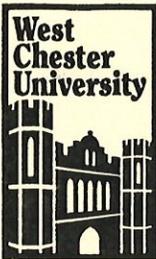


**2004 COT Approved Resolutions
Chronological Index**

Index No.	Resolution Name	Date Passed
2004-01	Grant Proposal/Phila Aids Consortium	February 19, 2004
2004-02	Change in Academic Unit Names	February 19, 2004
2004-03	Endowed Chairs Policy	February 19, 2004
2004-04	Compliance - WCU Fund	February 19, 2004
2004-05	Compliance - WCU Foundation	February 19, 2004
2004-06	Compliance - WCU Alumni Association	February 19, 2004
2004-07	Compliance - Sturzebecker Foundation	February 19, 2004
2004-08	Purchase Orders and Contracts	February 19, 2004
2004-09	Five-Year Capital Budget Request	March 31, 2004
2004-10	Purchase Orders and Contracts	March 31, 2004
2004-11	Council of Trustees Achievement Award - Dr. Robert Maggio	May 12, 2004
2004-12	Emeritus Designation	May 12, 2004
2004-13	Residence Hall Fees	May 12, 2004
2004-14	Food Service Fees	May 12, 2004
2004-15	Health Center Fee	May 12, 2004
2004-16	Late Payment Fee	May 12, 2004
2004-17	Purchase Orders and Contracts	May 12, 2004
2004-18	President's Contract Extension	August 25, 2004
2004-19	Educational Services Fee	September 28, 2004
2004-20	2004-05 Operating Budget	September 28, 2004
2004-21	Purchase Orders and Contracts	September 28, 2004
2004-22	Honorary Degree Designation - Howard Dodson	November 18, 2004
2004-23	Purchase Orders and Contracts	November 18, 2004



Council of Trustees
West Chester University
West Chester, Pennsylvania 19383-1000

Council of Trustees
Resolution
2004-01

www.wcupa.edu

RESOLUTION

COUNCIL OF TRUSTEES

WEST CHESTER UNIVERSITY

FEBRUARY 19, 2004

BE IT RESOLVED THAT THE COUNCIL OF TRUSTEES OF WEST CHESTER UNIVERSITY OF PENNSYLVANIA HAS CERTIFIED THAT THE INFORMATION INCLUDED IN THE GRANT PROPOSAL TO THE PHILADELPHIA AIDS CONSORTIUM TO BE TRUE AND ACCURATE TO THE BEST OF THEIR KNOWLEDGE, AND THAT THE WEST CHESTER UNIVERSITY WILL ABIDE BY THE TERMS OF THIS RFP AND IS FULLY ABLE AND WILLING GO IMPLEMENT THE PROPOSED PROGRAM IF IT IS ACCEPTED. THE COUNCIL OF TRUSTEES WILL ALSO SUPPORT A SITE VISIT BY THE PHILADELPHIA AIDS CONSORTIUM AS PART OF THE PROPOSAL PROCESS.

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES

Carol Aichele, Chairperson
Council of Trustees

February 19, 2004

Date



Office of the President
West Chester University
West Chester, Pennsylvania 19383-1000

610-436-2471
www.wcupa.edu

MEMO

DATE: January 30, 2004
TO: Carol Aichele
FROM: Gail Haney
SUBJECT: Signature Request

Hi Carol,

Jeanne King, of Sponsored Research and Faculty Development will be submitting a proposal to the Philadelphia AIDs Consortium and one of the requirements is that we submit the attached document on WCU Council letterhead and signed by the Chair of the Council of Trustees. This proposal has been approved by the WCU approval process and now is ready for mailing. Please sign the attached form and return to me in the enclosed Federal Express envelop by Friday, February 9, 2004.

Thanking you in advance.

Attachement



Council of Trustees
West Chester University
West Chester, Pennsylvania 19383-1000

www.wcupa.edu

AUTHORIZATION FROM BOARD OF DIRECTORS

I, Carol Aichele, Council Chair, for and on behalf of the governing body of West Chester University of PA, certify that the Board of Directors of the aforementioned organization has reviewed and approved the enclosed proposal for funding. I certify that West Chester University of Pennsylvania agrees to allow the Philadelphia AIDS Consortium to conduct a site visit during the review of this proposal. I further certify that the information included in this proposal is true and accurate to the best of my knowledge and that the organization named above agrees to abide by the terms of this RFP and is fully able and willing to implement the proposed program.

Signature:

Carol Aichele

Title:

Council Chair, West Chester University of PA

Date:

2-3-04



Council of Trustees
West Chester University
West Chester, Pennsylvania 19383-1000

Council of Trustees
Resolution
2004-02

www.wcupa.edu

PROPOSED

RESOLUTION
COUNCIL OF TRUSTEES
WEST CHESTER UNIVERSITY

January 27, 2004

BE IT RESOLVED THAT THE COUNCIL OF TRUSTEES OF WEST CHESTER UNIVERSITY OF PENNSYLVANIA PUBLICLY ENDORSES THE RECOMMENDATION OF THE UNIVERSITY ADMINISTRATION TO CHANGE THE NAMES OF ACADEMIC UNITS OF THE UNIVERSITY IN THE FOLLOWING MANNER:

BEGINNING IN JULY 2004, WEST CHESTER UNIVERSITY WILL RENAME THE SCHOOL OF EDUCATION AS THE COLLEGE OF EDUCATION, THE SCHOOL OF BUSINESS AND PUBLIC AFFAIRS AS THE COLLEGE OF BUSINESS AND PUBLIC AFFAIRS, AND THE SCHOOL OF HEALTH SCIENCES AS THE COLLEGE OF HEALTH SCIENCES. THESE ARE NAME CHANGES ONLY AND THE REPORTING STRUCTURE, AS WELL AS THE PROGRAMS AND DEGREES WILL REMAIN THE SAME.

APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES


Dr. Madeleine Wing Adler, President

January 27, 2004
Date

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES


Ms. Carol Aichele, Chairperson
Council of Trustees

January 27, 2004
Date

Rationale for Name Changes of Academic Units

The recognition of the need for a name change for the School of Education to become the College of Education, the School of Business and Public Affairs to become the College of Business and Public Affairs and the School of Health Sciences to become the College of Health Sciences arose out of a desire to maintain consistency with the recent creation of the College of Visual and Performing Arts.



Council of Trustees
West Chester University
West Chester, Pennsylvania 19383-1000

Council of Trustees
Resolution
2004-03

PROPOSED
www.wcupa.edu

RESOLUTION

COUNCIL OF TRUSTEES

WEST CHESTER UNIVERSITY

January 27, 2004

CREATION OF ENDOWED CHAIRS POLICY

BE IT RESOLVED THAT THE COUNCIL OF TRUSTEES OF
WEST CHESTER UNIVERSITY HEREBY APPROVES THE WEST CHESTER
UNIVERSITY'S CREATION OF ENDOWED CHAIRS POLICY AS OUTLINED IN
THE ATTACHED POLICY ON THE CREATION OF ENDOWED CHAIRS.

APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES



Dr. Madeleine Wing Adler, President

1/9/04
Date

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES



Carol Aichele, Chairperson
Council of Trustees

Date _____

WEST CHESTER UNIVERSITY OF PENNSYLVANIA POLICY ON THE CREATION OF ENDOWED CHAIRS

Through generous contributions, donors may create permanent endowments that entitle them to establish a named chair. This longstanding tradition in higher education provides donors with the opportunity to honor themselves or a person or organization of their choosing while providing a permanent source of support to advance the University's mission.

Income generated from an endowed chair is used to provide for the salary, benefits, and/or research and community service activities of the person occupying the chair. Endowed chairs may be created in any existing academic program or administrative office with the approval of the President and the Council of Trustees of West Chester University. When a donor wishes to establish a chair in an academic field or program not currently offered by the University or an administrative office that does not currently exist at the University, approval may also be required by the Board of Governors of the State System of Higher Education.

I. STEPS TO CREATING AN ENDOWED CHAIR

Donors intending to establish an endowed chair must contact the Vice President for Advancement at West Chester University to discuss the academic or administrative position to be supported by the endowment and the amount required to fund the endowment. Once the position to be endowed and the gift required are determined, the Vice President submits a request for approval to the following University personnel and boards in the order shown below:

- 1) Vice President of the division in which the chair will be placed.
- 2) President.
- 3) Council of Trustees.
- 4) Board of Governors of the State System of Higher Education (this approval step may be required only if the endowed chair would result in the University beginning a new academic or administrative program.)

Once approved by the preceding University personnel and Council of Trustees (or the Board of Governors in the case noted above), and based on the receipt of funds to establish the endowed chair, the endowed chair is immediately in place and an occupant of the chair shall be designated by the University. The occupant of the chair may be a current employee or a new employee selected through the University's established hiring process.

II. AMOUNT REQUIRED TO ESTABLISH AN ENDOWED CHAIR

The minimum gift required to create an endowed chair is \$1 million. However, endowments for certain types of positions or to cover costs in excess of salary and benefits may require larger contributions. The Vice President for Advancement and the Vice President for Administrative and Fiscal Affairs will determine the amount of endowment required to accomplish the donor's philanthropic goals.

III. TYPES OF GIFTS THAT MAY BE USED TO ESTABLISH A CHAIR

Typically, donors use gifts of cash, negotiable securities, or real estate to establish an endowed chair. The gift amount required to create the chair may be paid at one time or over a period of years as agreed to by the donor and the University. However, it is generally expected that the donor will fully fund the endowment within five years. In any case, an occupant will not be named to the chair until the gift is fully funded at the amount agreed upon by the donor and the University. Irrevocable planned gifts – trusts, life estate agreements, and certain other gift instruments that cannot be changed once executed – may also be used to endow chairs. However, as noted above, the occupant of the chair will not be named until the assets provided through the planned gift are received by the University and fund the endowment. The University reserves the right to withdraw or discontinue a chair if the donor does not fulfill his or her commitment to fund the endowment at the agreed upon gift amount.

IV. DISTRIBUTION OF ENDOWED FUND INCOME

It is the general policy of West Chester University and the Fund for West Chester University that no more than four percent of the value of an endowed fund shall be spent in any fiscal year. This policy ensures that the value of the endowment does not erode as a result of inflation. The Vice President for Administrative and Fiscal Affairs shall determine the amount of the endowment value that can be expended each year as directed by the endowment management policies approved by the West Chester University Council of Trustees and the Fund for West Chester University Board of Trustees.

The expendable income generated by the chair's endowment shall be used to cover the salary, benefits, and/or related research and service costs of the occupant of the chair as determined by the Vice President of the division in which the chair is placed. As part of the approval process outlined in Article I above, the donor may specify the academic or administrative program in which the chair is to be established at the time the gift is made. However, in all cases, the revenues from the endowment must support the salary or professional activities of the occupant of the chair.

V. INVESTMENT OF THE ENDOWMENT CORPUS

The Fund for West Chester University, the University's non-profit foundation, oversees the management of endowment funds through the services of a professional investment firm. Upon request, donors may receive a copy of the University's and the

Fund's investment policies as well as the performance of the investment manager. With the approval of the President and the Vice President for Administrative and Fiscal Affairs, a donor may designate that the gift they provide to establish an endowed chair be invested by a reputable manager other than the one selected by the University and the Fund. However, the assets used to create the endowment fund must be owned by West Chester University and the manager selected by the donor must adhere to the University's investment policy.

VI. SELECTION OF THE OCCUPANT OF THE ENDOWED CHAIR

All occupants of endowed chairs must be selected by West Chester University. The occupant may be appointed from among the University's current employees or through an external search. The decision to select a current employee or search for a new employee shall be made by the Vice President of the Division in which the chair is established. The University has established policies and procedures for hiring permanent and temporary full- and part-time staff and will apply these policies and procedures to the selection of new employees for endowed chairs. The donor may provide advice regarding the selection of the occupant of their endowed chair, but the final choice remains with University.

VII. NAMING AN ENDOWED CHAIR

Donors may name an endowed chair in a manner of their choosing. However, the University reserves the right to decline the gift of an endowed chair if the name of the chair requested by the donor is determined to be offensive or otherwise contradictory to the mission and goals of the University. The President and the Council of Trustees of the University must approve the name of all endowed chairs.

VIII. TYPES OF ENDOWED CHAIRS

Both academic and administrative positions may be endowed. The following provides some examples:

Academic (Faculty) Chairs

Endowed faculty positions are the most common types of chairs. Depending upon the amount a donor wishes to invest, chairs may be established at all academic ranks (instructor, assistant professor, associate professor, and professor). In addition, chairs may be created for visiting professors (rules outlined in the Faculty Collective Bargaining Agreement may affect the creation of distinguished visiting professorships) and guest lectureships, librarians, and special faculty positions such as the marching band director or the Honors Program director. Note: an endowed chair is not an academic chairperson whose position, responsibilities, and selection are determined by the faculty collective bargaining agreement. While a donor may endow the position of department chairperson, the holder of that chair will be determined by the procedures outlined in the collective bargaining agreement.

Administrative Chairs

While faculty chairs are most common, donors are showing greater interest in endowing administrative positions. Donors may consider endowing all administrative and management positions including the President, vice presidents, deans, and directors. Coaching, counseling, and co-curricular positions are also available for consideration. The amount required to endow these positions varies by salary level.

IX. COMPENSATION OF OCCUPANTS OF ENDOWED CHAIRS

Salaries and benefits for University faculty members are based upon a collective bargaining agreement between the State System of Higher Education and the Association of Pennsylvania State College and University Faculty. Thus, in cases where the amount that may be spent from the chair's endowment exceeds the contractually agreed upon salary and benefits of the faculty member occupying the endowed chair, none of that additional income may be used to provide additional salary or benefits to the faculty member. Instead, endowment revenues in excess of contractually approved salary and benefits costs may be reinvested in the endowment principal or used by the faculty member to support research or community service related to their academic discipline. The Provost or the Provost's designee determines the use of all funds available to be spent on a faculty chair each fiscal year, including amounts in excess of the occupant's salary and benefits.

Similarly, in cases where the income from an endowed chair for an administrative position exceeds the salary and benefits of the manager occupying that chair, none of that additional income may be used to provide additional salary or benefits to that staff member beyond the amount specified in their letter of appointment or their contractual agreement with the State College and University Professional Association. Instead, endowment revenues in excess of those salary and benefits costs may be reinvested in the endowment principal or used by the manager to meet the objectives of their office. The Vice President of the division in which the chair is placed determines the use of excess funds.



Council of Trustees
West Chester University
West Chester, Pennsylvania 19383-1000

Council of Trustees
Resolution
2004-04

www.wcupa.edu

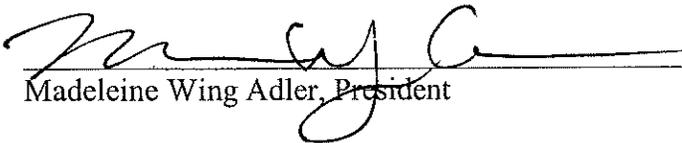
PROPOSED

RESOLUTION
COUNCIL OF TRUSTEES
WEST CHESTER UNIVERSITY OF PENNSYLVANIA
JANUARY 27, 2004

Certification of Compliance of the Fund for West Chester University 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 2002-2003, THE FUND FOR WEST CHESTER UNIVERSITY IS MEETING ITS DESIRED PURPOSES AND REQUIREMENTS AND IS IN COMPLIANCE WITH THE CONDITIONS ESTABLISHED BY THE BOARD OF GOVERNORS FOR AFFILIATED ORGANIZATIONS.

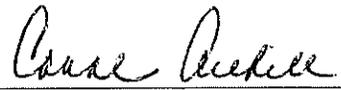
APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES



Madeleine Wing Adler, President

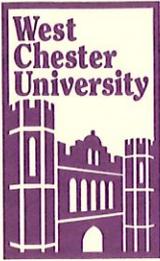
1/12/04
Date

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES



Carol Aichele, Chairperson
Council of Trustees

Date



Office of the Vice President for Advancement
Filano Hall 101
West Chester University
West Chester, Pennsylvania 19383-7000

610-436-3303
fax: 610-436-2606
www.wcupa.edu

MEMORANDUM OF CERTIFICATION

TO: The Council of Trustees

FROM: Mark G. Pavlovich, Vice President for Advancement *mp*

RE: Certification of the Fund for West Chester University

DATE: January 13, 2004

I am pleased to certify that the Fund for West Chester University is in compliance with the Board of Governor's Policy on External Financial Support (Policy 1985-04). The Fund meets the following criteria:

- 1) An annual statement summarizing University support for and contributions from the Fund has been prepared for the year ending June 30, 2003 (copy attached).
- 2) A Memorandum of Understanding signed by the Fund, University, and legal counsel is in place (copy attached).
- 3) An annual audit has been performed and is being shared with the Council of Trustees (copy attached).
- 4) Articles of Incorporation and Bylaws are presented to the Council of Trustees (copy attached).
- 5) A current list of Fund Board members and Officers is available to the Council of Trustees (copy attached).
- 6) Proof of Insurance is presented to the Council of Trustees (copy attached).

mgp



Office of the Vice President
for Administrative and Fiscal Affairs
Philips Building - Room 202
West Chester University
West Chester, Pennsylvania 19383-3000

610-436-2731
fax: 610-738-0314
www.wcupa.edu

**Annual Summary Report of Direct University Support To
and Contributions Made By
The Fund for West Chester University of Pennsylvania
For the Year Ending June 30, 2003**

**Direct University support to The Fund for West Chester
University of Pennsylvania** **\$ 20,000**

Alumni On-Line Community \$ 20,000

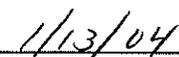
**Contributions made to or benefiting
West Chester University of Pennsylvania** **\$3,017,323**

Cash Gifts \$1,920,234
In-Kind Gifts \$1,097,089

Prepared by the Vice President for Administrative and Fiscal Affairs
West Chester University of Pennsylvania



Mark P. Mixner



Date

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereafter referred to as the "MOU") is made by and between the Fund for West Chester University of Pennsylvania (hereafter referred to as the "Fund") and West Chester University of Pennsylvania (hereafter referred to as WCU) this 30th day of October, 2000.

BACKGROUND

WHEREAS, the Fund has been established to advance the charitable, educational, and scientific purposes of WCU as defined by the President of WCU, and

WHEREAS, the Fund will raise, receive, and manage gifts and endowments for the benefit of WCU as defined in the Fund's Articles of Incorporation and Bylaws, and

NOW THEREFORE, based upon the mutual promises, covenants, and conditions set forth herein, and agreeing to be bound hereby, the Fund and WCU agree as follows:

AGREEMENT

1. **INCORPORATION.** The background set forth herein above is specifically made part of this MOU.
2. **ACTIVITIES.** In addition to the activities defined in its Bylaws, the Fund may participate in matters of University development, planned giving, gift processing and recording, gift stewardship, donor records, and other fund raising functions as appropriate in consultation with the WCU President and under the direction of the WCU Vice President for Advancement.
3. **TRANSFER OF ENDOWMENT ASSETS.** Upon approval of the WCU Council of Trustees, WCU may transfer management of all endowment and similar assets to the Fund. These endowment assets and related investments are to be managed in consultation with WCU. Each year and as determined by the Council of Trustees of WCU, a percentage of the value of the endowment assets managed by the Fund will be distributed to WCU to advance WCU's educational purposes and goals and the intentions of the donors of said assets. Earnings from endowment assets shall be considered as part of the endowment. Furthermore, the Fund agrees to assess the performance of its endowment managers and report the results to the WCU Council of Trustees.
4. **DISTRIBUTION OF GIFT INCOME.** All gifts contributed to WCU will be given to the Fund for processing, investment, and/or disposition. The Fund shall make regular (at least quarterly) distributions of all gift income and earnings thereon to WCU, less operational costs as approved by the Treasurer and Executive Director of the Fund.

5. **BOARD REPRESENTATION.** In order to foster close collaboration between the Fund and WCU, a member of the WCU Council of Trustees appointed by the Chairman of the Council of Trustees will serve as an *ex officio* trustee of the Fund.
6. **SERVICES AND STAFF.** In the spirit of the State System of Higher Education Board of Governor's resolution of April 16, 1985 regarding fund raising and affiliated organizations, it is WCU's desire to enhance the ability of the Fund to function by providing to the Fund, free of charge or obligation whatsoever, facilities, staff, and services as described below. This support will be reviewed annually.
 - 6A. **STAFF.** WCU will employ an Executive Director of the Fund who will also serve as Associate Vice President of Advancement for WCU. The Executive Director shall report to the WCU Vice President for Advancement and be responsible for day-to-day management of the Fund's operations and attracting private support for the Fund.

The President of the Fund Board, his or her designee, or a committee of the Fund Trustees appointed by the President of the Fund Board shall offer advice to the WCU President and Vice President for Advancement regarding the selection, retention, and evaluation of the Executive Director. In the case of a search for the Executive Director, the President of the Fund Board, or the President's designee, may participate as a member of the Search Committee.

As is the policy for WCU managers, WCU shall complete an annual evaluation of the Executive Director. The Vice President for Advancement shall seek input from the Fund Board of Trustees regarding the Executive Director's performance.
 - 6B. **SERVICES.** WCU shall provide clerical services such as typing, filing and related functions; communication services to include telecommunications, postage, printing, public relations, access to the development computer database, and similar services; and accounting services to include bookkeeping, budgeting, billing, and related fiscal services. In addition, WCU shall provide operational supplies and services to include, but not limited to, internal stores and maintenance agreements to which WCU is a party.
 - 6C. **FACILITIES.** WCU shall provide facilities that include, but are not limited to, space, utilities, maintenance, and housekeeping as may be necessary to conduct Fund functions and activities:
7. **OTHER COSTS.** During the first two years of this MOU (2000-01 and 2001-02), WCU will provide resources to cover special operational costs of the Fund that will not necessarily be part of WCU's regular contribution of services to the Fund. These expenses include but are not limited to legal costs, insurance, Fund meeting costs, real estate transaction fees, financial management costs, and similar expenses. Thereafter, these costs will be assumed by the Fund from income received by the Fund.

8. **REPORTS.** In compliance with the Board of Governor's Policy 1985-04A, the Fund will submit to WCU the following documentation annually and no later than four months following the completion of the fiscal year.
- A. Memorandum of Understanding
 - B. Annual audited financial statements and reports
 - C. Summarization of contributions made by the Fund to WCU
 - D. The list of the Board of Trustees and any changes in fiduciary agreements, articles of incorporation, and bylaws.

In order for WCU to ensure compliance with Board of Governor's Policy 1985-04A, WCU shall have the right to review WCU and Commonwealth of Pennsylvania resources used to support the Fund's operations. It is the responsibility of the Executive Director to transmit this information to WCU on behalf of the Fund Board of Trustees.

9. **INDEMNIFICATION AND INSURANCE.** The Fund shall hold WCU harmless from and indemnify WCU against any and all claims, demands and actions based upon and arising out of any activities performed by the Fund for WCU.

The Fund shall purchase and maintain, at its expenses from income received, comprehensive commercial general liability insurance issued by companies deemed to be financially sound by WCU. The insurance coverage would be \$1,000,000 each occurrence for bodily injury and property damage. Policy/ies shall be on an occurrence basis only. The Fund shall name WCU as an additional insured.

Upon receipt of written notice of any matter for which indemnification might be claimed by WCU, the Fund shall promptly defend, contest, or otherwise protect against any such suit, action, investigation, claim or proceeding at its own cost and expense. WCU agrees to make a demand for indemnification within fourteen days of any claim being made against it.

10. **PROTECTION OF STATUS.** WCU and the Fund shall refrain from taking any action that would violate the terms or conditions of a gift or asset; or the corporate status or purposes of the other; or threaten the Fund's status as a tax exempt [501(c)(3)] organization.
11. **BYLAWS AMENDMENTS.** This MOU may be amended by a majority vote of both the Fund Board of Trustees and the WCU Council of Trustees. In the event that one party to this MOU approves an amendment or amendments of the Bylaws of the Fund without the concurrence of the other party, which concurrence shall not be unreasonably withheld, the Fund shall transfer to WCU all of its assets including gifts and endowments given to the Fund by WCU, gifts contributed directly to the Fund, and endowment principal and income.

12. DISSOLUTION. In the event that one or both parties to this agreement determine that the affiliation between the Fund and WCU should be dissolved, the Fund shall transfer to WCU all of its assets including gifts and endowments given to the Fund by WCU, gifts contributed directly to the Fund, and endowment principal and income.

13. NOTICE. All written notice required to be given under this MOU shall be sent to the President and Executive Director of the Fund and the President of WCU.

14. TERM AND REVIEW OF MOU.

14A. The initial term of this MOU will be from January 1, 2001 to the ending date of June 30, 2001. June 30, 2001 and each June 30 thereafter shall serve as the anniversary date for this MOU.

14B. The MOU will automatically renew and continue in effect for an additional one (1) year period commencing from the ending date to the first anniversary date, and then from anniversary dates to anniversary dates.

14C. If either party desires to renegotiate the MOU, that party must provide the other party with written notice at least sixty (60) days prior to the next anniversary date of the party's intention to renegotiate the MOU.

14D. If the MOU is not thereafter renegotiated by a writing signed by both parties prior to the next anniversary date, then the MOU will terminate at the next anniversary date and the affiliation will be dissolved as defined in Section 10 of this MOU.

The Fund For West Chester University of Pennsylvania

West Chester University of Pennsylvania

By: [Signature]

By: [Signature]

Date: 10-30-00

Date: 11/14/00

Approved for Form and Legality:

By: [Signature]
University Legal Counsel

Date: 12-12-00

**THE FUND FOR WEST CHESTER UNIVERSITY
OF PENNSYLVANIA AND SUBSIDIARY**

FINANCIAL STATEMENTS

JUNE 30, 2003

**BARBACANE
THORNTON
& COMPANY**
CERTIFIED PUBLIC ACCOUNTANTS

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY

JUNE 30, 2003

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2089 South DuPont Highway
Dover, Delaware 19901
800.355.8210

25 West Third Street
Media, Pennsylvania 19063
610.565.5222

INDEPENDENT AUDITORS' REPORT

202 Bancroft Building
3411 Silverside Road
Wilmington, Delaware 19810
302.478.8940

FAX: 302.478.0133
www.btcpa.com
info@btcpa.com

August 27, 2003

To the Board of Trustees
The Fund for West Chester University of Pennsylvania
West Chester, Pennsylvania

We have audited the accompanying statement of financial position of The Fund for West Chester University of Pennsylvania and Subsidiary, a nonprofit organization, as of June 30, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2002 financial statements and, in our report dated August 1, 2002, we expressed an unqualified opinion on those financial statements.

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 The Fund for West Chester University of Pennsylvania and Subsidiary as of June 30, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 9 - 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Barbacane, Thornton & Company
BARBACANE, THORNTON & COMPANY

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 90,110	\$ 187,771
Pledges receivable, net of allowance of \$91,904 and \$41,953	<u>428,101</u>	<u>1,309,772</u>
Total Current Assets	518,211	1,497,543
Construction-in-progress	307,378	-
Long-term portion of pledges receivable	<u>947,566</u>	<u>122,213</u>
TOTAL ASSETS	<u>\$ 1,773,155</u>	<u>\$ 1,619,756</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 39,601	\$ -
Other accrued liabilities	213	-
Due to West Chester University	<u>65,000</u>	<u>-</u>
Total Liabilities	<u>104,814</u>	<u>-</u>
Net Assets:		
Unrestricted	119,850	145,817
Temporarily restricted	<u>1,548,491</u>	<u>1,473,939</u>
Total Net Assets	<u>1,668,341</u>	<u>1,619,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,773,155</u>	<u>\$ 1,619,756</u>

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

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003
(With Summarized Totals for 2002)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
PUBLIC SUPPORT:				
Contributions - Cash	\$ 219,562	\$ 2,170,946	\$ 2,390,508	\$ 3,266,224
Contributions - Noncash	<u>1,048,935</u>	<u>812,833</u>	<u>1,861,768</u>	<u>1,590,603</u>
Total Public Support	<u>1,268,497</u>	<u>2,983,779</u>	<u>4,252,276</u>	<u>4,856,827</u>
REVENUE:				
Special events	-	108,096	108,096	91,951
Investment income	5,287	-	5,287	388
Net assets released from restriction	<u>3,017,323</u>	<u>(3,017,323)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>3,022,610</u>	<u>(2,909,227)</u>	<u>113,383</u>	<u>92,339</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>4,291,107</u>	<u>74,552</u>	<u>4,365,659</u>	<u>4,949,166</u>
<u>DISTRIBUTIONS AND EXPENSES</u>				
DISTRIBUTIONS:				
Distributions to West Chester University	<u>3,017,323</u>	-	<u>3,017,323</u>	<u>3,304,153</u>
Total Distributions	<u>3,017,323</u>	-	<u>3,017,323</u>	<u>3,304,153</u>
EXPENSES:				
Salaries	828,953	-	828,953	717,016
Advertising	180	-	180	1,975
Bad debt expense/losses	130,869	-	130,869	41,953
Bank fees	1,956	-	1,956	-
Copier	-	-	-	74
Consulting/professional services	117,526	-	117,526	111,938
Dues and subscriptions	1,608	-	1,608	3,867
Food	22,119	-	22,119	25,115
Insurance	5,595	-	5,595	2,995
Miscellaneous	25,833	-	25,833	39,016
Postage	20,613	-	20,613	15,624
Printing	51,896	-	51,896	73,692
President gala	45,966	-	45,966	35,057
Supplies	16,121	-	16,121	10,819
Telephone	13,168	-	13,168	14,333
Travel	17,348	-	17,348	20,169
Total Expenses	<u>1,299,751</u>	-	<u>1,299,751</u>	<u>1,113,643</u>
TOTAL DISTRIBUTIONS AND EXPENSES	<u>4,317,074</u>	-	<u>4,317,074</u>	<u>4,417,796</u>
CHANGE IN NET ASSETS	(25,967)	74,552	48,585	531,370
NET ASSETS, BEGINNING OF YEAR	<u>145,817</u>	<u>1,473,939</u>	<u>1,619,756</u>	<u>1,088,386</u>
NET ASSETS, END OF YEAR	<u>\$ 119,850</u>	<u>\$ 1,548,491</u>	<u>\$ 1,668,341</u>	<u>\$ 1,619,756</u>

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

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 48,585	\$ 531,370
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (Increase) in pledges receivable	56,318	(353,902)
Increase in accounts payable	39,601	-
Increase in other accrued liabilities	213	-
Increase in due to West Chester University	<u>65,000</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>209,717</u>	<u>177,468</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction-in-progress cost	<u>(307,378)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(307,378)</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (97,661)	 177,468
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>187,771</u>	 <u>10,303</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 90,110</u>	 <u>\$ 187,771</u>
 <u>SUPPLEMENTAL INFORMATION</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE 1 NATURE OF THE ORGANIZATION

The Fund for West Chester University of Pennsylvania (the "Fund") was formed to promote the charitable, scientific and educational interest of West Chester University. The Fund achieves this by soliciting funds and other property in accordance with priorities set by the University. The Fund is closely related to another organization with which, for the purpose of this report, it has been consolidated. This organization is described as follows:

University Student Housing, LLC. Established for the purpose of constructing, operating, managing and maintaining student housing facilities to benefit West Chester University of Pennsylvania. University Student Housing, LLC is a Pennsylvania limited liability company whose sole member is the Fund for West Chester University of Pennsylvania. While the Fund's ownership interest in University Student Housing, LLC is an asset of the Fund, University Student Housing, LLC independently owns and accounts for all of the assets and liability disclosed herein. As a result, creditors of the Fund may not look to assets of University Student Housing, LLC for payment of any of the Fund's obligations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of The Fund for West Chester University of Pennsylvania and Subsidiary have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions

In accordance with 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 and/or nature of any donor restrictions. Under SFAS No. 116, contributions with donor restrictions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of applicable purpose or time restriction.

Income Taxes

The Fund for West Chester University of Pennsylvania and Subsidiary, a publicly supported nonprofit organization, is exempt from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code.

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

The Organization considers all short-term highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Allocation of Functional Expenses

Approximately 80 percent of expenses, or \$1,039,801, is related directly to program activities.

Use of Estimates in the Preparation of Financial Statements

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

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2002, from which the summarized information was derived.

Principles of Consolidation

University Student Housing, LLC is an affiliated entity whose assets have been consolidated with the Fund for West Chester University of Pennsylvania. The consolidated financial statements do not include intercompany payables and receivables.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give due in the future. As of June 30, 2003 and 2002, pledges receivable consisted of the following:

	<u>2003</u>	<u>2002</u>
Pledges receivable - annual campaign	\$ 22,453	\$ 11,000
Pledges receivable - Campaign for Excellence	1,049,921	-
Pledges receivable - Windows to the Future campaign	<u>592,054</u>	<u>1,527,976</u>
	1,664,428	1,538,976
Less discount to net present value	(196,857)	(65,038)
Less allowance	<u>(91,904)</u>	<u>(41,953)</u>
Total Pledges Receivable, Net	<u>\$1,375,667</u>	<u>\$1,431,985</u>

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE 3 PLEDGES RECEIVABLE (cont'd)

The following is a schedule of payments less discount and allowance:

Due in less than one year	\$ 428,101
Due in one to five years	622,802
Due in more than five years	<u>324,764</u>
	<u>\$ 1,375,667</u>

NOTE 4 DONATED SERVICES AND MATERIALS/RELATED PARTIES

The Organization receives numerous contributions from West Chester University. The Organization recorded donated revenue in the amount of \$1,048,935 and \$1,009,042 during fiscal years 2003 and 2002, respectively. The donation was received from West Chester University, which paid for a majority of the Fund's operational and administrative expenses.

Contributed services are not recognized as revenue unless the services received create or enhance the value of a nonfinancial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not donated.

NOTE 5 UNRESTRICTED NET ASSETS

As of June 30, 2003 and 2002, there were \$119,850 and \$145,817, respectively, of unrestricted net assets. These funds are designated for operational purposes of the Fund for West Chester University of Pennsylvania and Subsidiary.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Time restrictions	\$1,474,091	\$ 884,855
Program restrictions	<u>74,400</u>	<u>589,084</u>
	<u>\$1,548,491</u>	<u>\$1,473,939</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors as of June 30, 2003 and 2002 as follows:

	<u>2003</u>	<u>2002</u>
Passage of time restrictions on fund-raising campaign contributions	<u>\$3,017,323</u>	<u>\$ 3,304,153</u>

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE 7 NONCASH CONTRIBUTIONS

During fiscal years 2003 and 2002, the Organization received noncash gifts in the amount of \$812,833 and \$581,561, respectively. These gifts were in the form of services (i.e. printing), equipment and art work. Equipment and art work were transferred to the University during the year. The services were provided for the benefit of the University.

NOTE 8 COMMITMENTS

University Student Housing, LLC entered into a development agreement with College Park Campus Builders, Inc. to design and construct two student resident facilities at West Chester University. The total contract amount is \$35,025,000. As of June 30, 2003, \$307,378 has been expended on this project. There were no such commitments as of June 30, 2002.

NOTE 9 SUBSEQUENT EVENTS

In August 2003, University Student Housing, LLC was issued 2003 Student Housing Revenue Bonds in the amount of \$42,305,000. The proceeds from the bond will be used to finance the cost of acquiring, constructing, furnishing and equipping two student resident facilities at West Chester University. The bonds bear a variable rate of interest and will mature on August 1, 2035.

In connection with the above-noted bond, University Student Housing, LLC was issued a \$41,000,000 letter of credit from Citizens Bank in June 2003 to support bonds for the 2003 student housing project at West Chester University. The letter of credit will expire in 2008.

NOTE 10 PRIOR PERIOD RESTATEMENT

In fiscal year 2003, a prior period adjustment was made in the amount of \$634,855 in order to correctly reflect pledges made in the prior year.

Net assets, pledges receivable and contributions for the year ended June 30, 2002 were restated to properly reflect \$634,855 in pledges which were not previously reported.