



2004 Annual Report

CONTENTS

2	AMESSAGE FROM THE FOUNDATION CHAIRMAN AND PRESIDENT
3	FOUNDATION BOARD OF DIRECTORS
4	YEAR IN REVIEW
9	FINANCIAL PERFORMANCE
13	INVESTMENT MANAGEMENT OVERSIGHT
17	WVU FOUNDATION IN PERSPECTIVE
19	DEVELOPMENT PROGRAMS
23	<i>BUILDING GREATNESS CAMPAIGN</i> SPECIAL REPORT
IBC	NATIONAL CAMPAIGN COMMITTEE

THE WEST VIRGINIA UNIVERSITY FOUNDATION, Inc. is a private non-profit corporation chartered to secure, hold and administer funds and properties given by individuals, corporations and philanthropic foundations in support of West Virginia University and its affiliated organizations.

The following pages contain information regarding the Foundation's activities during the fiscal year July 1, 2003 through June 30, 2004.

For further information contact the Foundation at:

One Waterfront Place, PO Box 1650, Morgantown, WV 26507-1650

wwuf@wwuf.org 304-284-4000 www.wwuf.org

On the cover: *Scene Near Grafton*, oil on canvas, 1864, by William L. Sonntag, a Hudson River School style landscapist. Courtesy of R.W. Norton Art Gallery, Shreveport, LA and West Virginia and Regional History Collection, WVU Libraries. This image and other prints from the collection are on display at the offices of the West Virginia University Foundation.

FROM THE CHAIR AND PRESIDENT

FISCAL YEAR 2004 was an excellent year for the West Virginia University Foundation. Our assets grew to \$673.5 million, our endowment to \$349.7 million and our investment return increased to 13.3%. We received gifts and pledges totaling \$48.6 million and disbursed a record \$41.5 million to the University.

And we ended the very successful five-year *Building Greatness Campaign* with \$336,238,381, nearly 35 percent over our \$250 million goal. The dramatic results of the Campaign are much in evidence in the life of the University.

In the 10 years prior to the Campaign, the Foundation provided the University with a total of \$187 million in direct support. Since the Campaign's inception, the Foundation has provided WVU with \$199.4 million. Annual disbursements have grown from \$22.3 million in Fiscal Year 1998 to \$41.5 million in FY 2004.



Stuart M. Robbins

During that same time-frame, our endowment increased from \$242.3 million to \$349.7 million and our revenue from \$71.5 million to \$100.3 million. This occurred during some very tumultuous times on Wall Street and in our nation's economy.

Many will judge our *Building Greatness Campaign* efforts by the dollars raised. But the best measure is what was accomplished for the people who make WVU such a special place – students, faculty, researchers, physicians, librarians, staff and many others. We are gratified, but we are not satisfied. The continued efforts to build a broad base of private support for West Virginia University will be even more important in the years ahead.



F. Duke Perry

Gifts are investments in West Virginia's comprehensive land-grant research university whose major purposes are to educate students who will contribute meaningfully to society long after their graduation from WVU, to conduct research that will benefit the people of West Virginia and the nation and to provide service to the state and beyond. Your gifts enable the University to provide the tools needed by students to become tomorrow's leaders and by faculty to become renowned scholars.

Thank you for your continued support. We are fortunate to count you among the WVU Foundation family.

Stuart M. Robbins '65
Chair
Board of Directors
WVU Foundation

F. Duke Perry
President & CEO
WVU Foundation

BOARD OF DIRECTORS & OFFICERS

John C. Allen

J.F. Allen Company
Buckhannon, WV

Curtis H. Barnette '56, Hon. '75

Bethlehem Steel Corp.
Bethlehem, PA

Ralph J. Bean Jr. '63, '66

Step toe & Johnson
Clarksburg, WV

W. Marston Becker '74, '77

Hales & Company
Hartford, CT

Carolyn Eberly Blaney '48, Hon. '98

The Eberly Foundation
Chalk Hill, PA

James H. Chamberlain '69

Thousand Oaks, CA

Jean C. Clark '67, '74

Seneca Way, Inc.
Bruceton Mills, WV

C. Richard Daniel, MD '52, '54

Daniel Vineyards
Beckley, WV

H. Smoot Fahlgren

Fahlgren, Inc.
Parkersburg, WV

Sue Seibert Farnsworth '62, '67

Seibert & Kasserman, L.C.
Wheeling, WV

Richard E. Ford '51, '54

The Ford Law Firm
Lewisburg, WV

Hon. Charles H. Haden II '58, '61

U.S. District Court
Charleston, WV

David W. Hamstead '63

Pittsburgh, PA

David C. Hardesty Jr. '67

West Virginia University
Morgantown, WV

John C. Harmon '77

Lovett, Bookman, Harmon, Marks
Pittsburgh, PA

Glen H. Hiner, '57, Hon. '89

Pebble Beach, CA

Stanley M. Hostler '65

Charleston, WV

Raymond J. Lane '68, Hon. '02

Kleiner Perkins Caufield & Byers
Menlo Park, CA

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Bluefield, WV

Robert A. McMillan

Jefferson Distributing Company
Martinsburg, WV

Michele Vigneault McNeill '75

Longboat Key, FL

Marshall S. Miller '66, '73

Marshall Miller & Associates
Bluefield, VA

Dan R. Moore

Moore Auto Group
Williamson, WV

G. Ogden Nutting

Ogden Newspapers, Inc.
Wheeling, WV

F. Duke Perry

WVU Foundation
Morgantown, WV

Thomas E. Potter '55, '57

Jackson Kelly
Charleston, WV

Robert L. Reynolds '74

Fidelity Investments
Boston, MA

Stuart M. Robbins '65

Old Greenwich, CT

Janet Griffith Rogers '60, '63

Thoughtfulness, Inc.
Granville, WV

Joan Corson Stamp '73

Wheeling, WV

Clara C. Thomas

Charleston, WV

Craig H. Underwood '80

The Bridgespan Group
Boston, MA

Peter S. White '53

The White Planning Group
Charleston, WV

Vivien Perrine Woofter '52, Hon. '98

U.S. Department of State
Arlington, VA

WVU FOUNDATION OFFICERS

Chair

Stuart M. Robbins

President & CEO

F. Duke Perry

Vice Chair

David W. Hamstead

Secretary

Janet Griffith Rogers

Assistant Secretary

Ralph J. Bean Jr.

Vice President for Development

D. Lyn Dotson '76

**Vice President for Development,
Health Sciences**

Julia W. Phalunas '88, '91

**Vice President for Finance and
Administration & Treasurer**

R. Craig Walker '77, '81

Vice President for Investments

Dorothy J. Dotson '66

**Associate Vice President for Finance
and Administration & Assistant
Treasurer**

Jeffrey K. Dunn '81

DIRECTORS EMERITUS

C. Howard Hardesty Jr. '49

Vero Beach, FL

Elmo J. Hurst '53

Almega-Tru Flex
Beckley, WV

Lacy I. Rice Jr.

Bowles Rice McDavid Graff & Love
Martinsburg, WV

John C. Shott '48

Bluefield, WV

HONORARY MEMBERS

James H. Harless, Hon. '81

International Industries
Gilbert, WV

Harry B. Heflin, Hon. '78

Morgantown, WV

ADVISORY MEMBER

Hon. Irene C. Berger '76, '79

13th Judicial Circuit
Charleston, WV

YEAR IN REVIEW

THE FOUNDATION'S REVENUE for the year totaled \$73.1 million. With the inclusion of realized and unrealized investment gains of \$27.2 million, the Foundation's total revenue for the fiscal year ending June 30, 2004 exceeded \$100 million for the first time, reaching \$100.3 million.

MILAN "MIKE" PUSKAR, Morgantown entrepreneur and philanthropist, made a \$20 million personal commitment to the *Building Greatness Campaign* in support of athletics and academics at West Virginia University. In recognition of his continued generosity WVU's football stadium was named Milan Puskar Stadium, the home of Mountaineer Field. Mr. Puskar's gift provides \$14.5 million for the department of intercollegiate athletics, making it the largest gift ever in support of WVU athletics, and \$5.5 million for academic needs. The athletic portion of the gift includes \$1 million for Puskar Center



Mike Puskar

renovations, \$700,000 for Coliseum renovations, \$800,000 for the Soccer Stadium Complex and \$12 million for the Milan Puskar Athletic Scholarship Endowment. Mr. Puskar is co-founder and chairman of Mylan Laboratories Inc., one of the largest and most successful generic pharmaceutical companies in the United States.

CASH GIFTS, GIFTS-IN-KIND, new pledges and new expected bequests totaled \$87.5 million during the year.

BOB REYNOLDS HAS JOINED the WVU Foundation Board of Directors. He is vice chairman and chief operating officer of Fidelity Investments, the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans and a leading on-line brokerage firm. Mr. Reynolds is also the head of the Fidelity Management Committee and a member of the Board of Directors of FMR Corp. In addition, he serves as a trustee for the Fidelity family of mutual funds and serves on the Board of Fidelity Investments Canada, Limited.

Prior to being named to this position in June 2000, Mr. Reynolds was president of Fidelity Investments Institutional Retirement Group, responsible for Fidelity's retirement products and related services offered to corporations, not-for-profit organizations and government entities, and Fidelity's benefits outsourcing and human resources/payroll administration and processing services to corporate clients. He was named to that position in 1996.



Bob Reynolds

Mr. Reynolds was president of Fidelity Institutional Retirement Services Company from 1989 to 1996 and an executive vice president of Fidelity Management Trust Company from 1984 to 1989. He joined Fidelity in 1984. Before joining Fidelity, Mr. Reynolds was senior vice president of North Carolina National Bank in Charlotte, North Carolina, from 1977 to 1984.

Mr. Reynolds received a Bachelor of Science degree in business administration with a major in finance from West Virginia University in 1974 and was elected in 2004 to the Academy of Distinguished Alumni. He serves on the Board of the Initiative for a Competitive Inner City, the Board of Concord Museum and The National Board of the American Ireland Fund.

\$41.5 MILLION – THE HIGHEST total ever – in funds was disbursed on behalf of the University during the year to support a myriad of purposes, including scholarships; fellowships; academic program development; chairs; professorships; lectureships; faculty development and research; equipment; facilities; and libraries.

OVER THE PAST 10 years, the Foundation has provided the University with a total of \$283.7 million in direct support.

WVU'S EBERLY COLLEGE of Arts & Sciences paid tribute to the memory of philanthropist and WVU alumnus C. Eugene Bennett with the naming of the department of chemistry in his honor. This naming is the result of the significant generosity of Dr. Bennett and the continuing philanthropy of his widow, Edna Bennett Pierce. Their gifts in support of chemistry total more than \$6.6 million.



Eugene & Edna Bennett

TOTAL ASSETS UNDER FOUNDATION management were \$673.5 million as of June 30, 2004 – a 12% increase as compared to \$599.3 million at the close of the previous fiscal year. Included in the total assets is \$214.9 million held by the Foundation as an investment agent for the WVU Hospitals.

THE CLAUDE WORTHINGTON BENEDUM Foundation provided over \$1.9 million this fiscal year in support of programs that serve West Virginians. Programs supported include efforts to improve the state's primary and secondary schools, to promote cancer prevention, to encourage the entrepreneurial spirit, and to improve the health of West Virginians statewide. Of particular note is a \$100,000 gift in support of CARDIAC, a program that seeks to reverse the high prevalence of heart disease and diabetes in West Virginia by reaching out to at-risk children and their families to create and maintain a healthier life-style. A \$50,000 grant supports the Children's Vision Rehabilitation Program (CVRP). CVRP addresses the educational needs of children with irreversible vision loss, targeting underserved and vulnerable youth to promote academic achievement and post-graduate success through pre-school intervention, community education and creating an accessible learning environment outside the classroom.

THE FRIENDS OF UNIVERSITY Hospitals continue their support as one of WVUH's most generous patrons. They gave \$250,000 toward fulfillment of a new \$600,000 multi-year pledge to purchase a new patient television/entertainment system, which will include a video library and internet/e-mail access.

THE INTERNATIONAL CENTER for Performance Excellence was established in the School of Physical Education with a gift from the directors of Fitness Information Technology (FIT), Inc. Dr. Andrew Ostrow, professor, and Dr. William Alsop, associate professor emeritus, created the Center in honor of Professor Ostrow's father, Philip. The assets of FIT, a publishing company, were donated to the WVU Foundation for the purpose of capitalizing a new international center. The value of the gift was appraised at \$605,000 and is the largest gift given by WVU faculty during the five-year history of the *Building Greatness Campaign*.

THE WVU FOUNDATION held its inaugural induction ceremony for the Woodburn Circle Society – the most prestigious philanthropic society in the University's history. Its charter membership totals 361 and acknowledges those who demonstrated extraordinary commitment by contributing \$100,000 or more during the *Building Greatness Campaign* to benefit the University.



THE FOUNDATION'S ENDOWMENT was \$349.7 million at the close of the fiscal year.

DURING 2003-04, THE FOUNDATION'S endowment portfolio reported a gross investment return of 13.3% before fees, as compared to 3.0% for the 2002-2003 fiscal year. This return has been 3.3% and 10.6% on an annualized basis for the past 5-year and 10-year periods, respectively.

THE FOUNDATION UTILIZES the services of 28 nationally recognized investment management entities – marketable fixed income and equity, alternative investments and international equity – to oversee the investment of the endowment. As of June 30, 2004, 45.3% of the endowment investment market value was in equities, 21.6% in fixed income and 32.0% in alternative investments, and 1.1% in cash.

FOUR FOUNDATION BOARD MEMBERS were inducted into the Order of Vandalia, an elite honorary for those who have demonstrated outstanding and distinguished service to WVU. They include: John C. Allen, president and treasurer of J.F. Allen Co. in Buckhannon, W.Va.; Glen H. Hiner, Jr., retired chairman and chief executive officer of Owens Corning; Charleston attorney Stanley M. Hostler; and Raymond J. Lane, *Building Greatness Campaign* national chairman and general partner in the venture capital firm of Kleiner Perkins Caufield & Byers.

WVU ALUMNUS AND JUDGE of the United States District Court for the Southern District of West Virginia, Charles H. Haden II was honored by friends and members of the legal profession with the creation of a professorship in his name in the WVU College of Law. The donors have established the Charles H. Haden II Professorship of Law endowment. The Haden Professor will be a full-time or visiting member of the faculty. The endowment will enable the law school to recognize outstanding teachers and researchers and continue to build a strong faculty. It also will provide financial support for the legal scholar and for his/her research. Judge Haden passed away on March 20.



Judge Haden

19,255 DONORS CONTRIBUTED \$48,630,986 for the benefit of the University during the past year – this was comprised of 35,000 individual gift transactions. The Foundation also processed 48,648 transactions in support of

the University's and Foundation's expenses during the year. In addition, the Foundation processed 19,400 non-gift transactions for a total of 103,048 transactions during FY 2004.



WVU Foundation's Wall of Honor

THE WVU FOUNDATION unveiled its Wall of Honor, an electronic wall honoring members of the Foundation's Recognition Societies. It is located across from the University's Visitors Resource Center on the first floor of One Waterfront Place in the Wharf District of Morgantown.

LANDMARK GRAPHICS CORPORATION of Houston, Texas, made a \$1.22 million gift to the Eberly College of Arts & Sciences. The in-kind gift of energy exploration software, which includes maintenance and support, will allow the Department of Geology and Geography to keep abreast of rapid advances within the field of geology and illustrates the commitment of industry to the enhancement of science education at the university level.

IN A COMBINED OUTRIGHT and planned gift, Wheeling entrepreneur S.J. "Dick" Dlesk made a commitment of \$750,000 to help fund the construction and renovation costs of WVU's soccer stadium. President and CEO of Dlesk Realty and Investments, Inc., his total financial commitment to the Mountaineer intercollegiate athletic program is in excess of \$1 million. The soccer stadium was named in his honor.

THE FOUNDATION'S ANNUAL operating and campaign expenses of \$6 million represent 0.9% of total assets under management. No operating expenses are deducted from gifts given by donors – 100% of each donor's gift is made available for the intended purpose.

WITH OPERATING AND campaign expenses of \$6 million, our expense-to-revenues ratio was 12 to 1 (or 8.2%). This data covers all areas of operation – both fund raising and fund management services. Direct fund raising costs were \$3.8 million (or 7.8%) of gifts received in the amount of \$48.6 million – a return of 13 to 1.

JOE HARDY, 84 LUMBER magnate and Fayette (PA) County Commissioner, made a lifetime commitment to the WVU Foundation of \$100,000 a year to create and support the West Virginia University - Fayette County, PA, Scholarship Fund. Through the fund, scholarships are made available to students from all high schools in Fayette County to attend WVU. Five \$5,000 scholarships are awarded each year with a preference that no more than one be given to a student from a particular high school. Recipients, who remain in good academic standing, continue to receive the scholarships in succeeding years, for a maximum of four years of undergraduate studies. The fund eventually will support five freshmen, five sophomores, five juniors and five seniors each year.

WVU ALUMNUS AND BASKETBALL legend, Jerry West made a \$100,000 contribution in memory of Ann Dinardi – his “mom away from home” during his college playing days. He renamed his WVU scholarship endowment “The Jerry and Karen West and Ann Dinardi Basketball Scholarship Endowment.”

He also designated royalty monies derived from the sale of the Jerry West jersey in the Headmaster Hardwood

Legends/Throwback Jersey Program to be placed into the endowment. Ms. Dinardi was an ardent supporter of athletics and the School of Pharmacy for decades.



Ann Dinardi with then Gov. Cecil Underwood (center) and Jerry West .

61 NEW SCHOLARSHIP endowments were established during the year through aggregate gifts of \$1.4 million bringing total scholarship endowments to 1,006 funds with a total value of \$100.3 million as of June 30, 2004.

THE SISTERS OF ST. JOSEPH’S Charitable Fund in Parkersburg, W.Va. pledged \$127,200 to the WVU’s Mid-Ohio Valley Vision Strategy which seeks to create and implement community-based programs to address vision care.

270 NEW FUND ACCOUNTS were added during the past year, bringing the total number of fund accounts to 3,500.

HAZEL JOHNSON, RN, a 1967 WVU nursing graduate, has established a charitable remainder unitrust to benefit the School of Nursing. The trust was created from the proceeds of the sale of appreciated real estate, which allowed Ms. Johnson to make a gift of \$135,000 to her alma mater. At the time the trust matures, this gift will be divided equally between the Fund for Nursing and Ms. Johnson’s Endowed Nursing Scholarship Fund.

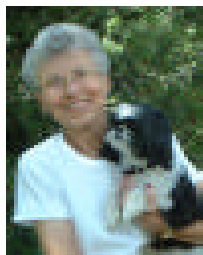
W. TAYLOR FITHIAN, MD, a 1972 graduate of the WVU School of Medicine, created the Fithian Family Foundation Endowment for Behavioral Medicine and Psychiatry at the School of Medicine. The \$100,000 pledged endowment provides discretionary monies for the chair of the department to use in support of teaching, research and clinical outreach. Fithian is founder, president and medical director of California Forensic Medical Group, that state’s leading provider of health care service to the California Corrections System.

\$8.6 MILLION (OR 20.7%) of the total disbursements on behalf of the University were directed toward student scholarship support, which made attendance at WVU a reality for many students – primarily state residents – and eased the financial burden for others.

\$12.4 MILLION (OR 29.9%) of total disbursements for the University were directed toward faculty salaries, professional development grants and awards – which enabled the University to attract and retain the highest caliber of faculty for teaching, research and public service.

JESSIE MAY HACKETT, mother of James K. Hackett, Health Sciences Center associate vice president for administration and finance, established a charitable remainder unitrust with a gift of appreciated Missouri real estate. The sale of the real estate netted almost \$400,000, which will provide income to Mrs. Hackett and her designee for life, as well as reducing her tax burden in 2004.

ALICE TROTTER MUFFLY created two endowed professorships for the College of Human Resources and Education (HR&E) through a gift arrangement that pays lifetime income to her. The Alice Trotter Muffly Professorships will support two distinguished faculty positions in the future.



Alice Trotter Muffly

These are the first endowed professorships to be established in the College. Ms. Trotter Muffly is a Morgantown native and a 1949 HR&E graduate.

AMERICAN ELECTRIC POWER pledged \$250,000 to WVU's College of Engineering and Mineral Resources. The gift establishes the American Electric Power Engineers of Tomorrow Fund which primarily will support programs designed to encourage K-12 students in Appalachia, in particular women and underrepresented minorities, to enter engineering and computer science professions. The Fund also supports programs that focus on retention and career placement.

SAFARI CLUB INTERNATIONAL FOUNDATION (SCIF) Sables selected WVU as the first institution to offer its SCIF Sables C.J. McElroy Hunting Heritage Scholarship Fund. The fund

provides at least one undergraduate scholarship per academic year in the Division of Forestry of WVU's Davis College of Agriculture, Forestry, and Consumer Sciences. In 1965, Mr. McElroy founded SCI. He passed away in March 2002, leaving behind a legacy of knowledge and respect for the sport of hunting and its benefits to society. Through his estate, Mr. McElroy donated \$25,800 to the Sables division of Safari Club International to be developed and offered as scholarships to wildlife management students at a university that promotes wildlife education.

THE FOUNDATION ADDED 19 new life income arrangements – unitrusts, annuity trusts and gift annuities – during the past year, bringing the total to 253 with current aggregate value of approximately \$24.8 million.

THE FOUNDATION UTILIZES the services of an investment manager specifically for life income arrangements. By investing these unique gifts separately from the endowment portfolio, investment objectives more closely can match the various needs and requirements of each individual agreement. Currently, two investment pools (equity and fixed income) have been established for this purpose. Each participant's portfolio is typically comprised of set percentages of the two pools.

<i>ENDOWMENT VALUE PER STUDENT</i>		
<i>Fiscal Year</i>	<i>Endowment</i>	<i>\$/Student</i>
1995	\$140,591,000	\$ 6,248
1996	\$162,266,000	\$ 7,541
1997	\$196,508,000	\$ 9,038
1998	\$242,332,000	\$10,897
1999	\$273,682,000	\$12,307
2000	\$323,052,000	\$14,477
2001	\$313,000,000	\$14,024
2002	\$296,800,000	\$13,032
2003	\$304,964,000	\$12,982
2004	\$349,700,000	\$14,415

FINANCIAL PERFORMANCE

WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

CONDENSED STATEMENTS OF FINANCIAL POSITION

(Dollars in Thousands)

	June 30	
	2004	2003
Assets		
Cash and cash equivalents	\$12,811	\$19,129
Contributions receivable, net	37,855	21,738
Other receivables, net	4,039	4,155
Investments carried at estimated fair value:		
Short-term	48,345	37,141
Long-term	522,307	469,603
	570,652	506,744
Equity investment in limited partnership	4,560	4,649
Land, buildings and equipment, net	28,924	29,920
Beneficial interest in external trusts at estimated fair value	8,797	7,817
Other assets	5,916	5,143
Total assets	\$673,554	\$599,295
Liabilities and net assets		
Liabilities:		
Bonds payable net of unamortized discount of \$1,023 and \$1,052 at June 30, 2004 and 2003	\$31,717	\$32,258
Interest and accounts payable and other liabilities	2,778	1,260
Accrued supplemental retirement benefits and deferred compensation	6,105	4,269
Annuity obligations	14,726	13,625
Agency liabilities	225,270	203,908
Total liabilities	280,596	255,320
Net assets:		
Unrestricted	12,566	15,403
Temporarily restricted	53,056	50,725
Permanently restricted	327,336	277,847
Total net assets	392,958	343,975
Total liabilities and net assets	\$673,554	\$599,295

WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

CONDENSED STATEMENTS OF ACTIVITY

(Dollars in Thousands)

	Years ended June 30	
	2004	2002
Revenues, gains and other support		
Contributions	\$57,502	\$27,597
Registration and other fees	4,266	3,231
Gains (losses) on investments:		
Interest and dividends	7,873	8,089
Net realized gains (losses) on sales of investments	14,334	(5,753)
Net unrealized gains (losses) on investments	12,924	7,214
Gains (losses) on investments:	35,131	9,550
Revaluation of beneficial interests in perpetual trusts	(437)	(2,334)
Lease revenue	2,382	1,975
Other revenue	1,489	1,633
Total revenues, gains and other support	100,333	41,652
Expenses and Support		
University support*:		
University salaries and professional development grants and awards	12,388	10,451
Student support	8,638	8,010
Faculty, staff and student travel	1,853	1,900
Cultural programs and meetings	2,994	2,955
Professional services	2,888	3,847
Capital projects and equipment	8,690	8,254
Other support	4,077	4,293
	41,528	39,710
Expenses of Foundation directed fund raising activities	3,799	3,458
Foundation financial management expenses	2,253	2,033
Occupancy expense	2,406	2,428
Total expenses and support	49,986	47,629
Provision for uncollectible pledges	2,252	299
Net (gains) losses on revaluation of annuity payable	(888)	1,109
Total expenses, support and gain	51,350	49,037
Change in net assets	48,983	(7,385)
Net assets at beginning of year	343,975	351,360
Net assets at end of year	\$392,958	\$343,975

* Included in university support are University directed fund raising costs which approximated \$3.5 million and \$3.2 million in 2004 and 2003.

WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

CONDENSED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Years ended June 30	
	2004	2003
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$48,983	\$(7,385)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial (gain) loss on annuity obligations	(888)	1,109
(Increase) decrease in contributions receivable	(16,117)	8,386
Contributions restricted for long-term investment	(25,426)	(9,476)
Depreciation expense	1,207	1,209
Net realized and unrealized gains on investments	(27,258)	(1,461)
Change in beneficial interest in external trusts	(980)	2,334
Change in agency liabilities	1,999	177,848
Changes in operating assets and liabilities	1,958	1,594
Net cash (used in) provided by operating activities	(16,522)	174,158
Cash flows from investing activities		
Purchase of land, buildings, and equipment	(211)	(121)
Change in long-term cash classified as investments	19,208	(11,237)
Purchases of investments	(1,452,815)	(739,321)
Proceeds from sales and maturities of investments	1,418,596	567,948
Net cash used in investing activities	(15,222)	(182,731)
Cash flows from financing activities		
Proceeds from contributions restricted for endowment	25,426	9,476
Net cash provided by financing activities	25,426	9,476
(Decrease) increase in cash and cash equivalents	(6,318)	903
Cash and cash equivalents at beginning of year	19,129	18,226
Cash and cash equivalents at end of year	\$12,811	\$19,129

WEST VIRGINIA UNIVERSITY FOUNDATION, INCORPORATED

RECONCILIATION OF CONTRIBUTIONS

(Dollars in Thousands)

	Years ended June 30	
	2004	2003
Contributions		
Contribution amounts recorded as gifts by the Foundation	\$48,631	\$42,117
Difference in valuation of trust gifts for financial statement presentation	(4,266)	-
In-kind gifts received directly by the University	(1,573)	(1,038)
Change in gross contributions receivable	18,752	(8,087)
Life income gifts reclassified to annuities payable	(2,346)	(3,361)
Contributions from perpetual trusts reclassified to interest income	(521)	(526)
Life income gifts released from annuities payable due to termination of trust	400	103
Contribution recorded as agency liability	(1,575)	(1,611)
Contributions per the statements of activity	\$57,502	\$27,597

REPORT OF INDEPENDENT AUDITORS ON CONDENSED FINANCIAL STATEMENTS

Board of Directors
West Virginia University Foundation, Incorporated

We have audited, in accordance with generally accepted auditing standards, the statements of financial position of West Virginia University Foundation, Incorporated at June 30, 2004 and 2003, and the related statements of activity and cash flows for the years then ended (not presented separately herein) and in our report dated August 20, 2004, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed financial statements presented on pages 9 through 12 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Ernst + Young LLP

Charleston, West Virginia
August 20, 2004

INVESTMENT MANAGEMENT OVERSIGHT

THE MARKET

DESPITE A POSITIVE CORPORATE earnings season and continued economic recovery, investors lacked conviction during the latter half of the Foundation's fiscal year to sustain the 2003 rally. During the first six months of our financial year, the S&P 500 Index was up 15%, but for the latter half of the year (January-June 2004), the Index was up only a modest 3%. Indeed, as of this writing, the entire equity market has traded like a cyclical stock. Even with better-than-expected earnings, the market has not bid up the prices of many stocks. Most likely, it is this scenario that will ultimately determine the return one can expect to receive in the stock market for the foreseeable future. Over the course of the year, the price-earnings multiple has declined from 18.2 to 15.0 times on a forward basis, and many market experts predict similar earnings multiples through 2005. Other factors such as the price of oil, the war on terrorism, the Presidential election and an active hurricane season also are influencing the market's direction in the near term.

Fixed income markets behaved in similar fashion during the Foundation's 2004 Fiscal Year. The lack of enthusiasm for equities, in spite of low P/E multiples, means that stocks are still cheap, on a relative basis, when compared with fixed income. The U.S. bond market experienced its worst quarterly return in 10 years for the period ended June 30, 2004, with the Lehman Aggregate Bond Index down 2.4%. On June 30, 2004, the Federal Reserve began its anticipated tightening cycle by raising its benchmark overnight rate by 25 basis points to 1.25%, the first official rate increase in four years. While most bond analysts predict higher rates in the future, today the 10-year U.S. Treasury has a yield to maturity of 4.10%. The current slow pace of inflation may allow the Federal Reserve to stay with its plan to raise interest rates at what it calls a "measured" pace, perhaps in a trading range of 4 to 4.5% in the current cycle.

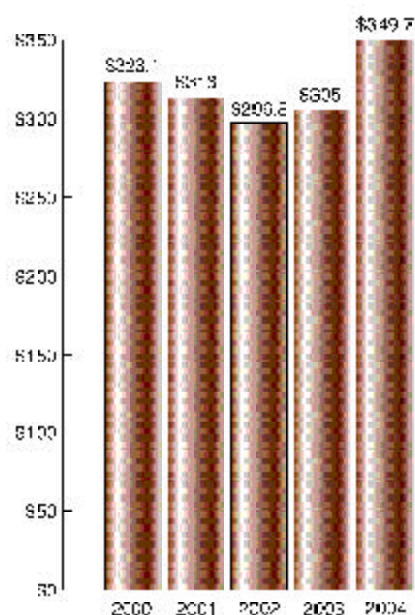
In light of current market conditions, the Foundation's Investment Policy governing its endowed funds has been designed to provide West Virginia University, its

affiliates and its donors with consistently strong investment results over the longer-term while preserving capital. As promised in last year's annual report, the result of the Foundation's in-depth study of its asset allocation, spending policy and tolerance for risk will be discussed later in this section.

INVESTMENTS UNDER MANAGEMENT

FOR THE FISCAL YEAR ending June 30, 2004, the Foundation's investment assets under management totaled \$580 million compared with \$519 million the previous year. Of this total, Foundation endowed investments totaled \$328 million (up from \$292 million), representing approximately 57% of its total investment assets. In addition to the endowment, the

TOTAL ENDOWMENT



FISCAL YEAR AMOUNTS IN MILLIONS

Foundation's non-endowed investment portfolio totaled approximately \$37 million at June 30, 2004, and assets managed on behalf of West Virginia University Hospitals, Inc. totaled \$215 million (up from \$193 million).

INVESTMENT RETURN

THE FOUNDATION'S PRELIMINARY investment return (before fees) for the endowed portfolio for the fiscal year ending June 30, 2004 was 13.3%. The return for the same period that ended June 30, 2003 was 3.0%. The five- and 10-year annualized returns were 3.3% and 10.6%, respectively. Fixed income alternatives and non-marketable assets (especially real estate and energy) produced exceptional returns. The actual return will be calculated once the non-marketable asset returns, which lag by one-quarter on a reporting basis, are finalized.

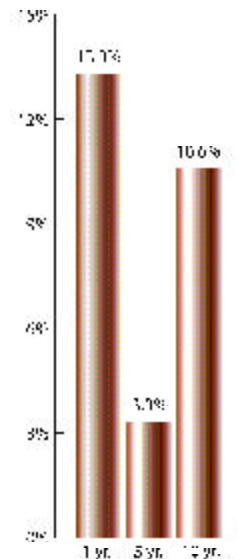
INVESTMENT MANAGEMENT

ALTHOUGH EACH ENDOWED fund (1,882 as of 6/30/04) is distinct in purpose, endowment funds are commingled in an investment pool and tracked using unit accounting, much like a mutual fund. Each endowed gift of cash, property or securities is valued and exchanged for units that represent ownership in a portion of the whole investment portfolio.

The Foundation's Investment Committee is empowered by the Board of Directors to assume oversight responsibility for all matters pertaining to the Foundation's investment assets under management, including its asset allocation, spending policy and tolerance for risk. In addition to providing direction and expertise to the Foundation's Investment Division, one of the primary duties of the Investment Committee is to articulate and maintain the Foundation's Investment Policy. The Policy serves as the blueprint for the Foundation's investment philosophy, objectives and guidelines for both endowed and non-endowed assets. The Policy addresses such items as asset mix, spend policy, performance measurement targets, investment manager criteria and risk tolerance.

The Investment Committee approves the selection of investment products and managers. The majority of the Foundation's endowed and non-endowed investment assets are managed through separate accounts with nationally recognized investment managers who share a common goal: to ensure that the assets under

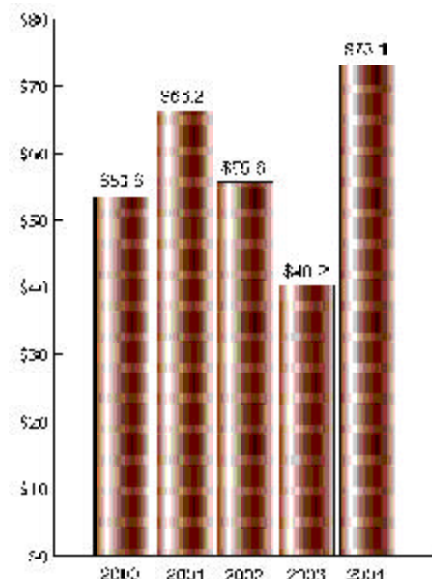
ANNUALIZED INVESTMENT RETURN



management are diversified and invested in a manner that is consistent with the long-term needs of the Foundation.

Investment Division personnel conduct thorough due diligence on every fund manager and each investment opportunity before adding them to the portfolio. This process is similar to due diligence performed by

TOTAL REVENUE



FISCAL YEAR AMOUNTS IN MILLIONS
DOES NOT INCLUDE INVESTMENT GAINS (LOSSES)

other institutional investors and would comply with best practices.

Once an investment is made, Investment Division personnel assume responsibility for the ongoing monitoring of each investment in the endowed and non-endowed portfolios. Investment results are compiled and reported by State Street Bank & Trust, the Foundation's custodian, and by the individual managers or partnerships. These results are then analyzed by the Foundation's Investment Accounting team for accuracy. In order to measure performance, the results also are compared to appropriate benchmark and peer institutional returns. In addition, Investment Division personnel regularly (at least annually) meet with representatives of each of its investments to discuss matters of relevance regarding the portfolio under management, personnel changes at the investment firm and the market in general.

ISSUES OF RISK

PROPER RISK MANAGEMENT is crucial in determining the appropriate asset mix of the endowed and non-endowed portfolios. The endowment corpus (or principal) in particular must remain in perpetuity. In our role as fiduciaries, we accept the requirement that we manage the endowment for the benefit of present beneficiaries, without either advantaging or disadvantaging future beneficiaries. Philosophically speaking, the longer the time horizon (and "in perpetuity" is a long, long time), the greater should be the emphasis on risk-adjusted returns rather than nominal returns.

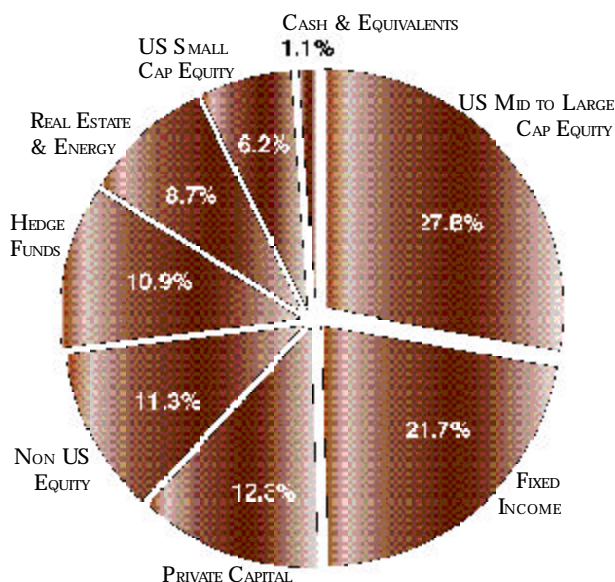
With this in mind, it is imperative that the Investment Committee and Investment Division personnel manage the endowed portfolio for the distant future and remain committed to an asset mix that meets these mission-critical objectives. In the Investment Division's Strategic Plan 2009, recently presented to the Foundation's Board, five values underpin all decisions and actions: integrity, excellence, fortitude, conviction and patience. By re-visiting these values on a daily

basis, these principles permit the Investment Division to remain true to its mission.

ASSET ALLOCATION AND SPEND POLICY

THE FOUNDATION'S ASSET allocation and spend policy underwent an extensive review during the year. With the assistance of professional advisors, we addressed the issue of constructing a policy portfolio that would provide the optimal mix to generate higher real (inflation-adjusted) returns for the endowed funds over a long period of time. At the same time, we evaluated the risk profile inherent in that same basket of diversified assets. We engaged The Commonfund to run its Allocation Planning Model, a sophisticated program that generates possible future outcomes (returns) of random changes in the yield curve, inflation rate and the distribution of real returns. The result is a simulation of some 2000 scenarios over 20 years. We then examined the impact of these scenarios on various asset classes in the portfolio.

ASSET ALLOCATION (6/30/04)



The returns were evaluated on a risk-adjusted basis. As a result of this process, an optimal portfolio was designed to limit the downside risk of a basket of diversified assets while maximizing the expected future value of those assets.

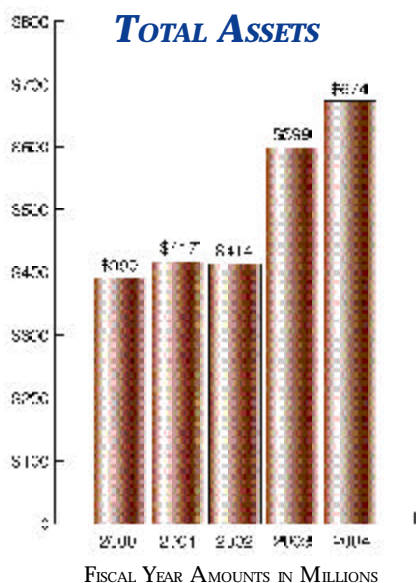
The Investment Committee recommended, and the Board approved, an asset allocation policy for the endowment as follows: public equities, 42%; alternative investments, 34%; and public fixed income, 24%. The long-term median total return target for this asset allocation is expected to be 9.5% per annum with a standard deviation of less than 10%, which compares very favorably with endowments of \$1 billion and more.

The importance of an undertaking such as this is highlighted in the Association of Governing Boards of Universities and Colleges (AGB) paper, "Taking Account of Risk: Questions for University

Foundation Boards in an Age of Altered Returns," based upon an AGB Forum for Foundation Executives held in January, 2004.

The decision to adopt a revised spending policy was the result of this same exercise to determine the most prudent method of preserving the long-term value of the endowment for future student generations ("intergenerational equity"). It became evident that the previous spend policy, based on the trailing 12-quarter average market value of the endowment, led to overspending and an erosion of intergenerational equity.

Therefore, the Board of Directors adopted a banded inflation approach in which spending is based on current endowment assets, not those of the previous three years. For the fiscal year ending June 30, 2004, the spend amount was set at 4.08% (4% adjusted by the trailing 12-month Consumer Price Index rate of 2.1%). Spend will be calculated annually on July 1 and will be based on the prior year's actual spend amount adjusted by the trailing twelve-month inflation rate, with a minimum guaranteed spend of 3% and a maximum spend of 6%. By implementing this banded inflation approach, the Foundation believes that it has increased its probability of preserving intergenerational equity from 60% to 80%. For the Foundation's fiscal year beginning July 1, 2004 (FYE 6/30/05), the spend rate was set at 4.22%.



SERVING WVU AFFILIATED ENTITIES

IN JANUARY, 2003, the Foundation entered into an Investment Agency Agreement with West Virginia University Hospitals, Inc. (the "Hospitals"), an affiliate of WVU and a 501(c)(3) corporation. In its capacity as Investment Agent for the Hospitals, the Foundation manages quasi-endowed funds, which at the Hospitals' fiscal year end December 30, 2003, had a market value of \$208.7 million (12/31/02: \$168.1 million) and generated a return of 17.3% (12/31/02: -9.2%). We are thankful that the Hospitals' Board has placed confidence in the Foundation and we are committed to fulfilling our fiduciary obligation in the management of the Hospitals' assets according to the highest investment standards.

WVU FOUNDATION IN PERSPECTIVE

THE MISSION OF THE West Virginia University Foundation, Inc. is to aid, further and support the work and purposes of West Virginia University and its non-profit affiliates in a proper and useful way. The Foundation is an independent 501(c)(3) corporation chartered in 1954 to generate, administer, invest and disburse contributed funds and properties in support of West Virginia University.

A DVANTAGES OF AN

INDEPENDENT FOUNDATION

THE EXISTENCE OF THE Foundation as an independent organization offers several important advantages to the University and to donors as compared with the alternative of solicitation and administration of private donations by a public entity. Accordingly, the University encourages the Foundation in its endeavors to secure and administer private support.

As an independent, non-profit corporation, the WVU Foundation provides the following advantages:

- *CONFIDENTIALITY of donor information and anonymity when requested.*
- *MAINTENANCE of fund accounts from one fiscal year to the next, whereas many state accounts must be closed at the end of each fiscal year.*
- *FLEXIBILITY in the investment options of money needed for near-term disbursements.*
- *DIVERSITY in choosing long-term investment opportunities for endowed assets.*
- *TIMELINESS, flexibility and service are made available to the University through efficiency-centered, streamlined business operations.*
- *LONG-TERM perspective on the needs and priorities of the University unaffected by political vagaries and other short-term circumstances.*

A SSET MANAGEMENT

THE FOUNDATION EXISTS FOR the benefit of West Virginia University. Therefore, serving the University's interests is at the heart of the Foundation's financial management. However, in managing gift dollars the Foundation must serve a two-fold constituency. The first constituent is the donor whose gift is the result of loyalty and commitment to the University. The second constituent is the beneficiary of the gift – that is, the University. The Foundation serves as fiduciary for these funds and is accountable to donors for the use of contributions in accordance with their restrictions. Further, the Foundation's financial statements are audited by an independent accounting firm.

D IFFERENT MANAGEMENT

PRACTICES FOR DIFFERENT GIFTS

GIFTS OF SEVERAL TYPES and with various terms may be made to the Foundation for the benefit of the University. Each requires different financial treatment. Gifts are commonly made in the form of cash, marketable securities, real estate, personal property, life insurance and bequests (i.e. wills). Donors may designate their gifts either as expendable or as endowment.

Endowed funds must be invested and kept intact with only the earnings available for expenditure. In addition to specifying whether a gift is to be expendable or endowed, the donor may choose to restrict

the gift to a particular department, program, or purpose.

FUND ACCOUNTING PRACTICES

THE FOUNDATION PRACTICES “FUND management” to ensure that gifts are managed and expended in accordance with donors’ intents. The Foundation currently manages over 3,500 funds (i.e. individual accounts) on behalf of the University, each with its own particular restrictions.

When a gift is received, the terms of the gift are reviewed to determine whether the donor intended it to be expendable or established as an endowment. Also, any restrictions regarding particular colleges, schools or programs are noted. The gift is then deposited into a fund with management restrictions that coincide with the donor’s intent. Every gift received by

the Foundation is individually evaluated in the same manner.

COLLEGE AND SCHOOL INVOLVEMENT

EACH FUND HAS A budget officer who is responsible for certain elements of proper administration. Deans serve as budget officers for funds benefiting their respective colleges or schools and program directors serve as budget officers for University administrative units.

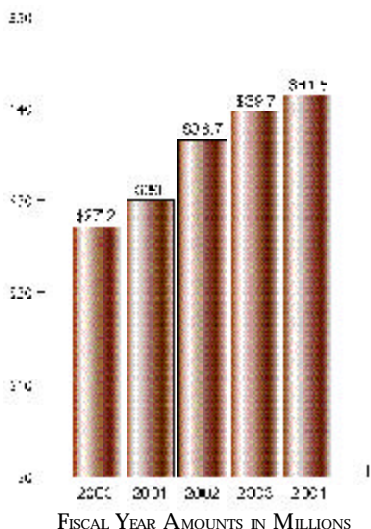
Budget officers forward requests to the Foundation for the expenditure of funds for purposes consistent with the terms and restrictions of the respective funds.

USE OF UNRESTRICTED GIFTS

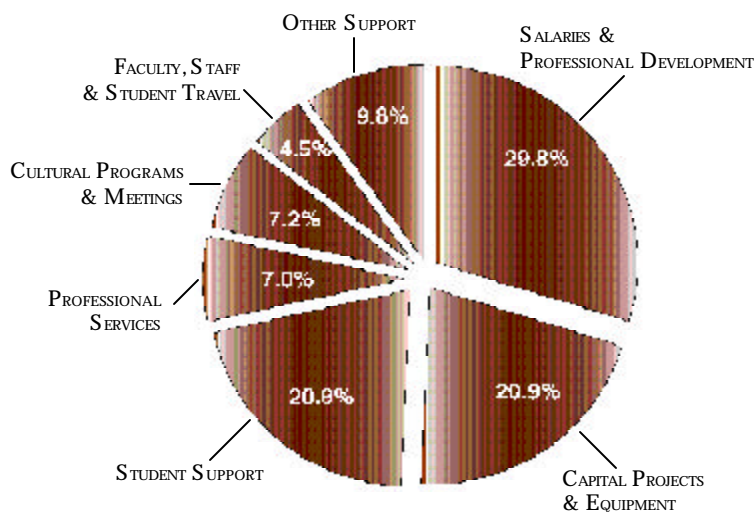
UNRESTRICTED FUNDS SUPPORT NUMEROUS University programs including student activities and scholarships; faculty research; travel; faculty and staff development; awards for public service, teaching and research; conferences; art gallery collections; and many other purposes as deemed important by the University. No unrestricted gifts are used to fund the Foundation’s operations.

In short, the uses of unrestricted gifts are based upon the most important and urgent needs of the University. As fiduciary of gift dollars, the Foundation maintains continual interaction with the University to enable effective use of unrestricted contributions. While the amount of unrestricted gifts is relatively small, these gifts are extremely valuable to the University.

DISBURSEMENTS ON BEHALF OF WVU



DISBURSEMENTS BY FUNCTION



DEVELOPMENT PROGRAMS

THE WVU FOUNDATION coordinates the college, school and unit development efforts on behalf of West Virginia University. The Foundation's central development programs consist of The Annual Fund, Constituency Development (colleges, schools and units), Corporate and Foundation Relations, Major Gifts, Planned Giving, Research, and Donor Relations. Individual colleges, schools and selected programs have development offices, which work closely with the Foundation on all fund raising activities.

The Robert C. Byrd Health Sciences Center development program is directed by the Foundation's Vice President for Development for Health Sciences. The Health Sciences' fund raising efforts embrace their various schools and programs, including WVU Hospitals

THE ANNUAL FUND

THE ANNUAL FUND is an important source of private financial support that ensures students receive a quality education at West Virginia University. Gifts contributed by a wide range of donors help to support student funds, provide library resources, purchase laboratory and computer equipment, bring visiting lecturers to campus and much more. The University Fund provides vital resources that allow the University to excel as a world-class research facility and an exemplary teaching institution. Those resources also enable WVU to perform services and outreach to the state, region and nation, thus fulfilling its land-grant mission.

FACULTY/STAFF ANNUAL FUND — Each year the faculty and staff make gifts to financially strengthen the University and to help show potential donors the importance of private support. Generous internal financial contributions are an excellent example of how WVU faculty and staff support the University beyond their day-to-day responsibilities.

FOUNDATION PARTNERS — This group was established to honor alumni and friends who provide WVU with a solid base of ongoing private financial support by contributing \$1,000 or more each year.

Membership in this elite group has a tremendous impact on the University and is open to all alumni and friends of WVU who make an annual gift or gifts totaling \$1,000 or more. Giving each year at the level of \$1,000 or more is required for continuing membership. All gifts made during the fiscal year (July 1 – June 30) are applied toward membership.



While enhancing the academic environment for students, Foundation Partners also is creating opportunities for faculty and staff to achieve higher levels of academic excellence and service. This generosity inspires others to raise their own philanthropic sights and follow suit.

MOUNTAINEER LINE — This is the Foundation's telemarketing program in which WVU students contact alumni and friends on behalf of WVU's colleges, schools and selected programs. Integral to the University's development efforts, the callers add personality and style to WVU's outreach to alumni and friends. Mountaineer Line students inform alumni of campus news and events, update personal



records, answer questions and ask for support of various programs.

MOUNTAINEER MARK — This program gives West Virginia University seniors an opportunity to make their first-ever gift to West Virginia University's academic programs. All senior donors have their names placed on a plaque to honor their senior gift.



STUDENT SUPPORT FUND — This fund was created as a way for parents of WVU undergraduate students to further maintain and enhance the excellence of the University. Gifts to the fund directly benefit current undergraduates. Among the programs the fund helps are Mountaineer Parents Club, WVU Libraries, WVU All Night, Student Emergency Relief Fund and University Health Services Student Assistance Fund.

C ONSTITUENCY D EVELOPMENT

THE CONSTITUENCY DEVELOPMENT PROGRAM provides leadership, management, direction, training and evaluation for the college, school and unit-based development network. It helps to maximize the fund-raising potential of West Virginia University's colleges, schools and selected programs.

CONSTITUENCY DEVELOPMENT GIFTS TO COLLEGES, SCHOOLS & UNITS DURING FISCAL YEAR 2004

<i>College/Unit</i>	<i>Contributions</i>
Academic Affairs & Research	\$577,150.00
Blanchette Rockefeller Neurosciences Institute	\$2,331,320.50
College of Business & Economics	\$1,293,543.49
College of Creative Arts	\$6,700,787.85
College of Engineering & Mineral Resources ...	\$2,688,679.79
College of Human Resources & Education	\$145,392.73
College of Law	\$1,752,770.52
Davis College of Agriculture, Forestry & Consumer Sciences	\$580,887.32
Eberly College of Arts & Sciences	\$3,613,722.04
Extension Service	\$240,552.37
Extension Service - West Virginia 4H	\$467,587.98
Fund for WVU	\$80,170.05
Institutional Advancement	\$61,179.00
Intercollegiate Athletics	\$11,309,837.67
Mary Babb Randolph Cancer Center	\$3,256,956.35
National Research Center for Coal & Energy	\$49,100.00
Perley Isaac Reed School of Journalism	\$100,290.99
Potomac State College of WVU	\$189,748.53
President's Office	\$46,300.00
Robert C. Byrd HSC - General	\$480,869.98
Robert C. Byrd HSC - Charleston	\$64,428.50
School of Dentistry	\$395,809.82
School of Medicine	\$3,534,747.85
School of Nursing	\$149,314.92
School of Pharmacy	\$552,402.88
School of Physical Education	\$879,204.00
Student Financial Aid*	\$2,417,354.66
WVU Alumni Association	\$380,728.58
WVU Hospitals	\$1,681,510.19
WVU Libraries	\$460,385.44
Unrestricted	\$442,983.03
Undesignated	\$463,078.02
Other	\$1,242,191.82
Total Contributions	\$48,630,986.87

** Funds for student scholarships designated to specific colleges and schools are reflected in those colleges' and schools' respective contributions and not in student financial aid.*

CORPORATE AND FOUNDATION RELATIONS

THE MISSION OF THE OFFICE of Corporate and Foundation Relations is to increase corporate and foundation support for West Virginia University by facilitating mutually beneficial relationships with corporations and foundations that support the priority needs of WVU's colleges and schools.

MOUNTAINEER EXECUTIVES — An affinity program within the WVU Foundation, its members are WVU alumni who are or have been senior-level corporate executives. Mountaineer Executives offers these alumni value-added communications, networking opportunities and access to the many resources and knowledge base of West Virginia University.



MAJOR GIFTS

THE FOUNDATION'S MAJOR GIFTS program works with all colleges, schools and programs of the University to reach out to donors across the country. Each member of the Major Gifts staff is assigned to a specific geographic area and then works individually to identify the interests of WVU alumni and other friends in supporting the University. The staff serve as resources for all campus units. They present the highest priorities of the institution and its constituent components to individuals with the resources and interest in making gifts of \$25,000 or more.

PLANNED GIVING

THE PLANNED GIVING PROGRAM helps those whose best choice for supporting West Virginia University, Potomac State College of WVU, Mountaineer Athletic Club, or West Virginia

4-H is through an estate or retirement planning gift option. Information about those options that will fulfill the individual's dreams is made available through personal contact, mailings, newsletters, the Foundation's web site, publications and seminars. Providing appropriate assistance to financial advisors through similar sources is also important.

IRVIN STEWART SOCIETY — Named for WVU's 13th president, the Society honors those individuals whose gifts provide for the future of the University. Founded in 1992, the Society has more than 535 living members. Membership is bestowed upon donors of gifts made through wills or revocable trusts, income-producing gifts, testamentary retirement account gifts, life insurance and real estate remainder interest gifts.



RESEARCH

THE RESEARCH DEPARTMENT IDENTIFIES potential contributors and their possible interests in the University's colleges, schools, units and programs. Through these efforts, the Foundation attempts to provide investment opportunities in WVU's programs of particular interest to individuals and corporations, which are worthy of their generous financial support.

DONOR RELATIONS

THE STEWARDSHIP AND DONOR RELATIONS OFFICE was created to fulfill the WVU Foundation's commitment to maintain and strengthen its relationship with those donors who provide essential support for the needs of West Virginia University.

WOODBURN CIRCLE SOCIETY – Named for the original three buildings on campus – Woodburn, Martin and Chitwood – considered the foundation of today’s West Virginia University, the Society recognizes those who have made gifts and pledges of \$100,000 or more to benefit the University and its affiliated organizations. Members are honored at an annual black-tie induction dinner, invited to special events, dedications and lectures and listed on the Foundation’s Donor Honor Wall.



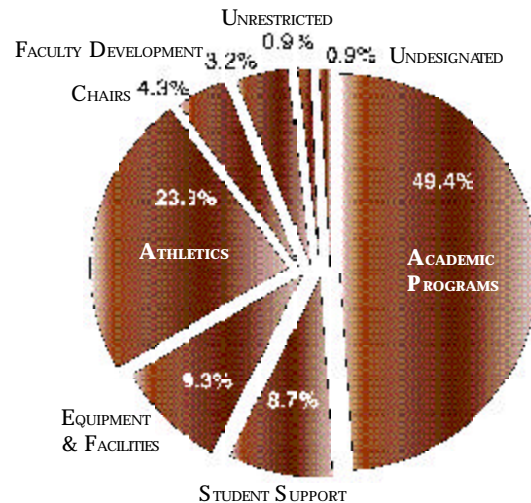
ENDOWMENT CLUB — Recognizes those who have made financial investments in the future of West Virginia University by creating an endowed fund through the WVU Foundation. Members receive financial reports on their endowments at the end of each fiscal year, the Foundation’s Annual Report and invitations to special events, dedications and lectures.

SCHOLARSHIP, FELLOWSHIP AND STUDENT AWARD BRICKS — Honor the donors of endowed funds benefiting students in a visible and permanent way. The Foundation engraves the name of each endowed scholarship, fellowship and student award at WVU into a brick. These bricks serve as the pathway of the Ernest L. Hogan Scholars Walk located directly in front of the University’s Downtown Library Complex.



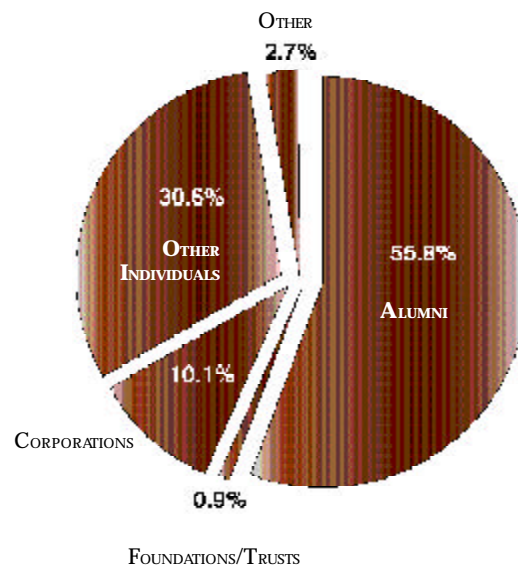
SCHOLARSHIP WEB PAGE — A comprehensive private scholarship search site at <http://domino.wvuf.wvnet.edu/fundsched.nsf>, which allows information on all endowed scholarships administered by the Foundation and awarded by the University to be accessible via the Internet. Scholarship descriptions on the site include selection criteria and biographical information about the individual(s) for whom each scholarship is named. The WVU Foundation earned the prestigious CASE Circle of Excellence Award in 2002 for its Scholarship Web Page.

GIFTS BY DONOR DESIGNATION

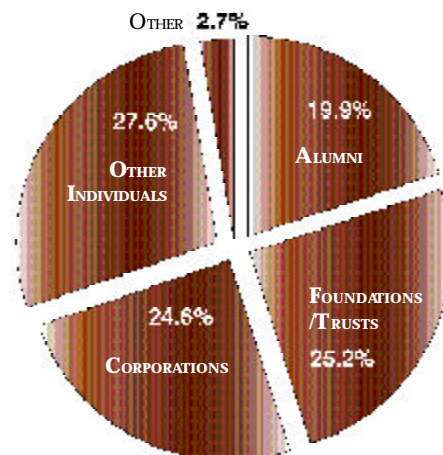


GIFTS BY SOURCE

DONORS



DOLLARS



Building Greatness Campaign Final Report

CAMPAIGN TOPS \$336.2 MILLION



WEST VIRGINIA UNIVERSITY WILL continue to benefit for years to come from the results of the *Building Greatness Campaign* – \$336,238,381. The five year historic campaign, which concluded on Dec. 31, 2003, had a goal of \$250 million. The Campaign was conducted by the WVU Foundation on behalf of the University and its affiliated organizations.

“We will continue to seek additional private support for WVU; for, in the midst of global financial uncertainty and fiscal pressures, one reality remains crystal clear—private support has been and will continue to be critical to West Virginia University’s future.”

Raymond J. Lane, National Campaign Chair



- ◆ 9 gifts in excess of \$5 million
- ◆ 56 \$1 million+ donors contributed 58% of total raised
- ◆ 359 \$100,000+ donors contributed 82% of attainment
- ◆ 863 \$25,000+ donors contributed 90% of attainment
- ◆ 50,988 donors
- ◆ 28 cities across the nation were sites of Campaign events
- ◆ 10 cities in West Virginia visited for Campaign events

\$336+ Million
(Achieved at
Campaign’s
End 12-31-03)

\$250 Million
Goal
(Achieved 3-31-03)

AMOUNTS BY CAMPAIGN CATEGORIES

Student Support	\$68,718,865
Faculty Enhancement	\$30,832,432
Library Enrichment	\$4,852,454
Academic Research & Initiatives	\$105,765,611
Campus Development & Technology	\$37,139,801
21 st Century Opportunities	\$54,429,289
Funds unrestricted in use	\$3,000,000
Funds yet to be designated by donors	\$31,499,929

ENDOWMENT STATISTICS

- 46% of Campaign gifts strengthened existing endowments or created new endowments
- 737 New Endowments Created
- 46 New Chairs & Professorships
- 250 New Scholarships & Fellowship Funds
- 64 New Student-Athlete Scholarships Funds

AMOUNTS BY GIFT TYPE

Outright Gifts	\$138,812,503.68
Pledge Payments	\$108,117,174.71
Outstanding Pledges (as of 12/31/03)	\$42,538,134.39
Trust & Annuities	\$14,461,911.92
New Expectancies (not probated or paid as of 12/31/03)	\$31,596,661.28



“The greatest gift we can give to the republic is the education of our youth.”

– Plato



“The success of the *Building Greatness Campaign* has sent a clear message: WVU is an institution of the highest quality and is worthy of private support. West Virginia University is stronger than ever and it will be an even stronger institution in the future because of the generosity of the 50,988 donors to the Campaign. More students will have the opportunity to pursue a WVU education through the new scholarship funds that have been created. The University will be better able to attract and retain some of the nation’s best teachers and scholars. Faculty and students will find enhanced resources in our libraries. More support will be available for researchers. With continued private support in future years, WVU’s quality and service to our state and nation will achieve even higher levels.”

WVU President David C. Hardesty Jr.

GEOGRAPHIC CHARACTERISTICS OF DONORS

From 26 nations
From 50 states plus District of Columbia,
Puerto Rico & Virgin Islands
48% are West Virginia residents

SAFETY NET PROGRAM

Goal was to contact major gift prospects who live outside University development staff travel areas

- Contacted by telephone approximately 125 individuals
- Almost 30 became either Major/Planned Gift prospects, or Annual Fund Leadership prospects, surpassing predictions
- Letters were mailed to all Major Gift prospects who had not made a gift as of mid-October 2003
- Resulted in new gifts of nearly \$60,000 and an average gift of almost \$1,000

SPECIAL GIFTS PHASE

Every alumnus with a correct address or phone number was solicited for the Campaign in 2003 through the Mountaineer Line telemarketing program

- This effort resulted in 6,870 pledges totaling \$1,010,783
- Participation rate was 40.3%
- Average Campaign gift was \$147 compared to annual average gift of \$72
- 750 alumni made their first gifts ever to WVU
- 1,533 alumni made multi-year pledges

FACULTY & STAFF PARTICIPATION

- Faculty and Staff participation reached an all-time high of 32%
- Over 1,400 faculty or staff made Campaign gifts or pledges between February and December 2002 totaling \$1,082,247

“The *Building Greatness Campaign* has achieved a level of success many thought impossible, especially during these difficult economic times. The achievements of this Campaign demonstrate the confidence and commitment of our alumni and friends to the University and the difference it is making in the lives of the people of West Virginia, the region and the nation. This Campaign ensures that West Virginia University will be able to provide its students a quality education for generations to come.”

F. Duke Perry, president and CEO of the WVU Foundation

