WEST CHESTER UNIVERSITY
ALUMNI ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2005
Independent Auditor's Report

Board of Directors
West Chester University Alumni Association
West Chester, Pennsylvania

We have audited the accompanying statement of financial position of West Chester University Alumni Association (a Pennsylvania non-profit corporation) as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of West Chester University Alumni Association'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 Alumni Association, as of June 30, 2005, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maulo & Company, Ltd.

West Chester, Pennsylvania
August 2, 2005
## WEST CHESTER UNIVERSITY ALUMNI ASSOCIATION

### STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2005**

### ASSETS

<table>
<thead>
<tr>
<th>Current assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,236</td>
</tr>
<tr>
<td>Investments (Note 4)</td>
<td>926,460</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,146</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>936,842</strong></td>
</tr>
<tr>
<td>Fixed assets (net of depreciation) (Note 5)</td>
<td>76,603</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,013,445</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$24,025</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>24,025</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted - designated for contingency</td>
<td>274,675</td>
</tr>
<tr>
<td>Unrestricted - designated for Alumni House</td>
<td>492,651</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>767,326</strong></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>222,094</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>989,420</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$1,013,445</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
WEST CHESTER UNIVERSITY ALUMNI ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

### Support and Revenue

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Unrestricted</th>
<th>Alumni House</th>
<th>WCU Provided</th>
<th>Total Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>$30</td>
<td>$1,585</td>
<td>$171,391</td>
<td>$173,006</td>
<td>$775</td>
<td>$173,781</td>
</tr>
<tr>
<td>House user fees</td>
<td>8,000</td>
<td>1,325</td>
<td>9,325</td>
<td>3,133</td>
<td>6,788</td>
<td>10,237</td>
</tr>
<tr>
<td>Dividends and interest income</td>
<td>3,133</td>
<td>3,655</td>
<td>6,788</td>
<td>3,449</td>
<td>695</td>
<td>2,064</td>
</tr>
<tr>
<td>Realized gains (losses) on investments</td>
<td>632</td>
<td>737</td>
<td>1,369</td>
<td>632</td>
<td>2,312</td>
<td>47,600</td>
</tr>
<tr>
<td>Royalties</td>
<td>47,600</td>
<td></td>
<td>47,600</td>
<td></td>
<td></td>
<td>47,600</td>
</tr>
<tr>
<td>Other income</td>
<td>2,312</td>
<td>2,312</td>
<td>392</td>
<td></td>
<td></td>
<td>2,704</td>
</tr>
<tr>
<td>Appreciation / (Depreciation) on investments</td>
<td>19,002</td>
<td>22,169</td>
<td>41,171</td>
<td>20,926</td>
<td>62,097</td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>39,975</td>
<td></td>
<td>39,975</td>
<td></td>
<td>(39,975)</td>
<td></td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td><strong>120,684</strong></td>
<td><strong>29,471</strong></td>
<td><strong>171,391</strong></td>
<td><strong>321,546</strong></td>
<td>(13,738)</td>
<td><strong>307,808</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Program expenses</th>
<th>Unrestricted</th>
<th>Alumni House</th>
<th>WCU Provided</th>
<th>Total Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumni House</td>
<td></td>
<td>19,241</td>
<td>106,426</td>
<td>125,669</td>
<td></td>
<td>125,669</td>
</tr>
<tr>
<td>Events</td>
<td></td>
<td>31,756</td>
<td>31,756</td>
<td></td>
<td></td>
<td>31,756</td>
</tr>
<tr>
<td>Scholarships</td>
<td>39,975</td>
<td></td>
<td>39,975</td>
<td></td>
<td></td>
<td>39,975</td>
</tr>
<tr>
<td>Awards programs</td>
<td>25,784</td>
<td></td>
<td>25,784</td>
<td></td>
<td></td>
<td>25,784</td>
</tr>
<tr>
<td><strong>Total program expenses</strong></td>
<td><strong>65,759</strong></td>
<td><strong>19,241</strong></td>
<td><strong>138,184</strong></td>
<td><strong>223,184</strong></td>
<td></td>
<td><strong>223,184</strong></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>9,780</td>
<td>5,378</td>
<td>33,207</td>
<td>48,345</td>
<td>561</td>
<td>48,906</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>75,519</strong></td>
<td><strong>24,619</strong></td>
<td><strong>171,391</strong></td>
<td><strong>271,529</strong></td>
<td><strong>561</strong></td>
<td><strong>272,090</strong></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>45,165</td>
<td>4,852</td>
<td>0</td>
<td>50,017</td>
<td>(14,299)</td>
<td>35,718</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>229,510</td>
<td>487,799</td>
<td>0</td>
<td>717,309</td>
<td>236,393</td>
<td>953,702</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td><strong>$274,675</strong></td>
<td><strong>$492,651</strong></td>
<td><strong>$0</strong></td>
<td><strong>$767,326</strong></td>
<td><strong>$222,094</strong></td>
<td><strong>$989,420</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
WEST CHESTER UNIVERSITY ALUMNI ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from contributors and grants</td>
<td>$ 307,413</td>
</tr>
<tr>
<td>Cash payments to suppliers and employees</td>
<td>(238,799)</td>
</tr>
<tr>
<td>Interest received</td>
<td>10,237</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>78,851</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Non-capital Financing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Capital and Related Financing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Investing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid to acquire property</td>
<td>0</td>
</tr>
<tr>
<td>Proceeds from (cash paid to acquire) other investments</td>
<td>(92,732)</td>
</tr>
<tr>
<td></td>
<td>(92,732)</td>
</tr>
<tr>
<td>Net cash flow provided by investing activities</td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash flow</td>
<td>(13,381)</td>
</tr>
<tr>
<td>Cash and cash equivalents--July 1, 2004</td>
<td>21,117</td>
</tr>
<tr>
<td>Cash and cash equivalents--June 30, 2005</td>
<td>$ 7,236</td>
</tr>
</tbody>
</table>

Reconciliation of Net Income to Net Cash Flow from Operating Activities

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>$ 35,718</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>10,002</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>(Increase) Decrease in accounts receivable</td>
<td>9,842</td>
</tr>
<tr>
<td>Increase (Decrease) in accounts payable</td>
<td>23,289</td>
</tr>
<tr>
<td></td>
<td>43,133</td>
</tr>
<tr>
<td>Total adjustments</td>
<td></td>
</tr>
<tr>
<td>Cash provided by (used for) operating activities</td>
<td>$ 78,851</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
1. Summary of Significant Accounting Policies

Statement of Organization—The West Chester University Alumni Association (the Association) is a Pennsylvania tax-exempt, education-related organization. The mission of the Association is to promote the interests of West Chester University in all areas of academic, cultural, and social needs through a strong network of graduates and to increase alumni awareness of the University’s needs. The Association is responsible for the maintenance and operation of the Veterans’ Memorial Alumni House located on the campus of West Chester University. The Association also awards scholarships to students attending West Chester University.

Basis of Presentation—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets—Net assets which are not subject to donor-imposed requirements.

Temporarily Restricted Net Assets—Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted Net Assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

Advertising—The Association expenses advertising as incurred.

Cash and Cash Equivalents—For purposes of reporting cash flows, cash, and cash equivalents includes cash and all short-term investments purchased with a maturity of three months or less.

Accounts Receivable and Allowance for Bad Debts—The Association uses the direct write-off method for bad debt recognition. As of June 30, 2005, the Association considered accounts receivable to be fully collectible. Accordingly, no allowance for bad debts is required. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Income Taxes—The Association is an education-related organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provisions for income taxes are included.

Investments—The Association has adopted SFAS No. 124, “Accounting for Certain Investments Held by Not-for-Profit Organizations.” Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.
Contributed Services—A substantial number of unpaid volunteers have made significant contributions of their time to produce Association programs. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

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

Property and Equipment—Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded at cost, if it is known, or at estimated fair value. Property and equipment are depreciated using the straight-line method over their estimated useful lives. The Association's policy is to capitalize all purchases greater than $1,000.

Contributions and Donations—Cash contributions and donations of property and equipment are considered to be unrestricted support unless they are specifically restricted by the donor. Restricted donations are classified as permanently restricted net assets or temporarily restricted net assets, depending on the nature of the restrictions. After the restrictions of time or use are fulfilled, the assets are reclassified as unrestricted net assets. If the restrictions are fulfilled in the same period the contribution is made, it is considered to be unrestricted support.

2. Permanently Restricted Net Assets and Temporarily Restricted Net Assets

At June 30, 2005, there are no permanently restricted net assets and the temporarily restricted assets are restricted for scholarships, as follows:

```
                                      Scholarship Fund
                                         Viola Marple     General            Total
                      Balance – July 1, 2004 $  46,896    $ 189,497       $  236,393
                       Contributions and net investment income 4,365  21,311         25,676
                                           (5,000)  (34,975)     (39,975)
                      Balance – June 30, 2005 $  46,261    $ 175,833       $  222,094
```

3. Related Party Transactions

Pursuant to an agreement between West Chester University (WCU) and the Association dated June 16, 1992, WCU is responsible for all development activities related to the University. During the Annual Giving Program, contributions from alumni are solicited by WCU for the enhancement of the University. All collecting, reporting, and managing of funds gathered during the Annual Giving Program is the responsibility of WCU. The dispensing of the annual giving funds for alumni operating purposes is directed by WCU.

WCU pays the Association $5,000 per year as a user fee for access to the Veterans' Memorial Alumni House for University-related functions. Under a separate agreement, WCU pays the Association a rental fee for use of the second floor of the house for office space. During the year ended June 30, 2005, the Association received $5,000 from WCU for user's fees and $3,000 for rental fees for 2005.

West Chester University (WCU) pays for payroll, employee benefits, and other costs for the Association. Contributions related to these expenditures for the year ended June 30, 2005, are $171,391, and are included in these statements.
4. **Investments**

Investments are stated at market value and consist primarily of mutual funds as follows:

<table>
<thead>
<tr>
<th>The Vanguard Group</th>
<th>Cost</th>
<th>Market Value</th>
<th>Unrealized Appreciation (Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard High-yield Corporate Fund</td>
<td>$52,420</td>
<td>$45,727</td>
<td>$(6,693)</td>
</tr>
<tr>
<td>Vanguard Inter-term Corporate Fund</td>
<td>99,583</td>
<td>101,700</td>
<td>2,117</td>
</tr>
<tr>
<td>Vanguard Long-term Bond Index Fund</td>
<td>42,683</td>
<td>47,562</td>
<td>4,879</td>
</tr>
<tr>
<td>Vanguard Short-term Bond Index Fund</td>
<td>58,969</td>
<td>59,027</td>
<td>58</td>
</tr>
<tr>
<td>Vanguard Short-term Corporate Fund</td>
<td>64,838</td>
<td>63,952</td>
<td>$(886)</td>
</tr>
<tr>
<td>Vanguard Strategic Equity Fund</td>
<td>24,326</td>
<td>37,618</td>
<td>13,292</td>
</tr>
<tr>
<td>Vanguard Explorer Fund</td>
<td>27,168</td>
<td>36,635</td>
<td>9,467</td>
</tr>
<tr>
<td>Vanguard Total Intern Stock Index Fund</td>
<td>108,865</td>
<td>125,869</td>
<td>17,004</td>
</tr>
<tr>
<td>Vanguard Total Stock Market Index Fund</td>
<td>209,519</td>
<td>237,337</td>
<td>27,818</td>
</tr>
<tr>
<td>Vanguard US Growth Fund</td>
<td>118,526</td>
<td>82,703</td>
<td>$(35,823)</td>
</tr>
<tr>
<td>Vanguard Windsor II Fund</td>
<td>80,411</td>
<td>88,330</td>
<td>7,919</td>
</tr>
</tbody>
</table>

Totals: $887,308, $926,460, $39,152

Vanguard advisor fees for the year ended June 30, 2004 were $31,666.

5. **Fixed Assets**

Summary of fixed assets:

<table>
<thead>
<tr>
<th></th>
<th>Balance 6/30/04</th>
<th>Additions</th>
<th>Balance 6/30/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$4,200</td>
<td>$0</td>
<td>$4,200</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>195,558</td>
<td></td>
<td>195,558</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>25,784</td>
<td></td>
<td>25,784</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>225,542</strong></td>
<td><strong>10,003</strong></td>
<td><strong>235,542</strong></td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td><strong>138,936</strong></td>
<td></td>
<td><strong>148,939</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$86,606</strong></td>
<td><strong>$10,003</strong></td>
<td><strong>$96,603</strong></td>
</tr>
</tbody>
</table>
PROPOSED

RESOLUTION
COUNCIL OF TRUSTEES
WEST CHESTER UNIVERSITY OF PENNSYLVANIA
JANUARY 26, 2006

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


APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES

[Signature]
Madeleine Wing Adler, President

[Signature]
Thomas A. Fillippo, Chairperson
Council of Trustees

1/17/06
Date

1-26-06
Date
MEMORANDUM OF CERTIFICATION

TO: The Council of Trustees
FROM: Mark G. Pavlovich, Vice President for Advancement
RE: Certification of the Fund for West Chester University
DATE: January 26, 2006

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, 2005 (copy attached).

2) A Memorandum of Understanding signed by the Fund, University, and legal counsel is in place (copy attached).

3) Articles of Incorporation and Bylaws are presented to the Council of Trustees (copy attached).

4) A current list of Fund Board members and Officers is available to the Council of Trustees (copy attached).

5) Proof of Insurance is presented to the Council of Trustees (copy attached).

6) An annual audit has been performed and the results are being shared with the Council of Trustees (copy attached).
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, 2005

Direct University support to The Fund for West Chester University of Pennsylvania $ 52,394

Advancement Associates $ 52,394

Contributions made to or benefiting West Chester University of Pennsylvania $3,612,762

Cash Gifts $2,812,339
In-Kind Gifts $ 793,393
Endowment Interest $ 7,030

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

Mark P. Mixner

Date 11/1/06

West Chester University of Pennsylvania is a member of the State System of Higher Education
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 1st day of July, 2005.

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, and

WHEREAS, the Fund will conduct other activities for the benefit of WCU as defined in the Fund’s Articles of Incorporation and Bylaws,

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, facilities development, grant and gift management and other functions as appropriate in consultation with the WCU President and under the direction of the WCU Vice President for Advancement.

3. MANAGEMENT OF ENDOWMENT ASSETS. Upon approval of the WCU Council of Trustees, WCU may transfer management of all endowment and similar assets to the Fund. The Fund’s management of endowment assets and related investments shall be governed by a separate MOU between WCU and the Fund. 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 NOT DESIGNATED FOR ENDOWMENT. All gifts contributed to WCU will be given to the Fund for processing, investment, and/or disposition. Endowment gifts shall remain with the Fund as described in
Article 3 of this MOU. Unless otherwise directed by WCU, the Fund shall make regular (at least quarterly) distributions of all other gift income and earnings thereon to WCU, less operational costs as approved by the Vice President for Administrative and Fiscal Affairs of WCU and the 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. COLLABORATION AND SERVICES. 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 the desire of WCU to enhance the ability of the Fund to function and succeed in its efforts to raise funds and conduct other activities in support of the goals of WCU. Therefore, WCU and the Fund agree to collaborate with each other to provide the services necessary for the Fund to undertake the activities described in Article 2 of this MOU or other activities assigned to it by agreement between WCU and the Fund. This support will be reviewed annually.

6A. STAFF. The Fund shall employ at its own expense an Executive Director who shall be responsible for day-to-day management of the Fund's operations including efforts to secure private support and conduct other activities for the benefit of WCU. The Fund may employ other staff at its discretion.

The President of the Fund Board of Trustees shall direct the Vice President for Advancement of WCU in his or her role as an ex officio trustee of the Fund Board of Trustees to provide day-to-day supervision and evaluation of the Executive Director of the Fund. In the case of a search for the Executive Director, the President of the Fund Board shall designate the Vice President for Advancement of WCU to serve as a member of the Search Committee. In addition to the Vice President for Advancement of WCU, the Search Committee shall include one other member who is an employee of the University selected by the Vice President for Advancement of WCU and two members selected by the President of the Fund Board of Trustees for a total of four members.

The Vice President for Advancement of WCU and the Fund Board of Trustees shall complete an annual evaluation of the Executive Director.

6B. SERVICES. WCU and the Fund may contract with each other to provide professional and clerical services; communication services to include telecommunications, postage, printing, public relations, and data management and similar services that both the Fund and WCU deem necessary to accomplish the purposes for which the Fund was created. In addition, WCU may 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 to the Fund that include, but are not limited to, space, utilities, maintenance, and housekeeping as may be necessary to conduct Fund functions and activities. In compensation for the use of these facilities, the Fund shall make monthly rental payments to the University at fair market rates as determined by the Vice President for Administrative and Fiscal Affairs of WCU.

7. 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 of the Fund to transmit this information to WCU on behalf of the Fund Board of Trustees.

8. 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.

9. 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.

10. 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.

11. 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, endowment principal and income, property of any kind, and all records and information in the possession of the Fund or its affiliates.

12. 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.

13. TERM AND REVIEW OF MOU.

14A. The initial term of this MOU will be from July 1, 2005 to the ending date of June 30, 2006. June 30, 2006 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 Wes: Chester University
By: Date: July 4, 2005

West Chester University of Pennsylvania
By: Date: August 10, 2005

Approved for Form and Legality:
By: Date: 9-27-05

University Legal Counsel

EFFECTIVE DATE
SEP 27 2005
OF CONTRACT
PROPOSED RESOLUTION

COUNCIL OF TRUSTEES

WEST CHESTER UNIVERSITY OF PENNSYLVANIA

MAY 4, 2005

MEMORANDUM OF UNDERSTANDING


APPROVED PENDING ACTION BY THE COUNCIL OF TRUSTEES

Madeleine Wing Adler, President

APPROVED BY VOTE OF THE COUNCIL OF TRUSTEES

Thomas A. Filippio, Chairperson
Council of Trustees

Date

[Signature]

Date

[Signature]

West Chester University of Pennsylvania is a member of the State System of Higher Education
RESOLUTION

THE FUND FOR WEST CHESTER UNIVERSITY

MAY 17, 2005

FUND BOARD OF TRUSTEES

RESOLUTION 1

BE IT RESOLVED THAT THE FUND FOR WEST CHESTER UNIVERSITY BOARD OF TRUSTEES HEREBY APPROVES RESOLUTION 1.

RESOLVED, that the amended Memorandum of Understanding by and between the Fund for West Chester University and West Chester University of Pennsylvania dated July 1, 2005 and as attached to this resolution be and hereby is accepted and approved.

THIS ACTION IS APPROVED AS TESTIFIED BY THE HAND OF THE SECRETARY.

Emily Jane Lempole, Secretary
The Fund for West Chester University

May 17, 2005
ARTICLES OF INCORPORATION

OF

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA

A PENNSYLVANIA NONPROFIT CORPORATION

In compliance with the requirements of Pa. Stat. Ann. Tit. 15, § 7316, the undersigned, desiring to be incorporated as a nonprofit corporation, hereby certifies that:

1. Name. The name of the Corporation is Fund for West Chester University of Pennsylvania.

2. Address. The location and post office address of the initial registered office of the Corporation in this Commonwealth is West Chester University of Pennsylvania, 628 South High Street, West Chester, Pennsylvania 19383-7100. The county of venue is Chester.

3. Purposes.

A. The Corporation is formed exclusively for charitable, educational, and scientific purposes within the meaning of § 7311 of the Pennsylvania Nonprofit Corporation Law and § 501(c)(3) of the Internal Revenue Code of 1954, as amended, or any other corresponding section of any future federal tax code (the "Code").

B. Specific Purposes. In furtherance of its exclusively charitable, educational, and scientific purposes, the Corporation shall promote the interests of West Chester University of Pennsylvania of the State System of Higher Education, a Pennsylvania body corporate described in § 509(a)(1) and (2) of the Code, and such other affiliated entities as fall within the class of organizations described both by § 501(c)(3) and § 509 (a)(1) and (2) of the Code, and the Corporation shall, without otherwise limiting its powers, perform the following:

a. solicit funds and other property for the charitable, scientific, and educational purposes of West Chester University of Pennsylvania in accordance with priorities set by West Chester University of Pennsylvania;

b. receive, manage, and liquidate material assets, including unique gifts such as jewelry, artworks, and real property, to benefit West Chester University of Pennsylvania;
c. contribute capital, make loans and grants, and provide other financial assistance to West Chester University of Pennsylvania, any of its affiliated entities, and any institutions or organizations that become affiliated with the Corporation; provided all such entities are organizations described in either Section 170(b)(1)(A) or Section 501(c)(3) of the Code;

d. manage the relationship, including the selection and negotiation of services, with a financial institution or institutions for the purposes of holding endowment funds, life income gifts, and similar funds;

e. manage any contract for the advancement of West Chester University of Pennsylvania;

f. provide funds and services to conduct the business of the Corporation;

g. manage the Corporation’s endowment fund, and upon request and with proper approvals, the endowment fund of West Chester University of Pennsylvania; and

h. engage in and do any and all acts and engage in all lawful business which a nonprofit corporation may do consistent with or in furtherance of the purposes herein set forth above.

4. Term. The term for which the Corporation is to exist is perpetual.

5. Non-stock. The Corporation is organized on a non-stock basis.

6. Members. The Corporation shall have no members.

7. Nonprofit. The Corporation does not contemplate pecuniary gain or profit, incidental, or otherwise. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its trustees, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No substantial part of the activities of the Corporation shall be carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene (including publishing or distribution of statements) in any political campaign on behalf of any candidate for public office.

8. Status. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b)
by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

9. **Dissolution.** Upon the liquidation or dissolution of the Corporation, the Board of Trustees of the Corporation shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purpose of the Corporation in such manner, or to the West Chester University of Pennsylvania of the State System of Higher Education, or its successor, if such organization is a permitted beneficiary under the requirements of Income Tax Regulation § 1.501(c)(3)-1(b)(4), or to such organizations organized and operated exclusively for charitable, educational, or scientific purposes as at the time shall qualify as an exempt organization or organizations under § 501(c)(3) of the Internal Revenue Code of 1954, as amended, as the Board of Trustees shall determine. Any such assets not so disposed of shall be disposed of by the Court of Common Pleas of the County in which the principal office of the Corporation is then located.

10. The name and post office address of the Incorporators is:

<table>
<thead>
<tr>
<th>Name:</th>
<th>Madeleine Wing Adler, President</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>West Chester University of Pennsylvania</td>
</tr>
<tr>
<td></td>
<td>Philips Memorial Building, First Floor</td>
</tr>
<tr>
<td></td>
<td>700 South High Street</td>
</tr>
<tr>
<td></td>
<td>West Chester, PA 19383</td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, the incorporators signed these Articles of Incorporation on August 11, 2000.

[Signature]

Incorporators
BYLAWS

OF

THE FUND FOR WEST CHESTER UNIVERSITY OF PENNSYLVANIA
A PENNSYLVANIA NONPROFIT CORPORATION

ARTICLE 1 - DEFINITIONS

Section 1.1. Definitions.

The following terms used in these Bylaws shall have the meanings set forth below.

B. "Board" means the Board of Trustees of the Corporation.
C. "Corporation" means the Fund for West Chester University of Pennsylvania.
D. "Trustee" means an individual serving on the Board.
E. "University" means West Chester University of Pennsylvania.

ARTICLE 2 - PURPOSES

Section 2.1. Purposes.

The purposes of the Corporation are set forth in its Articles of Incorporation.

Section 2.2. Activities.

The Corporation is organized exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any other corresponding section of any future federal tax code (the "Code"), particularly to promote the interests of West Chester University of Pennsylvania of the State System of Higher Education. The Corporation shall perform the following:

A. solicit funds and other property to advance the charitable, scientific, and educational interests of the University in accordance with priorities set by the University;
B. receive, manage, and liquidate material assets, including unique gifts such as jewelry, artworks, and real property, to the benefit of the University;

C. contribute capital, make loans and grants, and provide other financial assistance to the University, any of its affiliated entities, and any institutions or organizations that become affiliated with the Corporation; provided all such entities are organizations described in either Section 170(b)(1)(A) or Section 501(c)(3) of the Code;

D. manage the relationship, including the selection and negotiation of services, with a financial institution or institutions for the purposes of holding endowment funds, life income gifts, and similar funds;

E. manage any contract for the advancement of the University; including the construction, operation, management, and maintenance of student housing facilities, or any other facilities or projects for the benefit of the University and its educational, scientific, and charitable purposes whether directly or through a single member limited liability company created and owned by the corporation;

F. provide funds and services to conduct the business of the Corporation;

G. manage the Corporation’s endowment fund, and upon request and with proper approvals, the endowment fund of the University; and

H. engage in and do any and all acts and engage in all lawful business which a nonprofit corporation may do consistent with or in furtherance of the purposes herein set forth above.

ARTICLE 3 – OFFICES

Section 3.1. Offices.

The registered office of the Corporation shall be located at the West Chester University of Pennsylvania, 628 South High Street, West Chester, Pennsylvania. The Corporation may have any number of other offices at such places as the Board may determine, whether located in or out of Pennsylvania.

ARTICLE 4 – SEAL

Section 4.1. Seal.

The Corporation may use a Corporate Seal. The Corporate Seal shall bear the name of the Corporation, the year of its incorporation, and the words “Corporate Seal, The Fund for West Chester University of Pennsylvania.”
ARTICLE 5 – BOARD OF TRUSTEES

Section 5.1. Board of Trustees.

The business and affairs of the Corporation shall be managed under the direction of the Board. The powers of the Corporation shall be exercised by, or under the authority of, the Board except as otherwise provided by statute, the Articles of Incorporation, these Bylaws, or a resolution adopted by the Board.

Section 5.2. Qualifications of Trustees.

Each Trustee shall be a natural person at least 18 years of age who need not be a resident of Pennsylvania. In addition, the requirements of each Trustee (except ex officio Trustees) include, but are not limited to:

A. active participation at Board meetings;

B. support for the goals of West Chester University of Pennsylvania as defined by the President of the University and the University’s strategic plan;

C. giving to the Corporation at the leadership level; and

D. general advocacy of West Chester University of Pennsylvania.

Section 5.3. Number and Election of Trustees.

The Board shall consist of six (6) ex-officio members (“Ex-officio Trustees”) and not less than nine (9) or more than thirty-three (33) other members, who shall be divided into three approximately equal classes, each consisting of up to eleven (11) individuals (“Class Trustees”).

A. With respect to the Class Trustees: The term of office of one class shall expire in each year. Each class shall be elected by the Board for terms of three (3) years, except in case of a vacancy in any class, in which case the vacancy shall be filled for the balance of the term of such class. However, to achieve the initial classification of the Board, the initial terms of the three classes of the first Board shall be one year, two years, and three years, respectively. Members of the first Board who shall serve in the one (1) year and two (2) year terms will be eligible for reelection to two (2) additional three (3) year terms.

B. The Ex-Officio Trustees and their terms shall be as follows:

1. One (1) person who is a member of the West Chester University Council of Trustees selected by the Chairperson of the Council of
Trustees ("Council Trustee"). The Council Trustee shall be appointed for a three (3) year term; provided, however, if such Council Trustee ceases to be a member of the Council of Trustees, such Council Trustee shall cease to be a Trustee of the Corporation, and the Chairperson of the Council of Trustees shall appoint another person who is a member of the Council of Trustees to fill the vacancy for the balance of the term.

2. The President of West Chester University of Pennsylvania ("President of WCU") whose term shall be concurrent with his or her tenure as President of WCU. A person serving as acting or interim President of WCU shall serve as a Trustee during such period he or she is serving as acting or interim President of WCU.

3. The Vice President for Advancement of West Chester University of Pennsylvania ("VP Advancement") whose term shall be concurrent with his or her tenure as VP Advancement of WCU. A person serving as acting or interim VP Advancement shall serve as a Trustee during such period he or she is serving as such acting or interim VP Advancement.

4. The Vice President for Administrative and Fiscal Affairs of West Chester University of Pennsylvania ("VP Fiscal") whose term shall be concurrent with his or her tenure as VP Fiscal of WCU. A person serving as acting or interim VP Fiscal shall serve as a Trustee during such period he or she is serving as such acting or interim VP Fiscal.

5. The Executive Director of the Fund for West Chester University ("Executive Director") whose term shall be concurrent with his or her tenure as Executive Director of the Corporation. A person serving as acting or interim Executive Director shall serve as a Trustee during such period he or she is serving as such acting or interim Executive Director.

6. The Vice President for Student Affairs of West Chester University of Pennsylvania ("VP Student Affairs") whose term shall be concurrent with his or her tenure as VP Student Affairs of WCU. A person serving as acting or interim VP Student Affairs shall serve as a Trustee during such period he or she is serving as such acting or interim VP Student Affairs.

C. Initially, the Board of Trustees shall consist of the persons nominated and elected by the Incorporators of the Corporation. Thereafter, the Trustees shall be elected as set forth herein.
Section 5.4. Term of Office.

Each elected Trustee shall hold office until (a) the expiration of the term for which he or she was elected and until his or her successor has been elected and qualified, or (b) his or her earlier death, resignation, or removal. With the exception of the Council Trustee, the President of WCU, the VP Advancement, the VP Fiscal, the VP Student Affairs, and the Executive Director, elected and appointed Trustees may serve two (2) full consecutive three (3) year terms, after which the Trustee must leave the Board for a period of at least one (1) year before being eligible for re-election. A Trustee elected or appointed for an initial or interim term of less than three (3) years may be elected or appointed for two (2) full consecutive three (3) year terms provided the Trustee will have served a total of no more than eight (8) consecutive years.

Section 5.5. Procedure for Nomination of Candidates for Trustee.

The chair of the meeting shall announce at the meeting of the Board the number of Trustees to be elected at the meeting. The Nominating Committee shall recommend all candidates for election as Trustees. Each nomination must be seconded. No nominations may be made from the floor. After each nomination has been made and seconded, the Trustees shall cast their votes on each candidate nominated.

Section 5.6. Vacancies.

With the exception of Ex-Officio Trustees, vacancies on the Board, including vacancies resulting from (a) an increase in the number of Trustees, or (b) the death, resignation, or removal of a Trustee other than an Ex-Officio Trustee, shall be filled by a majority vote of the remaining Trustees though less than a quorum. Each person so elected shall be a Trustee to serve the balance of the unexpired term. Vacancies resulting from the death, resignation, or removal of an Ex-Officio Trustee shall be filled in the same manner as provided for by the original appointment of such Trustee under Section 6.3 above and each person so appointed shall be a Trustee to serve for the balance of the unexpired term.

Section 5.7. Termination.

Members of the Board who, after notice of the consideration of action by the Board and upon the majority vote of the entire Board and as a result of conflict of interest, criminal prosecution, or lack of attendance at four (4) consecutive meetings without prior approval of the Chairperson, shall cease to be members of the Board of Trustees. Vacancies by death, resignation, refusal to serve, or otherwise, shall be filled for the unexpired term by majority vote of the Trustees then serving, although less than a quorum. A vacancy may only be filled by a person who possesses the qualifications referred to in Section 5.2 of this Article 5.
Section 5.8. Resignations.

Any Trustee may resign at any time by giving written notice to the Corporation. The resignation shall be effective upon receipt by the Corporation or at such subsequent time as may be specified in the notice of resignation.

Section 5.9. Compensation of Trustees.

Trustees shall receive no compensation for their services as Trustees or as committee members. However, the Corporation may compensate a Trustee for providing services to the Corporation in any other capacity, including that of employee or agent of the Corporation. Trustees who serve as employees or agents of the Corporation shall not participate in any vote of the Board with respect to their compensation. Trustees may be reimbursed for reasonable expenses incurred on behalf of the Corporation.

Section 5.10. Voting Rights – Actions of the Board.

Section 5.10(a). Voting Rights.

Each Trustee, excluding Ex-Officio Trustees, shall be entitled to one vote. Trustees who are University employees are not entitled to vote at any meeting of the Board including committee meetings.

Section 5.10(b). Actions of the Board.

At any meeting of the Board of Trustees, only items on the agenda of the meeting notice may be acted upon when a quorum of the Board is present. When a quorum of the Board is present, new or other business not on the agenda of the notice may be acted upon.

Section 5.11. Emeritus Trustees.

The Nominating Committee may from time to time recommend emeriti status to exceptional retiring Trustees. An Emeritus Trustee may attend all regular meetings of the Board, but shall not be entitled to vote on any matter.

ARTICLE 6 - POWERS AND DUTIES OF THE BOARD OF TRUSTEES

Section 6.1. Authority.

Except as otherwise provided in the Articles of Incorporation or in these Bylaws, all the powers, duties, and functions of the Corporation conferred by the Articles of Incorporation, these Bylaws, State statutes, common law, court decisions, or otherwise shall be exercised, performed, or controlled by the Board.