | 33 | 29 |
| General/Liberal Studies | 127 | 83 | 52 | 43 | 26 |
| Dance | | | 12 | 19 | 19 |
| Philosophy | | 12 | 19 | 20 | 18 |
| Cartography | 16 | 17 | 12 | 7 | 8 |
| College of Health and Human Services | | | | | |
| Nursing | 622 | 662 | 658 | 653 | 650 |
| Criminal Justice | 458 | 509 | 500 | 465 | 471 |
| Social Work | 291 | 301 | 331 | 295 | 250 |
| Healthcare Studies | | | | 60 | 122 |
| Occupational Therapy | 30 | 31 | 28 | 23 | 24 |
| School of Education | | | | | |
| Education | 397 | 422 | 427 | 456 | 489 |
| Bertolon School of Business | | | | | |
| Business | 1,265 | 1,348 | 1,392 | 1,384 | 1,321 |
| Fire Science | 28 | 38 | 32 | 36 | 38 |

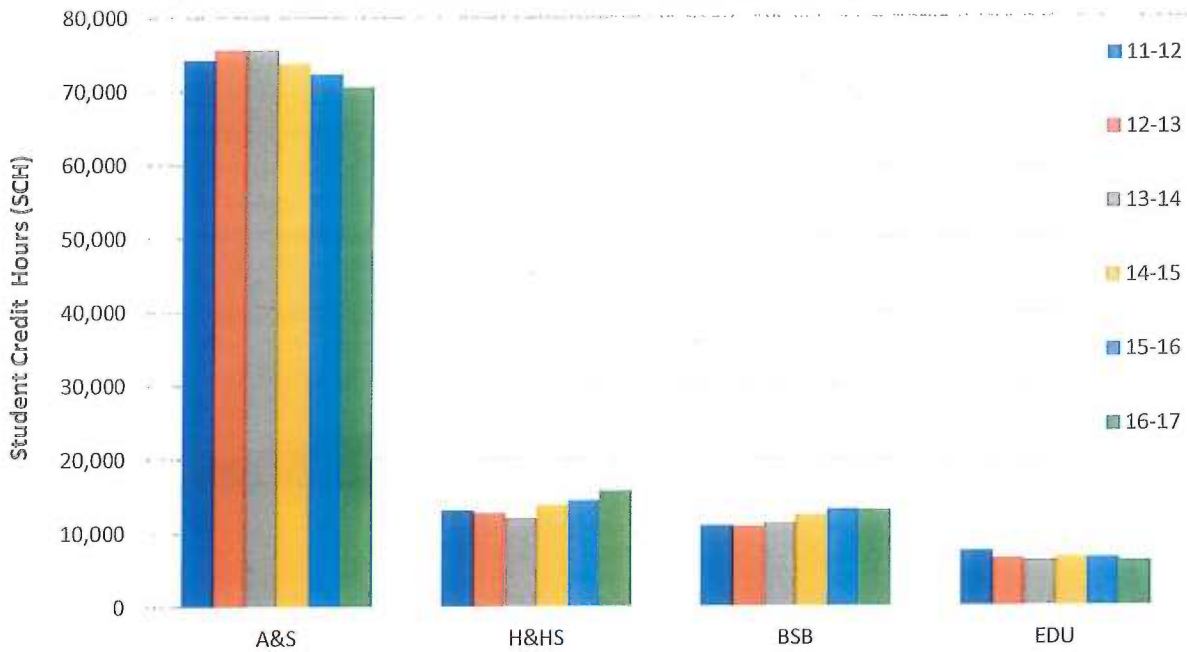
To provide an unduplicated headcount, double majors are counted under only one major.

DEGREE SEEKING GRADUATE HEADCOUNT BY PROGRAM

FALL 2013- 2017

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------|------|------|------|------|
| Social Work - MSW | 232 | 248 | 279 | 331 | 353 |
| Business - MBA | 71 | 69 | 70 | 64 | 58 |
| Special Education - MED | 84 | 95 | 97 | 78 | 79 |
| Higher Education in Student Affairs - MED | 60 | 74 | 76 | 68 | 64 |
| School Counseling -MED | 43 | 43 | 50 | 51 | 48 |
| Early Childhood Education - MED | 29 | 36 | 41 | 46 | 49 |
| Elementary Education - MED | 59 | 50 | 47 | 34 | 37 |
| Library Media Studies - MED | 10 | 20 | 25 | 27 | 21 |
| Reading - MED | 21 | 23 | 29 | 23 | 24 |
| Physical Education - MED | 15 | 19 | 13 | 17 | 16 |
| Secondary Education - MED | 8 | 7 | 6 | 6 | 1 |
| Middle School - MED | 12 | 8 | 4 | 3 | |
| Technology in Education - MED | 4 | 3 | 1 | 1 | |
| Educational Leadership -MED | 3 | 0 | 0 | 1 | |
| English as a Second Language - MAT | 33 | 35 | 37 | 31 | 34 |
| Art - MAT | 17 | 14 | 21 | 17 | 23 |
| History - MAT | 22 | 23 | 26 | 17 | 15 |
| Mathematics - MAT | 30 | 27 | 23 | 16 | 14 |
| Spanish - MAT | 19 | 18 | 14 | 17 | 12 |
| English - MA/MAT | 11 | 12 | 10 | 7 | 4 |
| Chemistry - MAT | 2 | 3 | 3 | 4 | 3 |
| English - MAT | 9 | 4 | 4 | 3 | 3 |
| Physical Education - MAT | | | | | 2 |
| General Science - MAT | 5 | 5 | 3 | 3 | 1 |
| Biology - MAT | 2 | | | | |
| Nursing - MSN | 109 | 134 | 119 | 119 | 116 |
| Counseling & Psychological Services - MS | 101 | 93 | 88 | 80 | 80 |
| Occupational Therapy - MS | 14 | 49 | 67 | 92 | 101 |
| MSN/MBA | 1 | 1 | 0 | 0 | 0 |
| History - MA | 56 | 44 | 37 | 29 | 28 |
| English - MA | 33 | 33 | 29 | 29 | 25 |
| Industrial/Organizational Psychology - MS | 32 | 29 | 33 | 39 | 41 |
| Criminal Justice - MS | 17 | 23 | 21 | 27 | 24 |
| Geo-Information Science - MS | 25 | 21 | 19 | 16 | 12 |
| Behavior Analysis - MS | | | 7 | 19 | 18 |
| Mathematics - MS | 15 | 10 | 7 | 9 | 8 |
| CAGS - Education | 20 | 19 | 40 | 21 | 10 |
| Advanced Professional Studies - Counseling | 10 | 9 | 10 | 3 | 3 |
| Certificates/Licensure Programs | 116 | 146 | 128 | 90 | 84 |

Figure 1: Fall Total Student Credit Hours (SCH) by College/School

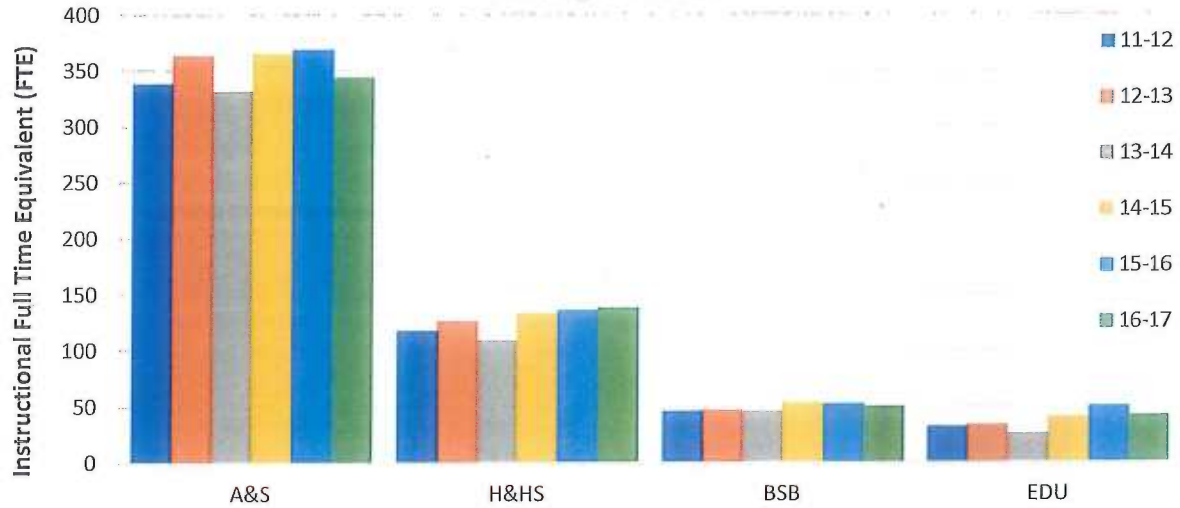


| Fall SCH | Fall 11 | Fall 12 | Fall 13 | Fall 14 | Fall 15 | Fall 16 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Arts & Sciences (A&S) | 74259 | 75607 | 75588 | 73827 | 72317 | 70560 |
| Undergraduate | 71722 | 73080 | 72806 | 71286 | 69646 | 68063 |
| Graduate | 2537 | 2527 | 2782 | 2541 | 2671 | 2497 |
| Health & Human Svs (H&HS) | 13051 | 12672 | 11953 | 13768 | 14382 | 15691 |
| Undergraduate | 10019 | 9810 | 8793 | 10073 | 10415 | 10969 |
| Graduate | 3032 | 2862 | 3160 | 3695 | 3967 | 4722 |
| Business (BSB) | 10930 | 10741 | 11199 | 12364 | 13144 | 12997 |
| Undergraduate | 10243 | 9982 | 10512 | 11665 | 12433 | 12355 |
| Graduate | 687 | 759 | 687 | 699 | 711 | 642 |
| Education (EDU) | 7404 | 6380 | 6122 | 6590 | 6522 | 6091 |
| Undergraduate | 3228 | 3081 | 3096 | 3360 | 3227 | 3217 |
| Graduate | 4176 | 3299 | 3026 | 3230 | 3296 | 2874 |
| University Total | 105,644 | 105,400 | 104,862 | 106,549 | 106,366 | 105,339 |
| Undergraduate | 95212 | 95953 | 95207 | 96384 | 95721 | 94604 |
| Graduate | 10432 | 9447 | 9655 | 10165 | 10645 | 10735 |

For the six-year period under review:

- Mean SCH = 105,693 ♦ Minimum SCH = 104,862 (F13) ♦ Maximum SCH = 106,548 (F14)
- Variability range: Maximum – Minimum = 1,686 SCH
- SCH fluctuation (as function of mean): Variability range / Mean = 1,686 / 105,693 = 1.6%
- Five year change (F16 vs. F11) = -306 SCH (< 1%)

Figure 2: Fall Instructional Full Time Equivalent (FTE) by College/School

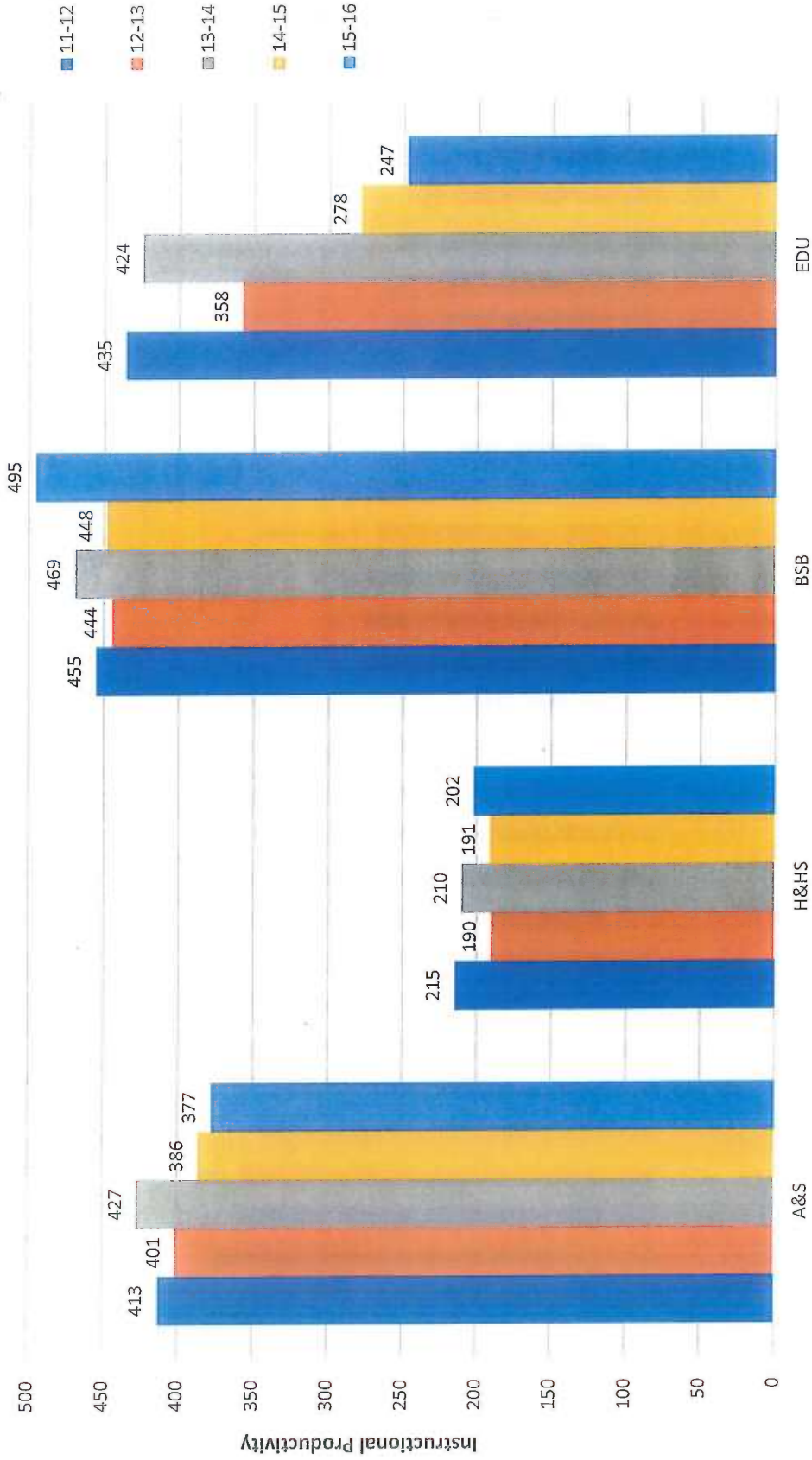


| Fall Instructional FTE | Fall 11 | Fall 12 | Fall 13 | Fall 14 | Fall 15 | Fall 16 |
|--|------------|------------|------------|------------|------------|------------|
| Arts & Sciences (A&S) | 339 | 363 | 332 | 366 | 369 | 344 |
| Full-Time | 225 | 227 | 229 | 233 | 233 | 234 |
| Part-Time | 114 | 136 | 103 | 133 | 136 | 110 |
| Health & Human Svs (H&HS) | 118 | 126 | 109 | 134 | 136 | 138 |
| Full-Time | 58 | 61 | 64 | 63 | 61 | 60 |
| Part-Time | 60 | 65 | 45 | 71 | 75 | 78 |
| Business (BSB) | 46 | 47 | 47 | 53 | 52 | 50 |
| Full-Time | 39 | 40 | 40 | 41 | 40 | 42 |
| Part-Time | 7 | 7 | 5 | 12 | 12 | 8 |
| Education (EDU) | 32 | 33 | 25 | 41 | 50 | 42 |
| Full-Time | 7 | 9 | 13 | 14 | 25 | 26 |
| Part-Time | 25 | 24 | 12 | 27 | 25 | 16 |
| University Total | 535 | 569 | 511 | 594 | 607 | 574 |
| Full-Time | 329 | 337 | 346 | 351 | 359 | 362 |
| Part-Time | 206 | 232 | 165 | 243 | 248 | 212 |

For the six-year period under review:

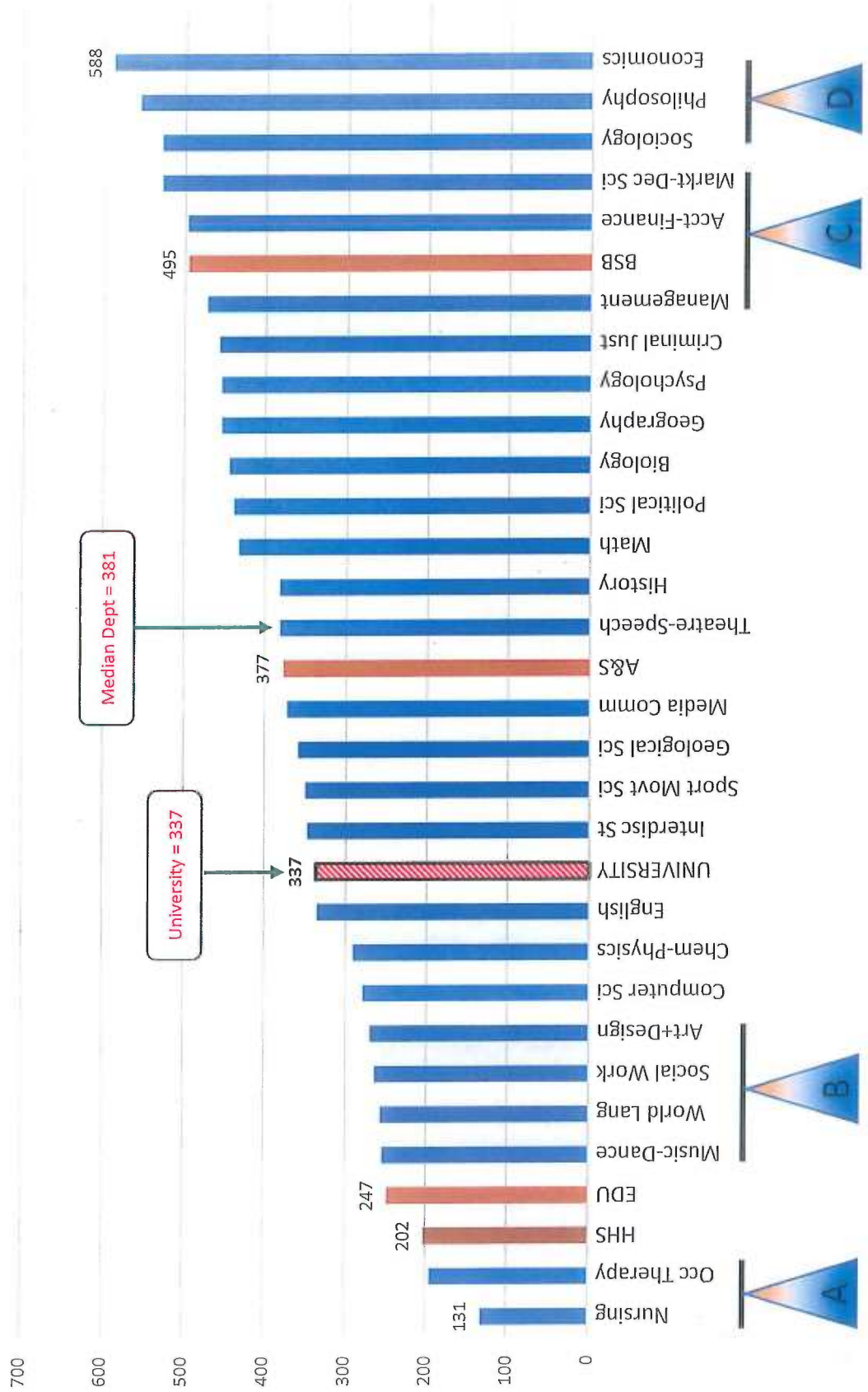
- Mean total FTE = 565 ♦ Minimum total FTE = 511 (F13) ♦ Maximum total FTE = 607 (F15)
- Variability range: Maximum – Minimum = 96 FTE
- FTE fluctuation (as function of mean): Variability range / Mean = 96 / 565 = 17%
- Five year change (F16 vs. F11) = +39 FTE (7.2%)

Figure 3: Instructional Productivity by College/School
Instructional Productivity = SCH ÷ FTE



- For Arts & Sciences and for Education, drops in instructional productivity come primarily from increases in instructional FTE, coupled with decreases in SCH.
- For Business, increases in instructional productivity come primarily from increases in undergraduate SCH; increases in instructional FTE have been comparatively smaller.
- For Health & Human Services, instructional productivity is down slightly; increases in SCH (primarily graduate) have been generally offset by increases in FTE (primarily PT).

Figure 4: Instructional Productivity by Academic Unit, AY15-16



Business Intelligence: Data & Productivity Update

Salem STATE UNIVERSITY

Academic Department and Program Financial Analysis

Mapping Revenue and Expenses to Academic Departments and Programs

Salem STATE UNIVERSITY

The Goal

Bring together revenue elements from the student information system and general ledger expense data from the Campus Financial Reporting System (CFRS) to determine program net contribution

Revenue

Program Revenue – Two Models

1. Class Delivery Revenue

- Revenue is associated to the home department of the class

2. Major Revenue

- Revenue is associated to the home department of the student's major
- Double majors are split 50/50 between the two departments

Expenses

- Salary and Other Compensation
 - Totals by department from finance system
 - Includes fringe
 - Support (non teaching) administration and staff directly related to instruction
- Other non-salary expenses
 - Not yet included in model
 - Travel, office supplies, etc.

Data Elements Used in Analysis

Sourced from Two Systems:

- **PeopleSoft Student Elements (Revenue)**
 - Class Data
 - Subject Codes linked to Academic Departments
 - Student Academic Plan Data
 - Major, Minor, Concentration
- **PeopleSoft Finance Elements (Expense)**
 - Finance Departments
 - Salary and other Compensation

Revenue

Both Models are Complete

- Leveraged enrollment to revenue project
- Class model allocates revenue based on enrollment in classes
- Major model allocates revenue based on the major(s) of the student

Expenses Challenges

Remaining Challenges

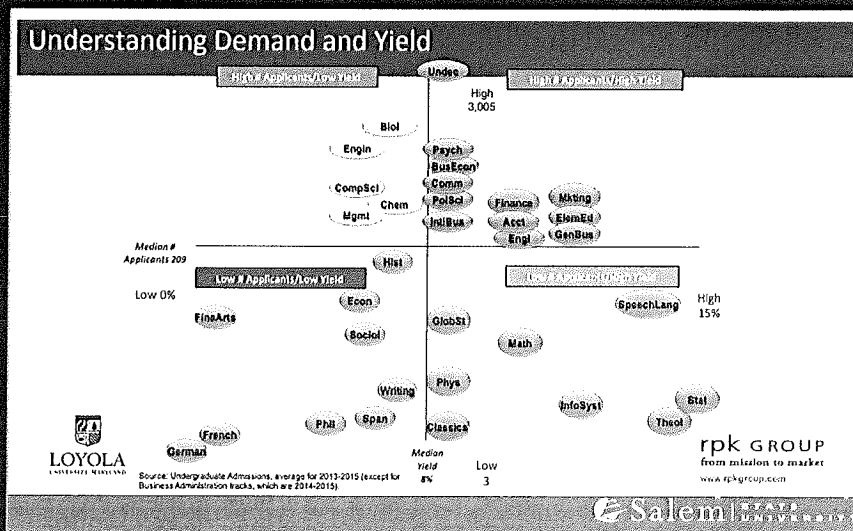
- Faculty teaching outside of home department
- Faculty teaching across divisions, grad in load
- Department expenses that don't map directly to a single program require allocation
- Isolating instructional expenses and support expenses

Next Steps

- Resolve remaining expense challenges
- Review and validation of mapping and models
- Using the two revenue models categorize programs by strength in class revenue vs strength in major revenue
- Layer additional program measures
 - Program Demand (based on admissions data)
 - Yield
 - Degree Completion
 - Class Section Fill Rate

Sample Final Product

Programs by Demand and Yield



Sample Final Product

Program Net Revenue by Demand, Yield and Degree Production

Overlaying Net Revenue

applc app/evol # degrees

| Category | # applc | app/evol | # degrees |
|--------------------------------------|---------|----------|-----------|
| High demand, low yield, high degrees | | | |
| Blz | 1,955 | 7% | 50 |
| Engn | 975 | 6% | 16 |
| Mgmt | 344 | 6% | 11 |

| Category | # applc | app/evol | # degrees |
|-------------------------------------|---------|----------|-----------|
| High demand, low yield, low degrees | | | |
| CompSci | 285 | 6% | 5 |
| Chem | 257 | 7% | 4 |

Low demand, low yield, high degrees

| | | | |
|------|-----|----|----|
| Hist | 202 | 7% | 22 |
|------|-----|----|----|

Low demand, low yield, low degrees

| | | | |
|---------|-----|----|----|
| Econ | 164 | 6% | 12 |
| PhuArts | 121 | 3% | 3 |
| Social | 119 | 6% | 9 |
| Writing | 56 | 7% | 12 |
| Spa | 28 | 6% | 13 |
| Phi | 27 | 5% | 6 |
| French | 12 | 3% | 1 |
| German | 3 | 0% | 0 |

applc app/evol # degrees

| Category | # applc | app/evol | # degrees |
|---------------------------------------|---------|----------|-----------|
| High demand, high yield, high degrees | | | |
| Psych | 919 | 8% | 75 |
| Comm | 627 | 8% | 113 |
| PubSc | 532 | 8% | 49 |
| Admg | 455 | 10% | 68 |
| ElemEd | 443 | 10% | 40 |
| Acct | 419 | 9% | 55 |
| Finance | 418 | 9% | 72 |
| MktBus | 293 | 8% | 34 |
| Eng | 216 | 9% | 22 |

High demand, high yield, low degrees


| | | | |
|--------|-----|----|----|
| GenBus | 331 | 9% | 13 |
|--------|-----|----|----|

Low demand, high yield, high degrees

| | | | |
|-----------|-----|-----|----|
| Speeching | 150 | 12% | 59 |
|-----------|-----|-----|----|

Low demand, high yield, low degrees

| | | | |
|-----------|-----|-----|----|
| GlSciStud | 177 | 8% | 29 |
| Indust | 38 | 10% | 15 |
| Math | 112 | 9% | 8 |
| Phys | 77 | 6% | 4 |
| Stat | 33 | 15% | 4 |
| Theol | 20 | 11% | 4 |
| Classics | 15 | 8% | 1 |

 **LOYOLA**
UNIVERSITY MARYLAND

 positive net revenue (greater than \$50,000)
 between \$50,000 and -\$50,000
 negative net revenue (less than -\$50,000)

Note: Preeds and BlzPay are not included because demand/yield data are not available, undclared majors of interest also not included. Average of 2013-2015 data. Source: Undergraduate Admissions, Finance Office and Fact Book.

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