

WEST CHESTER UNIVERSITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

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CLARKE, NICOLINI & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

GOSHEN PROFESSIONAL CENTER
1240 WEST CHESTER PIKE, SUITE 202
WEST CHESTER, PENNSYLVANIA 19382-5655

M. ROBERT CLARKE, CPA
ROBERT W. NICOLINI, CPA
JEFFREY A. FULLERTON, CPA

TELEPHONE: (610) 692-2313
FAX: (610) 692-3266
EMAIL: CLARKNIC@BELLATLANTIC.NET

INDEPENDENT AUDITORS' REPORT

Board of Directors
West Chester University Foundation
West Chester, Pennsylvania

We have audited the accompanying statements of financial position of West Chester University Foundation (a non-profit organization) as of June 30, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Chester University Foundation as of June 30, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Clarke, Nicolini & Associates, Ltd.

CLARKE, NICOLINI & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

September 28, 2001

WEST CHESTER UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2001 AND 2000

ASSETS

CURRENT ASSETS

Cash and cash equivalents

Investments

Unconditional promises to give

Endowment securities

2001

2000

\$ 5,546

\$ 7,535

608,752

506,655

4,000

9,000

24,008

18,532

TOTAL CURRENT ASSETS

642,306

541,722

OTHER ASSETS

Long-term unconditional promises to give

2,000

3,000

TOTAL OTHER ASSETS

2,000

3,000

TOTAL ASSETS

\$644,306

\$544,722

NET ASSETS

Unrestricted

Temporarily restricted

Permanently restricted

\$ 74,705

\$ 77,426

545,593

448,764

24,008

18,532

TOTAL NET ASSETS

\$644,306

\$544,722

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of these financial statements.

WEST CHESTER UNIVERSITY FOUNDATION

STATEMENTS OF ACTIVITIES

JUNE 30, 2001 AND 2000

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS		
Contributions		
Investment return	\$ 1,550	\$ 89,741
Net assets released from restrictions:	1,131	26,635
Satisfaction of investment income restrictions	<u>14,868</u>	<u>(14,488)</u>
Total support, revenues and classifications	<u>17,549</u>	<u>101,888</u>
EXPENSES AND PROGRAMS		
Programs		
Scholarships	16,000	-
Art show	500	-
West Chester Alumni Assoc.	<u>1,121</u>	-
Total programs	<u>17,621</u>	-
Expenses		
Investment fees	542	5,059
Administrative expenses	<u>2,107</u>	-
Total expenses	<u>2,649</u>	<u>5,059</u>
Total programs and expenses	<u>20,270</u>	<u>5,059</u>
Change in net assets	(2,721)	96,829
NET ASSETS BEGINNING OF YEAR	<u>77,426</u>	<u>448,764</u>
NET ASSETS END OF YEAR	<u>\$ 74,705</u>	<u>\$545,593</u>

accompanying notes are an integral
of these financial statements.

<u>PERMANENTLY RESTRICTED</u>	<u>JUNE 30, 2001 TOTAL</u>	<u>JUNE 30, 2000 TOTAL</u>
\$ -	\$ 91,291	\$ 114,839
5,856	33,622	(44,642)
<u>(380)</u>	-	-
<u>5,476</u>	<u>124,913</u>	<u>70,197</u>
-	16,000	11,000
-	500	500
<u>-</u>	<u>1,121</u>	<u>854</u>
<u>-</u>	<u>17,621</u>	<u>12,354</u>
-	5,601	5,052
<u>-</u>	<u>2,107</u>	<u>2,257</u>
<u>-</u>	<u>7,708</u>	<u>7,309</u>
<u>-</u>	<u>25,329</u>	<u>19,663</u>
5,476	99,584	50,534
<u>18,532</u>	<u>544,722</u>	<u>494,188</u>
<u>\$24,008</u>	<u>\$644,306</u>	<u>\$544,722</u>

WEST CHESTER UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided by operating activities:	\$ 99,584	\$ 50,534
Noncash contributions of assets		
Unrealized losses on investments	(89,741)	(111,959)
Interest and dividends restricted for reinvestment	11,564	28,856
Realized capital gain/loss restricted for reinvestment	(21,865)	(18,974)
Disbursements from investment accounts:	(22,758)	36,081
Scholarships		
Investment fees	16,000	11,000
West Chester Alumni Fund	5,601	5,052
Administrative expenses	1,121	854
Decrease in unconditional promises to give	1,101	497
	<u>6,000</u>	<u>-</u>
Net cash provided by operating activities	<u>6,607</u>	<u>1,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	74,717	118,948
Purchase of investment securities	(105,178)	(137,922)
Interest and dividends restricted for reinvestment	21,865	18,974
	<u>(8,596)</u>	<u>-</u>
Net cash used in investing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,989)	1,941
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,535</u>	<u>5,594</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,546</u>	<u>\$ 7,535</u>

Supplemental schedule of non-cash activities:

NONE

The accompanying notes are an integral part of these financial statements.

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITY

West Chester University Foundation is a non-profit organization incorporated September 17, 1970 to provide an alternative for those persons wishing to provide scholarship support for students of West Chester University without giving their donations directly to the university. The Foundation's support comes primarily from individual donors' contributions.

INCOME TAXES

The Foundation is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

REVENUE AND EXPENSE RECOGNITION

The West Chester University Foundation records its income and expenses on the accrual basis of accounting for both financial and income tax purposes. Under the accrual method, income is recognized when earned and expenses are charged when incurred.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

SECURITIES

Investments are held by the First National Bank of Chester County. The West Chester University Foundation adopted SFAS No. 124, accounting for certain investments held by Not-For-Profit Organizations. Under SFAS No. 124, investments in securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the financial statement of financial position. Unrealized gains and losses are included in the change in net assets.

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PUBLIC SUPPORT AND REVENUE

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Any unconditional promises to give due in subsequent years would be reflected as long-term promises to give and are recorded at their present value.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted or temporarily net assets and reported in the statement of net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

FINANCIAL STATEMENT PRESENTATION

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Foundation does not use fund accounting.

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS

The Foundation has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

CONTRIBUTED SERVICES

During the years ended June 30, 2001 and 2000, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

NOTE B - INVESTMENTS

Long-term investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at June 30, 2001 and 2000, are summarized as follows:

June 30, 2001:

INVESTMENTS	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
1st National Bank certificate of deposit	\$ 8,611	\$ 8,611	\$ -
1st National Bank certificate of deposit	8,615	8,615	-
EE Bonds	2,000	2,000	-
Exelon Corporation stock	19	19	-
Sturzebecker Scholarship Program	125,432	127,916	2,484
Ethel M. Buzby Scholarship Fund	49,398	50,562	1,164
Dorothy Canniff Trust	23,810	24,514	704
Katherine A. Rowles Fund	143,482	147,137	3,655
V. Betty DeHaven Music Scholarship Fund	83,154	79,455	(3,699)
C.S. Haddad Scholarship Fund	139,991	135,579	(4,412)
C. DeBaptiste Scholarship Fund	19,875	24,344	4,469
	<u>\$ 604,387</u>	<u>\$ 608,752</u>	<u>\$ 4,365</u>

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE B - INVESTMENTS (continued)

June 30, 2001:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
PERMANENTLY RESTRICTED			
Brooke Library Fund	\$ 506	\$ 2,180	\$ 1,674
Frederick Douglas Fund	25,265	21,828	(3,437)
	<u>\$ 25,771</u>	<u>\$ 24,008</u>	<u>\$ (1,763)</u>

June 30, 2000:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
INVESTMENTS			
1st National Bank certificate of deposit	\$ 8,090	\$ 8,090	\$ -
1st National Bank certificate of deposit	8,181	8,181	-
EE Bonds	2,000	2,000	-
Sturzebecker Scholarship Program	120,962	109,184	(11,778)
Ethel M. Buzby Scholarship Fund	45,182	52,219	7,037
Dorothy Canniff Trust	21,750	25,344	3,594
Katherine A. Rowles Fund	133,960	154,901	20,941
V. Betty DeHaven Music Scholarship Fund	81,151	82,495	1,344
C.S. Haddad Scholarship Fund	64,241	64,241	-
	<u>\$ 485,517</u>	<u>\$ 506,655</u>	<u>\$ 21,138</u>

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE B - INVESTMENTS (continued)

June 30, 2000:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation Depreciation</u>
PERMANENTLY RESTRICTED			
Brooke Library Fund	\$ 506	\$ 1,419	\$ 913
Frederick Douglas Fund	<u>25,000</u>	<u>17,113</u>	<u>(7,887)</u>
	<u>\$25,506</u>	<u>\$ 18,532</u>	<u>\$ (6,974)</u>

The following schedule summarized the investment return and its classification in the statement of activities for the years ended June 30, 2001 and 2000:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2001				
Interest and dividends	\$ 2,865	\$ 18,918	\$. 645	\$ 22,428
Net realized and unrealized gains	<u>(1,734)</u>	<u>7,717</u>	<u>5,211</u>	<u>11,194</u>
	<u>\$ 1,131</u>	<u>\$ 26,635</u>	<u>\$ 5,856</u>	<u>\$ 33,622</u>
June 30, 2000				
Interest and dividends	\$ 3,774	\$ 16,519	\$ -	\$ 20,293
Net realized and unrealized gains	<u>863</u>	<u>(61,036)</u>	<u>(4,762)</u>	<u>(64,935)</u>
	<u>\$ 4,637</u>	<u>\$ (44,517)</u>	<u>\$ (4,762)</u>	<u>\$ (44,642)</u>

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000.

NOTE C - PROMISES TO GIVE

Unconditional promises to give at June 30, 2001 and 2000, are as follows:

	<u>2001</u>	<u>2000</u>
Receivable in less than one year	\$ 4,000	\$ 9,000
Receivable in one to five years	<u>2,000</u>	<u>3,000</u>
Total unconditional promises to give	<u>\$ 6,000</u>	<u>\$ 12,000</u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of:

The Brooke Library Fund which is restricted for use by the West Chester University library.

The Dorothy Canniff Trust Fund which is restricted to fund expenses and scholarships for West Chester University students.

The Katherine A. Rowles Trust which is restricted to fund expenses and scholarships each year to West Chester University students whose majors are art with concentration in painting or drawing.

The V. Betty DeHaven Music Scholarship Fund which is restricted to fund expenses and music scholarships for West Chester University students, preferably from Lancaster, Pennsylvania.

The Sturzebecker Scholarship Foundation Fund which is restricted to fund expenses and scholarships for health and science majors.

The C.S. Haddad Scholarship Fund which is restricted to fund expenses and scholarships for West Chester University students.

The C. DeBaptiste Scholarship Fund which is restricted to fund expenses and scholarships for West Chester University students.

WEST CHESTER UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE D - TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets are available for the following purposes:

	<u>2001</u>	<u>2000</u>
Brooke Library Fund	\$ 630	\$ 598
Exelon Corporation stock	19	-
Dorothy Canniff Trust	24,514	25,345
Katherine A. Rowles Fund	147,136	154,901
V. Betty DeHaven Music Scholarship Fund	79,455	82,495
Sturzebecker Scholarship Fund	133,916	121,184
C.S. Haddad Scholarship Fund	135,579	64,241
C. DeBaptiste Scholarship Fund	24,344	-
Total temporarily restricted net assets	<u>\$ 545,593</u>	<u>\$ 448,764</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2001</u>	<u>2000</u>
Sturzebecker Scholarship Fund	\$ 6,000	\$ -
Dorothy Canniff Trust	570	497
Katherine A. Rowles Fund	6,230	7,000
V. Betty DeHaven Music Scholarship	2,200	4,000
	<u>\$ 15,000</u>	<u>\$ 11,497</u>

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at June 30, 1999. The Frederick Douglas Fund composed of 1,250 shares of First West Chester Corp. is to be kept intact with the income each year given to the Frederick Douglas Society.

The Brooke Library Fund composed of 34 shares of Exelon Corporation stock is to be kept intact with the income each year reinvested to purchase additional shares. This income is to be used only for the West Chester Library. PECO Energy Corp. is now Exelon Corporation. The fair market value at June 30, 2001 is \$2,180.

PROPOSED

**RESOLUTION
COUNCIL OF TRUSTEES
WEST CHESTER UNIVERSITY OF PENNSYLVANIA**

JANUARY 17, 2002

**Certification of Compliance of the West Chester University Foundation with Board
of Governor's Policy on External Financial Support.
(Policy 1985-04)**

**NOW, IN KEEPING WITH THE BOARD OF GOVERNORS' POLICY
1985-04 AND AFTER A REVIEW OF THE PERTINENT MATERIALS, THE
COUNCIL OF TRUSTEES OF WEST CHESTER UNIVERSITY OF
PENNSYLVANIA FIND THAT FOR THE FISCAL YEAR OF 2001-2002, THE
WEST CHESTER UNIVERSITY FOUNDATION IS MEETING ITS DESIRED
PURPOSES AND REQUIREMENTS AND IS IN COMPLIANCE WITH THE
CONDITIONS ESTABLISHED BY THE BOARD OF GOVERNORS FOR
AFFILIATED ORGANIZATIONS.**

APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES

Linda L. Lamwers, Acting President

Date

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES

**Laurence Harmelin, Chairperson
Council of Trustees**

Date

IN RE: : DEPARTMENT OF STATE
 ARTICLES OF INCORPORATION
 OF THE WEST CHESTER COLLEGE
 FOUNDATION, A NON-PROFIT : CORPORATION BUREAU
 CORPORATION

ARTICLES OF INCORPORATION

BE IT KNOWN, that the undersigned, at least three of whom are residents of the Commonwealth of Pennsylvania and citizens of the United States, and all of whom are of full age, having associated themselves together for the purpose of organizing the West Chester College Foundation, and being desirous of becoming incorporated in accordance with the provisions and requirements of the Act of the General Assembly of the Commonwealth of Pennsylvania known as the "Nonprofit Corporation Law", approved May 5, 1933, as amended, do hereby declare, set forth and certify as follows:

1. That the name of the corporation is THE WEST CHESTER COLLEGE FOUNDATION.
2. That the location and post office address of its initial registered office in this Commonwealth is: Alumni Office Philips Memorial Building, High and College Avenues, West Chester, Chester County, Pennsylvania.
3. The purpose or purposes of the corporation are:
 - a. To receive and administer funds and things of value from alumni and friends of West Chester State College, or from any other sources; to hold, manage and invest such funds and things of value and to use the income derived therefrom and so much of the principal thereof as the Trustees in their sole and unfettered discretion shall designate, subject, however, to the limitations of any expressed specific intent of a donor, for

enhancing, fostering and developing the program and purposes of West Chester State College.

b. To do any and all things necessary, incidental and desirable for the accomplishment of the purposes hereinabove specified, which are lawful and not injurious to the community.

4. That the corporation does not contemplate pecuniary gain or profit, incidental or otherwise, to its members.

5. The term of its existence is perpetual.

6. The names and addresses of the incorporators are:

- Donald J. Diffenbaugh Kriabel Mill Road, Collegeville, Pa. 19426
- Tom. W. Snyder Black Hawk Apts., Downingtown, Pa. 19335
- William R. Benner 732 Price Street, West Chester, Pa. 19380
- Donald S. Pitt 710 Southern Drive, West Chester, Pa. 19380
- Paul W. Rossey Tanglewood, E. Rosedale Ave., West Chester, Pa. 19380
- Joseph Saltzman 36 Cedar Street, Marcus Hook, Pa. 19061
- Everett E. Shaefer 233 First Avenue, Malvern, Pa. 19355
- Charles E. Swope Rosedale Ave. and Church St., West Chester Pa. 19380
- Elinor Z. Taylor 404 Price Street, West Chester, Pa. 19380

7. That the following are the names, addresses and titles of the persons who are to act as directors until the election of their successors:

- | | | |
|-----------------------|---|---------|
| Donald J. Diffenbaugh | Kriabel Mill Road
Collegeville, Pa. | Trustee |
| Tom W. Snyder | Black Hawk Apts.
Downingtown, Pa. | Trustee |
| William R. Benner | 732 Price Street
West Chester, Pa. | Trustee |
| Donald S. Pitt | 710 Southern Drive
West Chester, Pa. | Trustee |
| Paul W. Rossey | "Tanglewood"
E. Rosedale Ave.
West Chester, Pa. | Trustee |

Joseph Saltzman 16 Cedar Street Trustee
 Marcus Hook, Pa.

Everett E. Shaefer 233 First Avenue Trustee
 Malvern, Pa.

Charles E. Swope Rosedale Ave. & Church St. Trustee
 West Chester, Pa.

Elinor Z. Taylor 404 Price Street Trustee
 West Chester, Pa.

8. That this corporation is organized upon a non-stock basis.

Donald D. Diffenbaugh (SEAL) Paul W. Rossey (SEAL)
 Donald D. Diffenbaugh, Incorporator Paul W. Rossey, Incorporator

Tom W. Snyder (SEAL) Joseph Saltzman (SEAL)
 Tom W. Snyder, Incorporator Joseph Saltzman, Incorporator

William R. Benner (SEAL) Everett E. Shaefer (SEAL)
 William R. Benner, Incorporator Everett E. Shaefer, Incorporator

Donald S. Pitt (SEAL) Charles E. Swope (SEAL)
 Donald S. Pitt, Incorporator Charles E. Swope, Incorporator

Elinor Z. Taylor (SEAL)
 Elinor Z. Taylor, Incorporator

COMMONWEALTH OF PENNSYLVANIA ss.
 COUNTY OF CHESTER

BEFORE ME, a Notary Public in and for the County aforesaid, personally came Donald Diffenbaugh, Tom W. Snyder, William R. Benner, Donald S. Pitt, Paul W. Rossey, Joseph Saltzman, Everett E. Shaefer, Charles E. Swope and Elinor Z. Taylor, the above-named incorporators who, in due form of law, acknowledged the foregoing instrument to be their act and deed for the purposes therein specified.

WITNESS, my hand and seal of office the _____ day of _____, 1970.

3-1-70.37 ~~137~~

Approved and filed in the Department of State on
this 14th day of September A. D. 1970.

Louis J. Kelly
Secretary of the Commonwealth

sb

WEST CHESTER UNIVERSITY FOUNDATION

BY-LAWS

ARTICLE I - OFFICES

- 1) The registered office of the Corporation shall be at Alumni Office, Philips Memorial Building, High and College Avenues, West Chester, Chester County, Pa.
- 2) The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the activities of the Corporation may require.

ARTICLE II - SEAL

- 1) The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Pennsylvania."

ARTICLE III - MEMBERS

- 1) Meetings of the members shall be held at Philips Memorial Building, High and College Avenues, West Chester, Chester County, Penna., or at such other place or places, either within or without the Commonwealth of Pennsylvania, as may from time to time be selected.
- 2) The Annual Meeting of the members shall be held in January of each year when they shall elect directors and transact such other business as may

properly be brought before the meeting. Unless the Chairman selects another date for the annual meeting and causes at least ten days' notice therefore to be given to each member, the meeting shall be held at 10:00 A.M. on the third Wednesday of January in each year if not a legal holiday, and if a legal holiday, then on the next full business day following at 10:00 A.M.

- 3) Special meetings of the members may be called at any time by the Chairman, or the Board of Directors, or by any three members of the Corporation. At any time, upon written request of any person entitled to call a special meeting, it shall be the duty of the Secretary to call a special meeting of the members to be held at such time as the Secretary may fix, not less than ten nor more than sixty days after the receipt of the request. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may do so. Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto.
- 4) Written notice of every meeting of the members, stating the time, place and object thereof, shall be given by or at the direction of the person authorized to call the meeting, to each member of record entitled to vote at the meeting, at least ten (10) days prior to the day named for the meeting, unless a greater period of notice is required by statute in a particular case. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

- 5) A members' meeting duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person of five of the members entitled to vote shall constitute a quorum at all meetings of the members for the transaction of business except as may be otherwise provided by law or by the Articles of Incorporation. The members present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by statute, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors.
- 6) Except as otherwise provided in the Articles of the Corporation, any action which may be taken at a meeting of members may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the members who would be entitled to vote at a meeting for such purpose, and shall be filed with the Secretary of the Corporation.
- 7) Every member of the Corporation shall be entitled to one vote. In all elections for Directors, each member having a right to vote shall have the right to multiply the number of votes to which he may be entitled by the total number of directors to be elected, and he may cast the whole number of his

votes for one candidate or distribute them upon two or more candidates, as he may prefer. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. No member shall sell his vote for money or anything of value. Upon request of a member, the books or records of membership shall be produced at any general or special meeting of the corporation. If at any meeting the right of a person to vote is challenged, the presiding officer shall require such books or records to be produced as evidence of the right of the person challenged to vote, and all persons who appear by such books or records to be members may vote. The right of a member to vote and his right, title and interest in or to the corporation or its property, shall cease on the termination of his membership.

- 8) No member may transfer his membership or any right arising therefrom.

ARTICLE IV - DIRECTORS

- 1) The business of this Corporation shall be managed by its Board of Directors, not more than fourteen in number, who shall be natural persons of full age and who need not be residents of this Commonwealth but who shall be members of this Corporation. Each year five directors and on the third year, four directors, each of whom shall be elected for a three-year term, shall be elected by the members at the annual meeting of the members of the corporation. Each director shall serve until his or her successor has been

elected and duly qualified in accordance with these By-laws. Vacancies shall be filled as set forth in ARTICLE VI

- 2) In addition to the powers and authorities by these By-laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles or these By-laws directed or required to be exercised or done by the members.
- 3) The meetings of the Board of Directors may be held at such times and at such place or places within this Commonwealth, or elsewhere, as a majority of the directors may from time to time appoint, or as may be designated in the notice calling the meeting.
- 4) Written notice of every meeting of the Board of Directors shall be given to each director at least ten days prior to the day named for the meeting.
- 5) A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present, shall be the acts of the Board of Directors . If all the directors shall severally or collectively consent in writing to any action to be taken by the Corporation, such action shall be as valid corporate action as though it has been authorized at a meeting of the Board of Directors.

ARTICLE V - OFFICERS

- 1) The executive officers of the corporation shall be chosen by the Board of Directors and shall be a Chairman, Vice-Chairman, Secretary and Treasurer and such other officers and assistant officers as the needs of the corporation may require. The Chairman and Secretary shall be natural persons of full age; the Treasurer, however, may be a corporation, but if a natural person, shall be of full age. They shall hold their offices for such duties as shall from time to time be prescribed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of Chairman and Secretary. It shall not be necessary for the officers to be directors. The Board of Directors may secure the fidelity of any or all such officers by bond or otherwise.
- 2) The Chairman shall be the chief executive officer of the corporation; he shall preside at all meetings of the members and directors; he shall have general active management of the affairs of the corporation; shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the Chairman, to any other officer or officers of the corporation. He shall execute bonds, mortgages and other documents requiring a seal, under the seal of the corporation. He shall be Ex-Officio a member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of Chairman.

- 3) The Vice-Chairman shall act in all cases for and as the Chairman in the latter's absence or incapacity, and shall perform such other duties as he may be required to do from time to time.
- 4) The Secretary shall attend all sessions of the Board and all meetings of the members and act as clerk thereof, and record all the votes of the corporation and the minutes of all its transactions in a book to be kept for that purpose; and shall perform like duties for all committees of the Board of Directors when required. He shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chairman, under whose supervision he shall be. He shall keep in safe custody the corporate seal of the corporation and, when authorized by the Board, affix the same to any instrument requiring it.
- 5) The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall keep the moneys of the corporation in a separate account to the credit of the corporation. He shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman and directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation.

ARTICLES VI - VACANCIES

- 1) If the office of any officer or agent, one or more, becomes vacant for any reason, the Board of Directors may choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.
- 2) Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director until his successor is elected by the members, who may make such election at the next annual meeting of the members, or at any special meeting duly called for that purpose and held prior thereto.

ARTICLE VII - BOOKS AND RECORDS

- 1) The corporation shall keep at its registered office, records of the proceedings of the members and of the directors, a membership register giving the names of the members in alphabetical order and appropriate and complete records of its finances.
- 2) Every member shall have the right to examine in person, or by agent or attorney, at any reasonable time or times, for any reasonable purpose, the books of account, the membership register and the records of the proceedings of the members and directors.

MEMBERSHIP CERTIFICATES

- 1) Membership in the Corporation may be evidenced by Certificates of Membership, in which case they shall be in such form and style as the Board of Directors may determine. Upon the face of each such certificate there shall be printed in clear type a statement that the corporation is a nonprofit corporation. They shall be signed by the Chairman and Secretary and shall bear the corporate seal.

ARTICLE IX - TRANSACTION OF BUSINESS

- 1) The corporation shall not borrow money, or purchase, sell, lease, or otherwise dispose of any real estate, unless and until a resolution authorizing same shall have been approved by a majority of the members of the corporation at a regular or special meeting, duly convened upon proper notice of this purpose. A resolution of the members authorizing the borrowing of money need not specify the particular sums, rates of interest or times of maturity of the loans, but such items may be agreed upon as authorized by the directors of the corporation. All proceeds derived from any loan, sale, lease, ground rent or mortgage, shall be faithfully and specifically used for or applied to the lawful activities of the corporation, and in case such proceeds are derived from any real estate subject to a trust, the trust shall be impinged upon such proceeds.

- 2) The corporation shall have the right and power to receive and collect moneys to the extent necessary for the accomplishment of the purpose of purposes for which it is organized, and in so doing, may make an incidental profit. All moneys so received or collected shall be applied to the maintenance and operation or the furtherance of the lawful activities of the corporation, and in no case shall such moneys be divided or distributed in any manner whatsoever among the members of the corporation.
- 3) All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

ARTICLE X- ANNUAL STATEMENT

- 1) The Chairman and Board of Directors shall present at each annual meeting a full and complete statement of the activities and affairs of the corporation for the preceding year. The Board of Directors shall keep accurate accounts of all trust funds, separate and apart from the other funds of the corporation, and shall, unless the terms of the particular trust instrument provide otherwise, make an annual report, signed by the Treasurer, to the members of the Corporation concerning the trust funds held and the use made of such funds and of the income thereof.

ARTICLE XI - NOTICES

- 1) Whenever written notice is required to be given to any person, it may be given to such person either by sending a copy thereof through the mail or by telegram, charges prepaid to his address appearing on the books of the corporation or supplied to him to the corporation for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the general nature of the business to be transacted.
- 2) Whenever any written notice is required by statute or by the Articles or By-laws of this Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting, neither the business to be transacted at, nor the purpose of the meeting, need be specified in the waiver of notice of such meeting. Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except where he attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XII - AMENDMENTS

- 1) These By-laws may be altered, amended or repealed by a majority vote of the members of the corporation who are present and entitled to vote at any regular or special meeting.

**WEST CHESTER UNIVERSITY OF PENNSYLVANIA FOUNDATION
BOARD OF DIRECTORS**

Dr. Charles E. Swope
President
9 North High Street
West Chester, PA 19380
Office: 610-692-1400

Mr. W. E. Mullestein
Vice President
6 Coniston Drive
West Chester, PA 19382
Home: 610-793-3700
Office: 610-692-6111

Mr. David L. Peirce
Executive Director/Treasurer
571 Franklin Way
West Chester, PA 19380
Home: 610-692-6905

Mrs. Carol Fry
Secretary
275 Upland Road
West Grove, PA 19390
Home: 610-869-3232

Dr. William H. Boucher
Box 188
Mendenhall, PA 19357
Home: 610-388-6971

Mr. John J. Ciccarone
Parkway Inc.
908 Sheridan Drive
West Chester, PA 19382-5411
Office: 610-692-4007

Dr. Albert E. Filano
819 Roslyn Avenue
West Chester, PA 19382
Home: 610-696-0798

Mrs. John B. Hannum
1825 Newark Road
P. O. Box 398
Unionville, PA 19375
Home: 610-347-2186

Mrs. Eleanor Latta
101 West Virginia Avenue
West Chester, PA 19380
Home: 610-696-2897

Mr. Leslie B. Schramm
925 Sconnelltown Road
West Chester, PA 19382
Home: 610-696-3178

The Honorable Elinor Z. Taylor
859 Spruce Avenue
West Chester, PA 19382
Home: 610-696-8229
OR
13 West Miner Street
West Chester, PA 19382
Office: 610-426-4433

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID TM WEST-10 DATE (MM/DD/YY) 01/03/02

PRODUCER
 Francis A. Hall, Inc.
 320 B Turner Lane
 P. O. Box 491
 West Chester PA 19381-0491
 Phone: 610-696-5100 Fax: 610-696-9358

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
 West Chester University
 Foundation - Attn: Dave Peirce
 P. O. Box 2239
 West Chester PA 19383

INSURER A: Pennock Insurance, Inc
 INSURER B:
 INSURER C:
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP ACC \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY				WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Directors & Officer Liability	NDO1007198	01/01/02	01/01/03	\$ 1,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 NON-PROFIT FOUNDATION - COVERS OFFICERS AND BOARD MEMBERS

CERTIFICATE HOLDER

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ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION

West Chester University
 Foundation
 Attn: Dave Peirce
 P.O. Box 2239
 West Chester PA 19383

PEIRCED

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Robert B. Hall, CPCU, CLU, ChFC