



Mercyhurst  
COLLEGE

**FEDERAL  
FORM  
990**

**June 30, 2007**

b. Within the “low-cost article” limitation.

#### Examples.

1. E offers a basic membership benefits package for \$75. The package gives members the right to buy tickets in advance, free parking, and a gift shop discount of 10%. E’s \$150 preferred membership benefits package also includes a \$20 poster. Both the basic and preferred membership packages are for a 12-month period and include about 50 productions. E offers F, a patron of the arts, the preferred membership benefits in return for a payment of \$150 or more. F accepts the preferred membership benefits package for \$300. E’s written acknowledgment satisfies the substantiation requirement if it describes the poster, gives a good faith estimate of its fair market value (\$20), and disregards the remaining membership benefits.

2. If F received only the basic membership package for its \$300 payment, E’s acknowledgment need state only that no goods or services were provided.

3. G Theater Group performs four plays. Each play is performed twice. Nonmembers can purchase a ticket for \$15. For a \$60 membership fee, however, members are offered free admission to any of the performances. H makes a payment of \$350 and accepts this membership benefit. Because of the limited number of performances, the membership privilege cannot be exercised frequently. Therefore, G’s acknowledgment must describe the free admission benefit and estimate its value in good faith.

**Certain goods or services provided to donor’s employees or partners.** Certain goods or services provided to employees or partners of donors may be disregarded for substantiation and disclosure purposes. Describe such goods or services. A good faith estimate is not needed.

**Example.** Museum J offers a basic membership benefits package for \$40. It includes free admission and a 10% gift shop discount. Corporation K makes a \$50,000 payment to J and in return, J offers K’s employees free admission, a tee shirt with J’s logo that costs J \$4.50, and a 25% gift shop discount. Because the free admission is offered in both benefit packages and the value of the tee shirts is insubstantial, K’s written acknowledgment need not value the free admission benefit or the tee shirts. However, because the 25% gift shop discount to K’s employees differs from the 10% discount offered in the basic membership benefits package, K’s written acknowledgment must describe the 25% discount, but need not estimate its value.

#### Definitions.

**Substantiation.** It is the responsibility of the donor:

- To value a donation, and
- To obtain an organization’s written acknowledgment substantiating the donation.

There is no prescribed format for the organization’s written acknowledgment of a donation. Letters, postcards, or computer-generated forms may be acceptable. The acknowledgment must, however, provide sufficient information to substantiate the amount of the deductible contribution.

The organization may either provide:

- Separate statements for each contribution of \$250 or more, or
- Furnish periodic statements substantiating contributions of \$250 or more.

Separate contributions of less than \$250 are not subject to the requirements of section 170(f)(8), regardless of whether the sum of the

contributions made by a taxpayer to a donee organization during a tax year equals \$250 or more.

**Contemporaneous.** A written acknowledgment is contemporaneous if the donor obtains it on or before the earlier of:

- The date the donor files the original return for the tax year in which the contribution was made; or
- The due date (including extensions) for filing the donor’s original return for that year.

**Substantiation of payroll contributions.** An organization may substantiate a payroll contribution by:

- A pay stub, Form W-2, or other document showing a contribution to a donee organization; and
- A pledge card or other document from the donee organization stating that organization provides no goods or services for any payroll contributions.

The amount withheld from each payment of wages to a taxpayer is treated as a separate contribution.

**Substantiation of payments to a college or university for the right to purchase tickets to athletic events.** The right to purchase tickets for an athletic event is valued at 20% of the payment.

**Example.** When a taxpayer pays \$312.50 for the right to purchase tickets for an athletic event, the right is valued at \$62.50. The remaining \$250 is a charitable contribution that the taxpayer must substantiate.

**Substantiation of matched payments.** If a taxpayer’s payment to a donee organization is matched by another payor, and the taxpayer receives goods or services in consideration for its payment and some or all of the matching payment, those goods or services will be treated as provided in consideration for the taxpayer’s payment and not in consideration for the matching payment.

**Disclosure statement.** An organization must provide a written disclosure statement to donors who make a payment, described as a “quid pro quo contribution,” in excess of \$75 (section 6115). This requirement is separate from the written substantiation acknowledgment a donor needs for deductibility purposes. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

**Quid pro quo contribution.** A “quid pro quo contribution” is a payment that is given both as a contribution and as a payment for goods or services provided by the donee organization.

**Example.** A donor gives a charity \$100 in consideration for a concert ticket valued at \$40 (a quid pro quo contribution). In this example, \$60 would be deductible. Because the donor’s payment exceeds \$75, the organization must furnish a disclosure statement even though the taxpayer’s deductible amount does not exceed \$75. Separate payments of \$75 or less made at different times of the year for separate fundraising events will not be aggregated for purposes of the \$75 threshold.

**Good faith estimate.** An organization may use any reasonable method in making a good faith estimate of the value of goods or services provided by an organization in consideration for a taxpayer’s payment to that organization. A good faith estimate of the value of goods or services that are not generally available in a commercial transaction may be

determined by reference to the fair market value of similar or comparable goods or services. Goods or services may be similar or comparable even though they do not have the unique qualities of the goods or services that are being valued.

**Goods or services.** Goods or services mean:

- Cash,
- Property,
- Services,
- Benefits, and
- Privileges.

**In consideration for.** A donee organization provides goods or services in consideration for a taxpayer’s payment if, at the time the taxpayer makes the payment to the donee organization, the taxpayer receives, or expects to receive, goods or services in exchange for that payment.

Goods or services a donee organization provides in consideration for a payment by a taxpayer include goods or services provided in a year other than the year in which the donor makes the payment to the donee organization.

**Intangible religious benefits.** Intangible religious benefits must be provided by organizations organized exclusively for religious purposes.

Examples include:

- Admission to a religious ceremony, and
- *De minimis* tangible benefits, such as wine, provided in connection with a religious ceremony.

**Distributing organization as donee.** An organization described in section 170(c), or an organization described as a Principal Combined Fund Organization for purposes of the Combined Federal Campaign, that receives a payment made as a contribution is treated as a donee organization even if the organization distributes the amount received to one or more organizations described in section 170(c).

**Penalties.** A charity that knowingly provides a false substantiation acknowledgment to a donor may be subject to the penalties under section 6701 for aiding and abetting an understatement of tax liability.

Charities that fail to provide the required disclosure statement for a quid pro quo contribution of more than \$75 will incur a penalty of \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause (section 6714).

## M. Public Inspection of Returns, etc.

### Through the IRS

Use Form 4506-A to request:

- A copy of an exempt or political organization’s return, report, notice, or exemption application;
- An inspection of a return, report, notice, or exemption application at an IRS office.

The IRS can provide copies of exempt organization returns on a compact disk (CD-ROM). Requesters can order the complete set (all Forms 990 and 990-EZ or all Forms 990-PF filed for a year) or a partial set by state or by month. For more information on the cost and how to order CD-ROMs, call the TEGE Customer Account Services toll-free number (1-877-829-5500) or write to the IRS in Cincinnati, OH at the address in *General Instruction A*.

The IRS may not disclose portions of an exemption application relating to any trade secrets, etc. See the instructions for Schedule B (Form 990, 990-EZ, or 990-PF) that discuss the disclosure of that schedule.

You can only request Forms 990 or 990-EZ for section 527 organizations for tax years beginning after June 30, 2000.

You may inspect a return, report, notice, or exemption application at an IRS office free of charge. You may also obtain a copy of these items through the organization as discussed in the following section.

### Through the organization

**Public inspection and distribution of returns and reports for a political organization.** Section 527 political organizations required to file Form 990, or Form 990-EZ, must, in general, make their Form 8871, 8872, 990, or 990-EZ available for public inspection in the same manner as annual information returns of section 501(c) organizations and 4947(a)(1) nonexempt charitable trusts are made available. See the public inspection rules for "tax-exempt organizations" below. Generally, Form 8871 and Form 8872 are available for inspection and printing from the Internet. The website address for both of these forms is <http://eforms.irs.gov>.

Note that a section 527 political organization (and an organization filing Form 990-PF) must disclose their Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors. See the instructions for Schedule B.

The penalties discussed in *General Instruction K* also apply to section 527 political organizations (Rev. Rul. 2000-49, 2000-44 I.R.B. 430).

**Public inspection and distribution of applications for tax exemption and annual information returns of tax-exempt organizations.** Under Regulations sections 301.6104(d)-1 through 301.6104(d)-3, a tax-exempt organization must:

- Make its application for recognition of exemption and its annual information returns available for public inspection without charge at its principal, regional and district offices during regular business hours.
- Make each annual information return available for a period of 3 years beginning on the date the return is required to be filed (determined with regard to any extension of time for filing) or is actually filed, whichever is later.
- Provide a copy without charge, other than a reasonable fee for reproduction and actual postage costs, of all or any part of any application or return required to be made available for public inspection to any individual who makes a request for such copy in person or in writing (except as provided in Regulations sections 301.6104(d)-2 and -3).

#### Definitions —

**Tax-exempt organization** is any organization that is described in section 501(c) or (d) and is exempt from taxation under section 501(a). The term tax-exempt organization also includes any section 4947(a)(1) nonexempt charitable trust or nonexempt private foundation that is subject to the reporting requirements of section 6033.

**Application for tax exemption** includes (except as described later):

- Any prescribed application form (such as Form 1023 or Form 1024),
- All documents and statements the IRS requires an applicant to file with the form,
- Any statement or other supporting document submitted in support of the application, and

- Any letter or other document issued by the IRS concerning the application.

"Application for tax exemption" does not include:

- Any application for tax exemption filed before July 15, 1987, unless the organization filing the application had a copy of the application on July 15, 1987;
- In the case of a tax-exempt organization other than a private foundation, the name and address of any contributor to the organization; or
- Any material that is not available for public inspection under section 6104.

**Annual information return** includes:

- An exact copy of the Form 990, or Form 990-EZ filed by a tax-exempt organization as required by section 6033.
- Any amended return the organization files with the IRS after the date the original return is filed.

The copy must include all information furnished to the IRS on Form 990, or Form 990-EZ, as well as all schedules, attachments and supporting documents, except for the name and address of any contributor to the organization. See the instructions for Schedule B (Form 990, 990-EZ, or 990-PF).

**Annual returns more than 3 years old.**

An annual information return does not include any return after the expiration of 3 years from the date the return is required to be filed (including any extension of time that has been granted for filing such return) or is actually filed, whichever is later.

If an organization files an amended return, however, the amended return must be made available for a period of 3 years beginning on the date it is filed with the IRS.

**Local or subordinate organizations.** For rules relating to annual information returns of local or subordinate organizations, see Regulations section 301.6104(d)-1(f)(2).

**Regional or district offices.** A regional or district office is any office of a tax-exempt organization, other than its principal office, that has paid employees, whether part-time or full-time, whose aggregate number of paid hours a week are normally at least 120.

A site is not considered a regional or district office, however, if—

The only services provided at the site further exempt purposes (such as day care, health care or scientific or medical research); and

The site does not serve as an office for management staff, other than managers who are involved solely in managing the exempt function activities at the site.

### Special rules relating to public inspection.

**Permissible conditions on public inspection.** A tax-exempt organization—

- May have an employee present in the room during an inspection.
- Must allow the individual conducting the inspection to take notes freely during the inspection.
- Must allow the individual to photocopy the document at no charge, if the individual provides photocopying equipment at the place of inspection.

**Organizations that do not maintain permanent offices.** A tax-exempt organization with no permanent office—

- Must make its application for tax exemption and its annual information returns available for inspection at a reasonable location of its choice.
- Must permit public inspection within a reasonable amount of time after receiving a

request for inspection (normally not more than 2 weeks) and at a reasonable time of day.

- May mail, within 2 weeks of receiving the request, a copy of its application for tax exemption and annual information returns to the requester instead of allowing an inspection.
- May charge the requester for copying and actual postage costs only if the requester consents to the charge.

An organization that has a permanent office, but has no office hours, or very limited hours during certain times of the year, must make its documents available during those periods when office hours are limited, or not available, as though it were an organization without a permanent office.

### Special rules relating to copies.

**Time and place for providing copies in response to requests made in-person.** A tax-exempt organization must:

- Provide copies of required documents under section 6104(d) in response to a request made in person at its principal, regional and district offices during regular business hours.
- Provide such copies to a requester on the day the request is made, except for unusual circumstances (see below).

**Unusual circumstances.** In the case of an in-person request, where unusual circumstances exist so that fulfilling the request on the same business day causes an unreasonable burden to the tax-exempt organization, the organization must provide the copies no later than the next business day following the day that the unusual circumstances cease to exist, or the 5th business day after the date of the request, whichever occurs first.

Unusual circumstances include:

- Requests received that exceed the organization's daily capacity to make copies;
- Requests received shortly before the end of regular business hours that require an extensive amount of copying; or
- Requests received on a day when the organization's managerial staff capable of fulfilling the request is conducting special duties, such as student registration or attending an off-site meeting or convention, rather than its regular administrative duties.

**Agents for providing copies.** For rules relating to use of agents to provide copies, see Regulations sections 301.6104(d)-1(d)(1) and (2).

**Request for copies in writing.** A tax-exempt organization must honor a written request for a copy of documents (or the requested part) required under section 6104(d) if the request:

1. Is addressed to, and delivered by mail, electronic mail, facsimile, or a private delivery service, as defined in section 7502(f), to a principal, regional, or district office of the organization; and
2. Sets forth the address to which the copy of the documents should be sent.

**Time and manner of fulfilling written requests.**

<b>IF the organization</b>	<b>THEN the organization</b>
Receives a written request for a copy,	Must mail the copy of the requested documents (or the requested parts) within 30 days from the date it receives the request.

Mails the copy of the requested document,	Is deemed to have provided the copy on the postmark date or private delivery mark (if sent by certified or registered mail, the date of registration or the date of the postmark on the sender's receipt).
Requires payment in advance,	Is required to provide the copies within 30 days from the date it receives payment.
Receives a request or payment by mail,	Is deemed to have received it 7 days after the date of the postmark, absent evidence to the contrary.
Receives a request transmitted by electronic mail or facsimile,	Is deemed to have received it the day the request is transmitted successfully.
Receives a written request without payment or with an insufficient payment, when payment in advance is required,	Must notify the requester of the prepayment policy and the amount due within 7 days from the date of the request's receipt.
Receives consent from an individual making a request,	May provide a copy of the requested document exclusively by electronic mail (the material is provided on the date the organization successfully transmits the electronic mail).

**Request for a copy of parts of a document.** A tax-exempt organization must fulfill a request for a copy of the organization's entire application for tax exemption or annual information return or any specific part or schedule of its application or return. A request for a copy of less than the entire application or less than the entire return must specifically identify the requested part or schedule.

**Fees for copies.** A tax-exempt organization may charge a reasonable fee for providing copies.

Before the organization provides the documents, it may require that the individual requesting copies of the documents pay the fee. If the organization has provided an individual making a request with notice of the fee, and the individual does not pay the fee within 30 days, or if the individual pays the fee by check and the check does not clear upon deposit, the organization may disregard the request.

**Form of payment—(A) Request made in person.** If a tax-exempt organization charges a fee for copying, it must accept payment by cash and money order for requests made in person. The organization may accept other forms of payment, such as credit cards and personal checks.

**(B) Request made in writing.** If a tax-exempt organization charges a fee for copying and postage, it must accept payment by certified check, money order, and either personal check or credit card for requests made in writing. The organization may accept other forms of payment.

**Avoidance of unexpected fees.** Where a tax-exempt organization does not require

prepayment and a requester does not enclose payment with a request, an organization must receive consent from a requester before providing copies for which the fee charged for copying and postage exceeds \$20.

**Documents to be provided by regional and district offices.** Except as otherwise provided, a regional or district office of a tax-exempt organization must satisfy the same rules as the principal office with respect to allowing public inspection and providing copies of its application for tax exemption and annual information returns.

A regional or district office is not required, however, to make its annual information return available for inspection or to provide copies until 30 days after the date the return is required to be filed (including any extension of time that is granted for filing such return) or is actually filed, whichever is later.

**Documents to be provided by local and subordinate organizations.** **Applications for tax exemption.** Except as otherwise provided, a tax-exempt organization that did not file its own application for tax exemption (because it is a local or subordinate organization covered by a group exemption letter) must, upon request, make available for public inspection, or provide copies of, the application submitted to the IRS by the central or parent organization to obtain the group exemption letter and those documents which were submitted by the central or parent organization to include the local or subordinate organization in the group exemption letter.

However, if the central or parent organization submits to the IRS a list or directory of local or subordinate organizations covered by the group exemption letter, the local or subordinate organization is required to provide only the application for the group exemption ruling and the pages of the list or directory that specifically refer to it. The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time (normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day. See Regulations section 301.6104(d)-1(f) for further information.

**Annual information returns.** A local or subordinate organization that does not file its own annual information return (because it is affiliated with a central or parent organization that files a group return) must, upon request, make available for public inspection, or provide copies of, the group returns filed by the central or parent organization.

However, if the group return includes separate schedules with respect to each local or subordinate organization included in the group return, the local or subordinate organization receiving the request may omit any schedules relating only to other organizations included in the group return.

The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time (normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day.

In a case where the requester seeks inspection, the local or subordinate organization may mail a copy of the applicable documents to the requester within the same time period instead of allowing an inspection. In such a case, the organization may charge the requester for copying and actual postage costs only if the requester consents to the charge.

If the local or subordinate organization receives a written request for a copy of its annual information return, it must fulfill the request by providing a copy of the group return in the time and manner specified in the paragraph above, *Request for copies in writing*.

The requester has the option of requesting from the central or parent organization, at its principal office, inspection or copies of group returns filed by the central or parent organization. The central or parent organization must fulfill such requests in the time and manner specified in the paragraphs, *Special rules relating to public inspection* and *Special rules relating to copies* above.

**Failure to comply.** If an organization fails to comply with the requirements specified in this paragraph, the penalty provisions of sections 6652(c)(1)(C), 6652(c)(1)(D), and 6685 apply.

**Making applications and returns widely available.** A tax-exempt organization is not required to comply with a request for a copy of its application for tax exemption or an annual information return if the organization has made the requested document widely available (see below).

An organization that makes its application for tax exemption and/or annual information return widely available must nevertheless make the document available for public inspection as required under Regulations section 301.6104(d)-1(a).

A tax-exempt organization makes its application for tax exemption and/or an annual information return widely available if the organization complies with the Internet posting requirements and the notice requirements given below.

**Internet posting.** A tax-exempt organization can make its application for tax exemption and/or an annual information return widely available by posting the document on a World Wide Web page that the tax-exempt organization establishes and maintains or by having the document posted, as part of a database of similar documents of other tax-exempt organizations, on a World Wide Web page established and maintained by another entity. The document will be considered widely available only if—

(A) The World Wide Web page through which it is available clearly informs readers that the document is available and provides instructions for downloading it;

(B) The document is posted in a format that, when accessed, downloaded, viewed and printed in hard copy, exactly reproduces the image of the application for tax exemption or annual information return as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and

(C) Any individual with access to the Internet can access, download, view and print the document without special computer hardware or software required for that format (other than software that is readily available to members of the public without payment of any fee) and without payment of a fee to the tax-exempt organization or to another entity maintaining the World Wide Web page.

**Reliability and accuracy.** In order for the document to be widely available through an Internet posting, the entity maintaining the World Wide Web page must have procedures for ensuring the reliability and accuracy of the document that it posts on the page and must take reasonable precautions to prevent alteration, destruction or accidental loss of the document when posted on its page. In the

event that a posted document is altered, destroyed or lost, the entity must correct or replace the document.

**Notice requirement.** If a tax-exempt organization has made its application for tax exemption and/or an annual information return widely available, it must notify any individual requesting a copy where the documents are available (including the address on the World Wide Web, if applicable). If the request is made in person, the organization must provide such notice to the individual immediately. If the request is made in writing, the notice must be provided within 7 days of receiving the request.

**Tax-exempt organization subject to harassment campaign.** If the Director EO Examination (or designee) determines that the organization is being harassed, a tax-exempt organization is not required to comply with any request for copies that it reasonably believes is part of a harassment campaign.

Whether a group of requests constitutes a harassment campaign depends on the relevant facts and circumstances such as:

A sudden increase in requests; an extraordinary number of requests by form letters or similarly worded correspondence; hostile requests; evidence showing bad faith or deterrence of the organization's exempt purpose; prior provision of the requested documents to the purported harassing group; and a demonstration that the organization routinely provides copies of its documents upon request.

A tax-exempt organization may disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address, regardless of whether the Director EO Examination (or designee) has determined that the organization is subject to a harassment campaign.

A tax-exempt organization may apply for a determination that it is the subject of a harassment campaign and that compliance with requests that are part of the campaign would not be in the public interest by submitting a signed application to the Director EO Examination (or designee) for the area where the organization's principal office is located.

In addition, the organization may suspend compliance with any request it reasonably believes to be part of the harassment campaign until it receives a response to its application for a harassment campaign determination. However, if the Director EO Examination (or designee) determines that the organization did not have a reasonable basis for requesting a determination that it was subject to a harassment campaign or reasonable belief that a request was part of the campaign, the officer, director, trustee, employee, or other responsible individual of the organization remains liable for any penalties for not providing the copies in a timely fashion. See Regulations section 301.6104(d)-3.

## N. Disclosures Regarding Certain Information and Services Furnished

A section 501(c) organization that offers to sell or solicits money for specific information or a routine service for any individual that could be obtained by such individual from a federal government agency free or for a nominal charge must disclose that fact conspicuously when making such offer or solicitation. Any organization that intentionally disregards this

requirement will be subject to a penalty for each day on which the offers or solicitations are made. The penalty imposed for a particular day is the greater of \$1,000 or 50% of the total cost of the offers and solicitations made on that day that lacked the required disclosure (section 6711).

## O. Disclosures Regarding Certain Transactions and Relationships

In their annual returns on Schedule A (Form 990 or 990-EZ), section 501(c)(3) organizations must disclose information regarding their direct or indirect transfers to, and other direct or indirect relationships with, other section 501(c) organizations (except other section 501(c)(3) organizations) or section 527 political organizations (section 6033(b)(9)). This provision helps prevent the diversion or expenditure of a section 501(c)(3) organization's funds for purposes not intended by section 501(c)(3). All section 501(c)(3) organizations must maintain records regarding all such transfers, transactions, and relationships. See also *General Instruction K* regarding penalties.

## P. Intermediate Sanction Regulations—Excess Benefit Transactions

Final Regulations that interpret the benefit limitation provisions of section 4958 were issued in January of 2002. These rules are important to the exempt organization community as a whole, and for ensuring compliance in this area. The new rules provide a roadmap by which an organization may steer clear of situations that may give rise to inurement.

Under section 4958, any disqualified person who benefits from an excess benefit transaction with an applicable tax-exempt organization is liable for a 25% tax on the excess benefit. The disqualified person is also liable for a 200% tax on the excess benefit if the excess benefit is not corrected by a certain date. Also, organization managers who participate in an excess benefit transaction knowingly, willfully, and without reasonable cause are liable for a 10% tax on the excess benefit, not to exceed \$10,000 for all participating managers on each transaction.

### Applicable Tax-Exempt Organization

These rules only apply to certain "applicable" section 501(c)(3) and 501(c)(4) organizations. An applicable tax-exempt organization is a section 501(c)(3) or a section 501(c)(4) organization that is tax-exempt under section 501(a), or was such an organization at any time during a 5-year period ending on the day of the excess benefit transaction.

An applicable tax-exempt organization does not include:

- A private foundation as defined in section 509(a).
- A governmental entity that is exempt from (or not subject to) taxation without regard to section 501(a) or relieved from filing an annual return under Regulations section 1.6033-2(g)(6).
- Certain foreign organizations.

An organization is not treated as a section 501(c)(3) or 501(c)(4) organization for any period covered by a final determination that the organization was not tax-exempt under section 501(a), but only if the determination was not based on private inurement or one or more excess benefit transactions.

## Disqualified Person

The vast majority of section 501(c)(3) or 501(c)(4) organization employees and contractors will not be affected by these rules. Only the few influential persons within these organizations are covered by these rules when they receive benefits, such as compensation, fringe benefits, or contract payments. The IRS calls this class of covered individuals "disqualified persons." A disqualified person, regarding any transaction, is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. This would include, for example, voting members of the governing body, and persons holding the power of:

- Presidents, chief executive officers, or chief operating officers.
- Treasurers and chief financial officers.

A disqualified person also includes certain family members of a disqualified person, and 35% controlled entities of a disqualified person.

**Who is not a disqualified person?** The rules also clarify which persons are not considered to be in a position to exercise substantial influence over the affairs of an organization. They include:

- An employee who receives benefits that total less than the "highly compensated" amount (\$90,000 in 2004) and who does not hold the executive or voting powers just mentioned; is not a family member of a disqualified person; and is not a substantial contributor;
- Tax-exempt organizations described in section 501(c)(3); and
- Section 501(c)(4) organizations with respect to transactions engaged in with other section 501(c)(4) organizations.

**Who else may be considered a disqualified person?** Other persons not described above can also be considered disqualified persons, depending on all the relevant facts and circumstances.

### Facts and circumstances tending to show substantial influence:

- The person founded the organization.
- The person is a substantial contributor to the organization under the section 507(d)(2)(A) definition, only taking into account contributions to the organization for the past 5 years.
- The person's compensation is primarily based on revenues derived from activities of the organization that the person controls.
- The person has or shares authority to control or determine a substantial portion of the organization's capital expenditures, operating budget, or compensation for employees.
- The person manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.
- The person owns a controlling interest (measured by either vote or value) in a corporation, partnership, or trust that is a disqualified person.
- The person is a nonstock organization controlled directly or indirectly by one or more disqualified persons.

### Facts and circumstances tending to show no substantial influence:

- The person is an independent contractor whose sole relationship to the organization is providing professional advice (without having decision-making authority) with respect to

**Return of Organization Exempt From Income Tax**

**2006**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

**A For the 2006 calendar year, or tax year beginning 7/1/2006, and ending 6/30/2007**

- B Check if applicable:
Address change
Name change
Initial return
Final return
Amended return
Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: MERCYHURST COLLEGE
Number and street (or P.O. box if mail is not delivered to street address): 501 East 38th Street
Room/suite:
City or town, state or country, and ZIP + 4: Erie, PA 16546-0001

D Employer identification number: 25 0965430
E Telephone number: (814) 824-2000
F Accounting method: Cash [ ] Accrual [x] Other (specify) [ ]

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes [ ] No [x]
H(b) If "Yes," enter number of affiliates
H(c) Are all affiliates included? Yes [ ] No [ ]
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes [ ] No [x]

G Website: www.mercyhurst.edu

J Organization type (check only one) 501(c) (3) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000.

I Group Exemption Number
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 120,758,309

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 4 columns: Description, Sub-column (a-d), Total, and Final Total. Rows include Contributions, Program service revenue, Membership dues, Dividends, Gross rents, Net gain or loss, Special events, Gross sales of inventory, Program services, and Net assets.

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b>	Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b> 0	0		
<b>22b</b>	Other grants and allocations (attach schedule) (cash \$ <u>29,303,092</u> noncash \$ <u>10,625</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b> 29,313,717	29,313,717		
<b>23</b>	Specific assistance to individuals (attach schedule)	<b>23</b> 0	0		
<b>24</b>	Benefits paid to or for members (attach schedule)	<b>24</b> 0	0		
<b>25a</b>	Compensation of current officers, directors, key employees, etc. listed in Part V-A	<b>25a</b> 1,050,490	289,163	617,968	143,359
<b>b</b>	Compensation of former officers, directors, key employees, etc. listed in Part V-B	<b>25b</b> 0	0	0	0
<b>c</b>	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	<b>25c</b> 0	0	0	0
<b>26</b>	Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b> 23,666,107	20,088,883	2,989,369	587,855
<b>27</b>	Pension plan contributions not included on lines 25a, b, and c	<b>27</b> 1,061,075	873,773	155,734	31,568
<b>28</b>	Employee benefits not included on lines 25a - 27	<b>28</b> 4,601,747	3,718,733	734,192	148,822
<b>29</b>	Payroll taxes	<b>29</b> 1,807,989	1,488,841	265,359	53,789
<b>30</b>	Professional fundraising fees	<b>30</b> 0	0	0	0
<b>31</b>	Accounting fees	<b>31</b> 96,614	7,000	89,614	0
<b>32</b>	Legal fees	<b>32</b> 58,828	0	58,828	0
<b>33</b>	Supplies	<b>33</b> 1,397,136	1,216,422	168,388	12,326
<b>34</b>	Telephone	<b>34</b> 438,756	96,841	335,839	6,076
<b>35</b>	Postage and shipping	<b>35</b> 301,387	244,433	35,674	21,280
<b>36</b>	Occupancy	<b>36</b> 675,266	675,266	0	0
<b>37</b>	Equipment rental and maintenance	<b>37</b> 1,516,224	1,271,614	232,108	12,502
<b>38</b>	Printing and publications	<b>38</b> 374,928	298,437	47,727	28,764
<b>39</b>	Travel	<b>39</b> 1,800,162	1,594,256	186,362	19,544
<b>40</b>	Conferences, conventions, and meetings	<b>40</b> 0	0	0	0
<b>41</b>	Interest	<b>41</b> 1,404,563	1,404,563	0	0
<b>42</b>	Depreciation, depletion, etc. (attach schedule)	<b>42</b> 3,393,146	3,393,146	0	0 Stmt 4
<b>43</b>	Other expenses not covered above (itemize): <b>See Statement 5</b>	<b>43a</b> 17,544,219	15,171,039	2,254,649	118,531
<b>a</b>	-----	<b>43b</b>			
<b>b</b>	-----	<b>43c</b>			
<b>c</b>	-----	<b>43d</b>			
<b>d</b>	-----	<b>43e</b>			
<b>e</b>	-----	<b>43f</b>			
<b>f</b>	-----	<b>43g</b>			
<b>g</b>	-----				
<b>44</b>	<b>Total functional expenses.</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	<b>44</b> 90,502,354	81,146,127	8,171,811	1,184,416

**Joint Costs.** Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments** (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

<p>What is the organization's primary exempt purpose? ► <b>Post-secondary education.</b></p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p>	<p><b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)</p>
<p><b>a See Statement 6</b></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	
<p><b>b</b></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	
<p><b>c</b></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	
<p><b>d</b></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	
<p><b>e Other program services (attach schedule)</b></p> <p>(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/></p>	
<p><b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services). . . . . ►</p>	<p><b>81,146,127</b></p>

**Part IV Balance Sheets** (See the instructions.)

				(A)		(B)	
				Beginning of year		End of year	
<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.							
<b>Assets</b>	45	Cash—non-interest-bearing . . . . .		0	45	0	
	46	Savings and temporary cash investments . . . . .		9,753,848	46	10,039,343	
	47a	Accounts receivable . . . . .	47a	2,246,420			
	b	Less: allowance for doubtful accounts . . . . .	47b	470,145	1,531,555	47c	1,776,275
	48a	Pledges receivable . . . . .	48a	889,393			
	b	Less: allowance for doubtful accounts . . . . .	48b	54,726	704,261	48c	834,667
	49	Grants receivable . . . . .		0	49	0	
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule) . . . . .		0	50a	0	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) . . . . .		0	50b	0	
	51a	Other notes and loans receivable (attach schedule) <b>See Statement 7</b> . . . . .	51a	2,770,485			
	b	Less: allowance for doubtful accounts . . . . .	51b	139,268	2,713,440	51c	2,631,217
	52	Inventories for sale or use . . . . .		402,979	52	379,169	
	53	Prepaid expenses and deferred charges . . . . .		340,061	53	271,382	
	54a	Investments—publicly-traded securities . . . . .		19,135,451	54a	25,792,871	
	b	Investments—other securities (attach schedule) . . . . .		0	54b	0	
	55a	Investments—land, buildings, and equipment: basis . . . . .	55a	422,168			
	b	Less: accumulated depreciation (attach schedule) <b>See Statement 8</b> . . . . .	55b	0	424,002	55c	422,168
	56	Investments—other (attach schedule) . . . . .		0	56	0	
	57a	Land, buildings, and equipment: basis . . . . .	57a	108,597,053			
b	Less: accumulated depreciation (attach schedule) <b>Stmt 9</b> . . . . .	57b	38,076,674	69,808,910	57c	70,520,379	
58	Other assets, including program-related investments (describe <b>See Statement 10</b> . . . . .)		471,422	58	419,479		
59	<b>Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .		105,285,929	59	113,086,950		
<b>Liabilities</b>	60	Accounts payable and accrued expenses . . . . .		4,202,723	60	4,264,835	
	61	Grants payable . . . . .		0	61	0	
	62	Deferred revenue . . . . .		1,192,433	62	1,032,739	
	63	Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		0	63	0	
	64a	Tax-exempt bond liabilities (attach schedule) <b>See Statement 11</b> . . . . .		32,270,000	64a	30,495,000	
	b	Mortgages and other notes payable (attach schedule) <b>Stmt 12</b> . . . . .		1,516,588	64b	1,707,291	
	65	Other liabilities (describe <b>See Statement 13</b> . . . . .)		3,982,142	65	3,987,043	
66	<b>Total liabilities.</b> Add lines 60 through 65 . . . . .		43,163,886	66	41,486,908		
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.						
	67	Unrestricted . . . . .		47,724,430	67	54,256,070	
	68	Temporarily restricted . . . . .		4,909,356	68	6,438,541	
	69	Permanently restricted . . . . .		9,488,257	69	10,905,431	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> and complete lines 70 through 74.						
	70	Capital stock, trust principal, or current funds . . . . .			70		
	71	Paid-in or capital surplus, or land, building, and equipment fund . . . . .			71		
	72	Retained earnings, endowment, accumulated income, or other funds . . . . .			72		
	73	<b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) <b>must</b> equal line 19 and column (B) <b>must</b> equal line 21) . . . . .		62,122,043	73	71,600,042	
	74	<b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .		105,285,929	74	113,086,950	





<b>Part VI Other Information (continued)</b>		Yes	No
<b>82a</b>	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	✓	
	<b>b</b> If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	<b>82b</b> <u>40,872</u>		
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	✓	
	<b>b</b> Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	✓	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?		✓
	<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>85</b>	<b>501(c)(4), (5), or (6) organizations. a</b> Were substantially all dues nondeductible by members?		
	<b>b</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
	<b>c</b> Dues, assessments, and similar amounts from members	<b>85c</b>	
	<b>d</b> Section 162(e) lobbying and political expenditures	<b>85d</b>	
	<b>e</b> Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	<b>85e</b>	
	<b>f</b> Taxable amount of lobbying and political expenditures (line 85d less 85e)	<b>85f</b>	
	<b>g</b> Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	<b>85g</b>	
	<b>h</b> If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	<b>85h</b>	
<b>86</b>	<b>501(c)(7) orgs.</b> Enter: <b>a</b> Initiation fees and capital contributions included on line 12	<b>86a</b>	
	<b>b</b> Gross receipts, included on line 12, for public use of club facilities	<b>86b</b>	
<b>87</b>	<b>501(c)(12) orgs.</b> Enter: <b>a</b> Gross income from members or shareholders	<b>87a</b>	
	<b>b</b> Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>87b</b>	
<b>88a</b>	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX.		✓
	<b>b</b> At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	<b>88b</b>	✓
<b>89a</b>	<b>501(c)(3) organizations.</b> Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0</u> ; section 4912 <u>0</u> ; section 4955 <u>0</u>		
	<b>b</b> <b>501(c)(3) and 501(c)(4) orgs.</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	<b>89b</b>	✓
	<b>c</b> Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0</u>		
	<b>d</b> Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0</u>		
	<b>e</b> <i>All organizations.</i> At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	<b>89e</b>	✓
	<b>f</b> <i>All organizations.</i> Did the organization acquire a direct or indirect interest in any applicable insurance contract?	<b>89f</b>	✓
	<b>g</b> <i>For supporting organizations and sponsoring organizations maintaining donor advised funds.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>89g</b>	✓
<b>90a</b>	List the states with which a copy of this return is filed <b>PA</b>		
	<b>b</b> Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	<b>90b</b>	2132
<b>91a</b>	The books are in care of <b>James F Lieb</b> Telephone no. <b>814-824-2276</b> Located at <b>501 East 38th Street, Erie, PA</b> ZIP + 4 <b>16546-0001</b>		
	<b>b</b> At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country	<b>Yes</b>	<b>No</b>
	See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1</b> , Report of Foreign Bank and Financial Accounts.	<b>91b</b>	✓

**Part VI Other Information** (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c**  Yes  No  
 If "Yes," enter the name of the foreign country ▶ .....

**92** Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here  and enter the amount of tax-exempt interest received or accrued during the tax year ▶ | **92** |

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

**Note:** Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
<b>93</b> Program service revenue:					
<b>a Tuition and Fees</b>					<b>69,311,746</b>
<b>b Auxiliary Services</b>					<b>16,787,926</b>
<b>c Governmental Grants</b>					<b>5,598,293</b>
<b>d Other Educational Income</b>					<b>690,654</b>
<b>e</b>					
<b>f Medicare/Medicaid payments</b>					
<b>g Fees and contracts from government agencies</b>					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			<b>14</b>	<b>525,678</b>	
<b>96</b> Dividends and interest from securities			<b>14</b>	<b>725,034</b>	
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property					<b>25,732</b>
<b>98</b> Net rental income or (loss) from personal property	<b>713900</b>	<b>151,655</b>			
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory			<b>18</b>	<b>927,748</b>	
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue: <b>a Concession &amp; Food Sales</b>					<b>48,645</b>
<b>b Student Newspaper &amp; Other Advertising</b>					<b>22,484</b>
<b>c Other</b>					<b>16,581</b>
<b>d Water &amp; Sewer Refunds</b>					<b>9,001</b>
<b>e Alcohol Education &amp; Awareness</b>					<b>8,466</b>
<b>104</b> Subtotal (add columns (B), (D), and (E))		<b>151,655</b>		<b>2,178,460</b>	<b>92,519,528</b>
<b>105</b> Total (add line 104, columns (B), (D), and (E))					<b>94,849,643</b>

**Note:** Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	See Statement 20

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

**Note:** If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

**106** Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

				Yes	No
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	
a	.....				
b	.....				
c	.....				
<b>Totals</b>					

**107** Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

				Yes	No
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	
a	.....				
b	.....				
c	.....				
<b>Totals</b>					

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Please Sign Here**

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_

**Jane M Kelsey, Vice President of Finance**

Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP + 4 \_\_\_\_\_ EIN \_\_\_\_\_ Preparer's SSN or PTIN (See Gen. Inst. X) \_\_\_\_\_

Phone no. \_\_\_\_\_



**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),  
or 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information—(See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

**2006**

Name of the organization <b>MERCYHURST COLLEGE</b>	Employer identification number <b>25   0965430</b>
---	---

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<b>Gary L Bukowski</b> 501 East 38th Street, Erie, PA 16546-0001, US	<b>Former VP-Advcmnt 45</b>	<b>164,667</b>	<b>28,214</b>	<b>7,978</b>
<b>Dr Gary M Brown</b> 501 East 38th Street, Erie, PA 16546-0001, US	<b>Vice President - NE 45</b>	<b>103,333</b>	<b>21,877</b>	<b>480</b>
<b>Heidi Hosey</b> 501 East 38th Street, Erie, PA 16546-0001, US	<b>Faculty 45</b>	<b>95,803</b>	<b>12,891</b>	<b>0</b>
<b>Dr Gerard Tobin</b> 501 East 38th Street, Erie, PA 16546-0001, US	<b>Staff 45</b>	<b>86,333</b>	<b>15,749</b>	<b>0</b>
<b>Peter J Russo</b> 501 East 38th Street, Erie, PA 16546-0001, US	<b>Former Athletic Dir 45</b>	<b>85,000</b>	<b>10,095</b>	<b>5,665</b>
Total number of other employees paid over \$50,000 ▶	<b>113</b>			

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>BKD LLP</b> 312 Walnut Street Suite 3000, Cincinnati, OH 45201-5367, US	<b>Accounting &amp; Audit</b>	<b>61,729</b>
<b>Knox McLaughlin Gornall Sennett PC</b> 120 West Tenth Street, Erie, PA 16501, US	<b>Legal</b>	<b>60,773</b>
Total number of others receiving over \$50,000 for professional services ▶	<b>0</b>	

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>Crowther Construction Company</b> 125 Allison Road, Seneca, PA 16346, US	<b>Construction Contractor</b>	<b>556,922</b>
<b>Dick Morewood Plumbing</b> 4560 West Lake Road, Erie, PA 16505, US	<b>Plumbing Contractor</b>	<b>123,211</b>
<b>Neilsen Painting</b> 3209 Regis Drive, Erie, PA 16510, US	<b>Painting Contractor</b>	<b>82,065</b>
<b>Commercial Management Solutions</b> 8 Bloomfield Parkway, Erie, PA 16509, US	<b>Maintenance Management</b>	<b>74,589</b>
Total number of other contractors receiving over \$50,000 for other services ▶	<b>0</b>	

**Part III** **Statements About Activities** (See page 2 of the instructions.)

	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>0</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	<b>1</b>	✓
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)	<b>See Statement 21</b>	
<b>a</b> Sale, exchange, or leasing of property?	<b>2a</b>	✓
<b>b</b> Lending of money or other extension of credit?	<b>2b</b>	✓
<b>c</b> Furnishing of goods, services, or facilities?	<b>2c</b>	✓
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	<b>2d</b>	✓
<b>e</b> Transfer of any part of its income or assets?	<b>2e</b>	✓
<b>See Form 990, Pt. V</b>		
<b>3a</b> Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	<b>3a</b>	✓
<b>Stmt. 22</b>		
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?	<b>3b</b>	✓
<b>c</b> Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	<b>3c</b>	✓
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	<b>3d</b>	✓
<b>4a</b> Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	<b>4a</b>	✓
<b>b</b> Did the organization make any taxable distributions under section 4966?	<b>4b</b>	✓
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?	<b>4c</b>	✓
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year ▶	_____	
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶	_____	
<b>f</b> Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶	_____ <b>0</b>	
<b>g</b> Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶	_____ <b>0</b>	

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ .....
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: **(1) more than 33½%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33½%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
 Type I       Type II       Type III-Functionally Integrated       Type III-Other

**Provide the following information about the supported organizations.** (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> . . . . .					<b>0</b>

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) .					
<b>16</b> Membership fees received . . . . .					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose . .					
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 .					
<b>19</b> Net income from unrelated business activities not included in line 18. . . . .					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge . . . . .					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
<b>23</b> Total of lines 15 through 22 . . . . .					
<b>24</b> Line 23 minus line 17 . . . . .					
<b>25</b> Enter 1% of line 23 . . . . .					
<b>26 Organizations described on lines 10 or 11:</b> <b>a</b> Enter 2% of amount in column (e), line 24 . . . . ▶					<b>26a</b>
<b>b</b> Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a. <b>Do not file this list with your return.</b> Enter the total of all these excess amounts ▶					<b>26b</b>
<b>c</b> Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					<b>26c</b>
<b>d</b> Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____ . . . . . ▶					<b>26d</b>
<b>e</b> Public support (line 26c minus line 26d total) . . . . . ▶					<b>26e</b>
<b>f</b> <b>Public support percentage (line 26e (numerator) divided by line 26c (denominator))</b> . . . . ▶					<b>26f</b> %
<b>27 Organizations described on line 12:</b> <b>a</b> For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." <b>Do not file this list with your return.</b> Enter the sum of such amounts for each year:  (2005) _____ (2004) _____ (2003) _____ (2002) _____					
<b>b</b> For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the <b>larger</b> of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) <b>Do not file this list with your return.</b> After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:  (2005) _____ (2004) _____ (2003) _____ (2002) _____					
<b>c</b> Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ . . . . . ▶					<b>27c</b>
<b>d</b> Add: Line 27a total _____ and line 27b total _____ . . . . . ▶					<b>27d</b>
<b>e</b> Public support (line 27c total minus line 27d total) . . . . . ▶					<b>27e</b>
<b>f</b> Total support for section 509(a)(2) test: Enter amount from line 23, column (e) . . ▶ <b>27f</b>					
<b>g</b> <b>Public support percentage (line 27e (numerator) divided by line 27f (denominator))</b> . . . . . ▶					<b>27g</b> %
<b>h</b> <b>Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).</b> ▶					<b>27h</b> %
<b>28 Unusual Grants:</b> For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. <b>Do not file this list with your return.</b> Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See page 9 of the instructions.)  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

	Yes	No
<b>29</b> Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? . . . . .	✓	
<b>30</b> Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? . . . . .	✓	
<b>31</b> Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? . . . . . If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) <b>See Statement 23</b>	✓	
-----		
-----		
<b>32</b> Does the organization maintain the following:		
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff? . . . . .	✓	
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .	✓	
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .	✓	
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions? . . . . .	✓	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
-----		
-----		
<b>33</b> Does the organization discriminate by race in any way with respect to:		
<b>a</b> Students' rights or privileges? . . . . .		✓
<b>b</b> Admissions policies? . . . . .		✓
<b>c</b> Employment of faculty or administrative staff? . . . . .		✓
<b>d</b> Scholarships or other financial assistance? . . . . .		✓
<b>e</b> Educational policies? . . . . .		✓
<b>f</b> Use of facilities? . . . . .		✓
<b>g</b> Athletic programs? . . . . .		✓
<b>h</b> Other extracurricular activities? . . . . .		✓
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
-----		
-----		
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency? . . . . .	✓	
<b>b</b> Has the organization's right to such aid ever been revoked or suspended? . . . . . If you answered "Yes" to either 34a or b, please explain using an attached statement. <b>Stmnt 24</b>		✓
<b>35</b> Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation . . . . .	✓	

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 10 of the instructions.)  
(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a**  if the organization belongs to an affiliated group. Check **b**  if you checked "a" and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for <b>all</b> electing organizations
(The term "expenditures" means amounts paid or incurred.)			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures . . . . .	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39) . . . . .	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table—		
	<b>If the amount on line 40 is—</b> <b>The lobbying nontaxable amount is—</b>		
	Not over \$500,000 . . . . . 20% of the amount on line 40 . . . . .	} <b>41</b>	
	Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 . . . \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 . . . \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 . . . . . \$1,000,000 . . . . .		
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41) . . . . .	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36. . . . .	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38. . . . .	<b>44</b>	

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

	<b>Lobbying Expenditures During 4-Year Averaging Period</b>				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures . . . . .					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures . . . . .					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**  
(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
<b>a</b> Volunteers . . . . .		✓	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines <b>c</b> through <b>h</b> .) . . . . .		✓	
<b>c</b> Media advertisements . . . . .		✓	
<b>d</b> Mailings to members, legislators, or the public . . . . .		✓	
<b>e</b> Publications, or published or broadcast statements . . . . .		✓	
<b>f</b> Grants to other organizations for lobbying purposes . . . . .		✓	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .		✓	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .		✓	
<b>i</b> Total lobbying expenditures (Add lines <b>c</b> through <b>h</b> .) . . . . .			<b>0</b>

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.



**Schedule B - Part I**  
**Contributors**

MERCYHURST COLLEGE

25-0965430

**Organization Type:**

**Filers of:**

- Form 990 or 990-EZ       501(c)( 3 ) Organization  
                                   4947(a)(1) nonexempt charitable trust not treated as a private foundation  
                                   527 Political Organization
- Form 990PF                501(c)(3) exempt private foundation  
                                   4947(a)(1) nonexempt charitable trust treated as a private foundation  
                                   501(c)(3) taxable private foundation

---

Check if your organization is covered by the General Rule or a Special Rule. Note: only section 501(c)(7), (8), (10) organizations can check boxes for both the General Rule and a Special Rule -- see instructions.)

**General Rule--**

- For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules--**

- For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3 % support test under Regulations sections 1.509(a)-3/1.170A-9(e) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the Parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.)

**\$0.00**

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

---

**Statement 1**

Form: 990

Page: 1

Part: I

Question: 8

**MERCYHURST COLLEGE****25-0965430**

---

**Sales of Assets Other than Inventory**

---

**Noninventory Asset**

<b>Description:</b>	Ford Truck		
<b>Sold To:</b>	Unrelated Individual		
<b>Sales Price:</b>	\$1,500.00	<b>Date Sold:</b>	09/08/2006
<b>Expense of Sale:</b>	\$0.00	<b>Date acquired:</b>	07/01/1996
<b>Cost or value when acquired:</b>	\$10,000.00	<b>How acquired:</b>	Purchase
<b>Depreciation since acquisition:</b>	\$10,000.00		
<b>Net Sale:</b>	<b>\$1,500.00</b>		

---

**Publicly Traded Securities**

<b>Description:</b>			
<b>Sold To:</b>			
<b>Sales Price:</b>	\$24,000,838.00	<b>Date Sold:</b>	
<b>Expense of Sale:</b>	\$0.00	<b>Date acquired:</b>	
<b>Cost or value when acquired:</b>	\$23,074,590.00	<b>How acquired:</b>	
<b>Depreciation since acquisition:</b>	\$0.00		
<b>Net Sale:</b>	<b>\$926,248.00</b>		

---

**Statement 2**

Form: 990

Page: 1

Part: I

Question: 20

**MERCYHURST COLLEGE****25-0965430****Other changes in Net Assets or Fund Balances**

<b>Explanation</b>	<b>Amount</b>
Unrealized Gains on Investment Portfolio	\$2,214,213.00
Change in Value of Split Interest Agreement	\$82,421.00
<b>Total:</b>	<b>\$2,296,634.00</b>

**Statement 3**

Form: 990  
Page: 2  
Part: II  
Question: 22b

**MERCYHURST COLLEGE**  
**25-0965430**

**Grants and Allocations**

---

**Classification** Charitable contributions to Local Various Local Organizations

**Date:**

**Type:** Cash

**Address:** Various

**Grant Amt** \$83,330.00

Erie, PA 16546  
United States

**Purp of payment to affiliate**

**Relationship:** None

**Description of Property:**

**How Determined**

**Book Value of Property:**

**FMV of Property:**

---

**Classification** Charitable contribution - 4th of July City of Erie PA

**Date:**

**Type:** Cash

**Address:** City Hall

**Grant Amt** \$167,000.00

Erie, PA 16501  
United States

**Purp of payment to affiliate**

**Relationship:** None

**Description of Property:**

**How Determined**

**Book Value of Property:**

**FMV of Property:**

---

**Classification** Charitable City of Erie PA

**Date:** 07/01/2006

**Type:** NonCash

**Address:** City Hall

**Grant Amt** \$10,625.00

Erie, PA 16501  
United States

**Purp of payment to affiliate**

**Relationship:** None

**Description of Property:** Police Vehicle

**How Determined**

**Book Value of Property:** \$31,875.00 Purchase Price - Amortized over 3 years

**FMV of Property:** \$31,875.00 Purchase Price - Amortized over 3 years

---

**Classification** Financial Aid to Enrolled College Students Various Students

**Date:**

**Type:** Cash

**Address:** Various

**Grant Amt** \$29,052,762.00

Various, PA 16546  
United States

**Purp of payment to affiliate**

**Relationship:** Enrolled College students

**Description of Property:**

**How Determined**

**Book Value of Property:**

**FMV of Property:**

---

**Total Grants:                    \$29,313,717.00**

**Statement 4**

Form: 990

Page: 2

Part: II

Question: 42

**MERCYHURST COLLEGE****25-0965430****Depreciation and Depletion**

<b>Asset</b>	<b>Current Deprec.</b>
Library Holdings	\$163,222.00
Buildings and Improvements	\$1,597,870.00
Land Improvements	\$466,205.00
Furnishings & Equipment	\$1,118,418.00
Amortization	\$47,431.00
<b>Total</b>	<b>\$3,393,146.00</b>

**Statement 5**

Form: 990

Page: 2

Part: II

Question: 43

**MERCYHURST COLLEGE****25-0965430****Attachment listing other expenses for Part II**

<b>Description</b>	<b>Total:</b>	<b>Pgm Services</b>	<b>Mgt and General</b>	<b>Fundraising</b>
Cost of Sales - Foodservice	\$2,916,938.00	\$2,916,938.00	\$0.00	\$0.00
Contracted Services	\$2,881,984.00	\$2,302,241.00	\$563,913.00	\$15,830.00
Utilities	\$2,145,587.00	\$1,763,762.00	\$317,473.00	\$64,352.00
Cost of Sales - Bookstore	\$1,936,069.00	\$1,936,069.00	\$0.00	\$0.00
Repairs & Maintenance	\$1,636,644.00	\$1,619,743.00	\$15,949.00	\$952.00
Non-capital Equipment	\$1,026,051.00	\$949,798.00	\$71,968.00	\$4,285.00
Miscellaneous	\$812,961.00	\$595,038.00	\$210,141.00	\$7,782.00
Insurance	\$775,814.00	\$377,877.00	\$397,937.00	\$0.00
Advertising	\$460,841.00	\$229,201.00	\$231,640.00	\$0.00
Books & Periodicals	\$426,138.00	\$422,396.00	\$3,103.00	\$639.00
Dues, Subscriptions & Memberships	\$412,423.00	\$252,055.00	\$150,086.00	\$10,282.00
Bad Debts	\$366,708.00	\$366,708.00	\$0.00	\$0.00
Copying	\$360,812.00	\$309,451.00	\$46,587.00	\$4,774.00
Bank Fees & Charges	\$273,726.00	\$244,400.00	\$29,326.00	\$0.00
Recruitment	\$183,100.00	\$183,100.00	\$0.00	\$0.00
Athletic Game Expenses	\$166,033.00	\$166,033.00	\$0.00	\$0.00
Investment Expense	\$165,996.00	\$0.00	\$165,996.00	\$0.00
Property & Income Taxes	\$154,296.00	\$118,987.00	\$35,309.00	\$0.00
Computer & Data Processing	\$131,189.00	\$121,002.00	\$10,187.00	\$0.00
Food Labs	\$110,281.00	\$110,281.00	\$0.00	\$0.00
Production Costs	\$86,686.00	\$86,686.00	\$0.00	\$0.00
Pre-season Camps	\$58,627.00	\$58,627.00	\$0.00	\$0.00
Loan Cancellation & Write-off	\$16,177.00	\$16,177.00	\$0.00	\$0.00
Accreditation & Assessment	\$9,679.00	\$5,295.00	\$4,384.00	\$0.00
Fundraising Expenses	\$9,635.00	\$0.00	\$0.00	\$9,635.00
Consultants	\$9,353.00	\$9,353.00	\$0.00	\$0.00
Collection Costs	\$7,621.00	\$7,621.00	\$0.00	\$0.00
Prizes & Awards	\$2,850.00	\$2,200.00	\$650.00	\$0.00
<b>Total:</b>	<b>\$17,544,219.00</b>	<b>\$15,171,039.00</b>	<b>\$2,254,649.00</b>	<b>\$118,531.00</b>

**Statement 6**

Form: 990

Page: 3

Part: III

Question:

**MERCYHURST COLLEGE**

**25-0965430**

**Program Services**

<b>Achievement</b>	<b>Pgm. Svc. Exp.</b>
Higher Education: During the 2006-07 academic school year, over 4,000 students were enrolled in undergraduate, graduate, and associated degree programs. (1047 Degrees conferred)	\$81,146,127.00
<b>Grants and Allocations: \$29,313,717.00 This amount includes foreign grants: No</b>	
	<b>Total: \$81,146,127.00</b>

**Statement 7**

Form: 990  
Page: 4  
Part: IV  
Question: 51

**MERCYHURST COLLEGE**  
**25-0965430**

**Schedule of Other Notes and Loans Receivable**

---

**Borrower's Name:** Federal Perkins Student Loan Program

**Borrower's Title:**

**Original Amount:** \$10,071,877.00

**Balance Due:** \$2,766,808.00

**Date of Note:**

**Maturity Date:**

**Repayment Terms:**

**Interest Rate:**

**Security Provided by Borrower:**

**Purpose of Loan:**

**Description of Consideration:**

**FMV of Consideration:**

**Relationship of Borrower/Lender:**

---

**Borrower's Name:** Institutional Student Loan Funds

**Borrower's Title:**

**Original Amount:** \$547,249.00

**Balance Due:** \$3,677.00

**Date of Note:**

**Maturity Date:**

**Repayment Terms:**

**Interest Rate:**

**Security Provided by Borrower:**

**Purpose of Loan:**

**Description of Consideration:**

**FMV of Consideration:**

**Relationship of Borrower/Lender:**

---

**Total Due:** \$2,770,485.00

**Statement 8**

Form: 990

Page: 4

Part: IV

Question: 55

**MERCYHURST COLLEGE****25-0965430****Schedule of Investment Land, Buildings and Equipment**

<b>Description</b>	<b>Cost</b>	<b>Depreciation</b>	<b>Book Value</b>
Land	\$422,168.00	\$0.00	\$422,168.00
<b>Total:</b>	<b>\$422,168.00</b>	<b>\$0.00</b>	<b>\$422,168.00</b>

**Statement 9**

Form: 990

Page: 4

Part: IV

Question: 57

**MERCYHURST COLLEGE****25-0965430****Schedule of Land, Buildings and Equipment**

<b>Description</b>	<b>Cost</b>	<b>Depreciation</b>	<b>Book Value</b>
Land, Buildings, and Improvements	\$84,366,188.00	\$20,974,580.00	\$63,391,608.00
Library Holdings	\$4,155,148.00	\$2,989,352.00	\$1,165,796.00
Construction in Progress	\$524,903.00	\$0.00	\$524,903.00
Equipment and Furnishings	\$19,550,814.00	\$14,112,742.00	\$5,438,072.00
<b>Total:</b>	<b>\$108,597,053.00</b>	<b>\$38,076,674.00</b>	<b>\$70,520,379.00</b>

**Statement 10**

Form: 990

Page: 4

Part: IV

Question: 58

**MERCYHURST COLLEGE****25-0965430****Other Assets**

<b>Asset Description</b>	<b>BOY Amount</b>	<b>EOY Amount</b>
Cash Value of Life Insurance	\$125,745.00	\$121,233.00
Discount on Sale of Bonds	\$7,293.00	\$5,966.00
Deferred Bond Issuance Costs	\$338,384.00	\$292,280.00
<b>Total:</b>	<b>\$471,422.00</b>	<b>\$419,479.00</b>

**Statement 11**

Form: 990

Page: 4

Part: IV

Question: 64a

**MERCYHURST COLLEGE****25-0965430****Tax Exempt Bond Liabilities**

<b>Purpose:</b>	Various asset acquisitions and renewals and the funding of a debt service fund.	
<b>Issue Date:</b>	07/03/1997	
<b>Original Amount:</b>	\$3,920,000.00	
<b>Amount of issue outstanding:</b>	\$2,085,000.00	
<b>Unexpended Proceeds:</b>	\$0.00	
<b>Facility used by 3rd Party:</b>	No	
<b>Percent used by 3rd Party:</b>		
<b>Obligation is a Mortgage:</b>	No	
<b>Maturity Date:</b>		
<b>Repayment Terms:</b>		
<b>Interest Rate:</b>		
<b>Security Provided by Borrower:</b>		
<b>Contingent Liability:</b>	No	<i>If 'Yes', this record will not be included in the total returned to the Form 990:</i>
<hr/>		
<b>Purpose:</b>	Various asset purchases and renovations and the payment of issuance costs.	
<b>Issue Date:</b>	11/01/1999	
<b>Original Amount:</b>	\$3,500,000.00	
<b>Amount of issue outstanding:</b>	\$2,800,000.00	
<b>Unexpended Proceeds:</b>	\$0.00	
<b>Facility used by 3rd Party:</b>	No	
<b>Percent used by 3rd Party:</b>		
<b>Obligation is a Mortgage:</b>	No	
<b>Maturity Date:</b>		
<b>Repayment Terms:</b>		
<b>Interest Rate:</b>		
<b>Security Provided by Borrower:</b>		
<b>Contingent Liability:</b>	No	<i>If 'Yes', this record will not be included in the total returned to the Form 990:</i>
<hr/>		
<b>Purpose:</b>	Construction of an academic building and funding of ice rink renovations.	
<b>Issue Date:</b>	11/01/2001	
<b>Original Amount:</b>	\$5,500,000.00	
<b>Amount of issue outstanding:</b>	\$5,100,000.00	
<b>Unexpended Proceeds:</b>	\$0.00	
<b>Facility used by 3rd Party:</b>	Yes	
<b>Percent used by 3rd Party:</b>	2.77	
<b>Obligation is a Mortgage:</b>	No	
<b>Maturity Date:</b>		
<b>Repayment Terms:</b>		
<b>Interest Rate:</b>		
<b>Security Provided by Borrower:</b>		
<b>Contingent Liability:</b>	No	<i>If 'Yes', this record will not be included in the total returned to the Form 990:</i>
<hr/>		
<b>Purpose:</b>	Various asset acquisitions and renovations and payment of issue costs.	
<b>Issue Date:</b>	07/31/2003	
<b>Original Amount:</b>	\$5,475,000.00	
<b>Amount of issue outstanding:</b>	\$5,000,000.00	
<b>Unexpended Proceeds:</b>	\$0.00	
<b>Facility used by 3rd Party:</b>	Yes	

**Percent used by 3rd Party:** 0.26

**Obligation is a Mortgage:** No

**Maturity Date:**

**Repayment Terms:**

**Interest Rate:**

**Security Provided by Borrower:**

**Contingent Liability:** No

*If 'Yes', this record will not be included in the total returned to the Form 990:*

---

**Purpose:** Refunding of the 1993 bonds and payment of bond issue costs.

**Issue Date:** 10/01/2004

**Original Amount:** \$18,365,000.00

**Amount of issue outstanding:** \$15,510,000.00

**Unexpended Proceeds:** \$0.00

**Facility used by 3rd Party:** Yes

**Percent used by 3rd Party:** 3.8

**Obligation is a Mortgage:** No

**Maturity Date:**

**Repayment Terms:**

**Interest Rate:**

**Security Provided by Borrower:**

**Contingent Liability:** No

*If 'Yes', this record will not be included in the total returned to the Form 990:*

---

**Total Due:** **\$30,495,000.00**

**Statement 12**

Form: 990

Page: 4

Part: IV

Question: 64b

**MERCYHURST COLLEGE****25-0965430****Mortgages and Other Notes Payable**

<b>Type:</b>	Non-Mortgage
<b>Lender's Name:</b>	Sodexo Marriot Corporation
<b>Original Amount:</b>	\$200,000.00
<b>Balance Due:</b>	\$8,333.00
<b>Date of Note:</b>	07/01/2005
<b>Maturity Date:</b>	07/01/2007
<b>Repayment Terms:</b>	Demand
<b>Interest Rate:</b>	5
<b>Security Provided by Borrower:</b>	None
<b>Purpose of Loan:</b>	Advance
<b>Description of Consideration:</b>	None
<b>FMV of Consideration:</b>	\$0.00
<b>Relationship:</b>	Unrelated
<b>Type:</b>	Non-Mortgage
<b>Lender's Name:</b>	National City Bank
<b>Original Amount:</b>	\$1,000,000.00
<b>Balance Due:</b>	\$537,037.00
<b>Date of Note:</b>	03/23/2006
<b>Maturity Date:</b>	03/22/2009
<b>Repayment Terms:</b>	Line of Credit
<b>Interest Rate:</b>	6.572
<b>Security Provided by Borrower:</b>	Unsecured, general obligation of the College
<b>Purpose of Loan:</b>	Short-term working capital and capital expenditures.
<b>Description of Consideration:</b>	Line of Credit
<b>FMV of Consideration:</b>	\$537,037.00
<b>Relationship:</b>	Unrelated
<b>Type:</b>	Non-Mortgage
<b>Lender's Name:</b>	PNC Bank
<b>Original Amount:</b>	\$1,700,000.00
<b>Balance Due:</b>	\$1,161,921.00
<b>Date of Note:</b>	03/10/2005
<b>Maturity Date:</b>	12/29/2008
<b>Repayment Terms:</b>	Line of Credit
<b>Interest Rate:</b>	6.82
<b>Security Provided by Borrower:</b>	Gross revenues of the College
<b>Purpose of Loan:</b>	Capital expenditures
<b>Description of Consideration:</b>	Line of Credit
<b>FMV of Consideration:</b>	\$1,161,921.00
<b>Relationship:</b>	Related Party
<b>Total Due:</b>	<b>\$1,707,291.00</b>

**Statement 13**

Form: 990

Page: 4

Part: IV

Question: 65

**MERCYHURST COLLEGE****25-0965430****Other Liabilities**

<b>Liability Description</b>	<b>BOY Amount</b>	<b>EOY Amount</b>
Trusts Payable	\$275,894.00	\$285,374.00
Student Deposits & Prepayments	\$1,447,967.00	\$1,456,905.00
Federal Loan Programs	\$2,258,281.00	\$2,244,764.00
<b>Total:</b>	<b>\$3,982,142.00</b>	<b>\$3,987,043.00</b>

**Statement 14**

Form: 990

Page: 5

Part: IV-A

Question: b(4)

**MERCYHURST COLLEGE**

**25-0965430**

**Revenue Audit Line b(4)**

<b>Description</b>	<b>Amount</b>
Change in Value of Split Interest Agreement	\$82,421.00
Expended for Plant Facilities	\$50,830.00
Administrative Cost Recovery	\$471,575.00
<b>Total:</b>	<b>\$604,826.00</b>

**Statement 15**

Form: 990

Page: 5

Part: IV-A

Question: d(2)

**MERCYHURST COLLEGE**

**25-0965430**

**Revenue Audit Line d(2)**

<b>Description</b>	<b>Amount</b>
College Funded Financial Aid & Scholarships	\$26,955,054.00
<b>Total:</b>	<b>\$26,955,054.00</b>

**Statement 16**

Form: 990

Page: 5

Part: IV-B

Question: b(4)

**MERCYHURST COLLEGE**

**25-0965430**

**Expense Audit Line b(4)**

<b>Description</b>	<b>Amount</b>
Administrative Cost Recovery	\$471,575.00
Expended for Plant Facilities	\$50,830.00
<b>Total:</b>	<b>\$522,405.00</b>

**Statement 17**

Form: 990

Page: 5

Part: IV-B

Question: d(2)

**MERCYHURST COLLEGE**

**25-0965430**

**Expense Audit Line d(2)**

<b>Description</b>	<b>Amount</b>
College Funded Financial Aid & Scholarships	\$26,955,054.00
<b>Total:</b>	<b>\$26,955,054.00</b>

**Statement 18**

Form: 990

Page: 5

Part: V

Question:

**MERCYHURST COLLEGE****25-0965430****Officers, Directors, Trustees, and Key Employees**

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Adovasio Dr James M  Title: Senior Counselor to the President Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States	45	\$170,500.00	\$19,023.00	\$2,291.00
Baldauf Mary Ann  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	1	\$0.00	\$0.00	\$0.00
Behan PhD Barbara A  Title: Vice President of Academic Affairs Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	45	\$87,000.00	\$13,586.00	\$0.00
Billingsley Thomas A  Title: Executive Vice President of Administration Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States	45	\$112,000.00	\$21,873.00	\$0.00
Bracken Charles H  Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	0.5	\$0.00	\$0.00	\$0.00
Federici PhD Michael  Title: President of the Faculty Senate Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	45	\$65,858.00	\$15,621.00	\$0.00

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Dahlkemper Mary Ellen  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	2	\$0.00	\$0.00	\$0.00
Dailey Charles A  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	1	\$0.00	\$0.00	\$0.00
Dobbs PhD Vernon D  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	1	\$0.00	\$0.00	\$0.00
Durkin Esq Rosemary  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	2	\$0.00	\$0.00	\$0.00
Duska RSM Mary Felice  Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	1	\$0.00	\$0.00	\$0.00
Freeman A James  Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States	0.5	\$0.00	\$0.00	\$0.00
Gamble Dr Thomas J  Title: President & Board of Trustees Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001	45	\$266,143.00	\$24,420.00	\$4,344.00

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Country: United States				
Grant William F	0.5	\$0.00	\$0.00	\$0.00
Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Greenleaf Elizabeth	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Hirt F William	0.5	\$0.00	\$0.00	\$0.00
Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Jones Myron	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Kelsey Jane M	45	\$112,000.00	\$15,401.00	\$0.00
Title: Vice President of Finance & Treasurer Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States				
Knight CPA Charles G	2	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Lanzillo Esq Richard A	2	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2:				

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
CSZ: Erie, PA 16546 Country: United States				
Lieb James F	45	\$74,500.00	\$11,908.00	\$0.00
Title: Assistant Treasurer and Director of Finance Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States				
Louis F Brady	40	\$24,000.00	\$10,022.00	\$0.00
Title: Special Assistant to the VP of Advancement Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States Compensation Explanation: On leave of absence from Board of Directors.				
Malpiedi Michael	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Marin Dennis	2	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
McCartney RSM PhD Lisa Mary	2	\$0.00	\$0.00	\$0.00
Title: Assistant Secretary of Board of Trustees Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
McCormick Owen J	2	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Miller Robert S	2	\$0.00	\$0.00	\$0.00
Title: Secretary of Board of Trustees Addr 1: 501 East 38th Street				

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Addr 2: CSZ: Erie, PA 16546 Country: United States				
Mosco Marlene D	2	\$0.00	\$0.00	\$0.00
Title: Chair of the Board of Trustees Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Mullen EdD Helen F	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
O'Connor RSM PhD Maria	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States				
Raimy Bruce	1	\$0.00	\$0.00	\$0.00
Title: Vice Chair of Board of Trustees Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Renaud Gary W	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Schuler Daniel	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Sennett Esq William C	2	\$0.00	\$0.00	\$0.00
Title: Board Member				

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Smith RSM EdD Maura	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Snyderwine The Rev Msgr L Thomas	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Theuerkauf Jane	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Victor Frank B	2	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Walker DDS Barrett C	0.5	\$0.00	\$0.00	\$0.00
Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Weschler RSM PhD Mary Charles	0.5	\$0.00	\$0.00	\$0.00
Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Zurn James A	0.5	\$0.00	\$0.00	\$0.00

<b>Name and Address</b>	<b>Ave. Hrs/week</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Title: Trustee Emeriti Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Lewis William G	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546 Country: United States				
Mazza Robert	1	\$0.00	\$0.00	\$0.00
Title: Board Member Addr 1: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States				
<b>TOTALS</b>		<b>\$912,001.00</b>	<b>\$131,854.00</b>	<b>\$6,635.00</b>

**Statement 19**

Form: 990

Page: 6

Part: V-B

Question:

**MERCYHURST COLLEGE****25-0965430****Former Officers, Directors, Trustees, and Key Employees**

<b>Name and Address</b>	<b>Loans and Advances</b>	<b>Comp.</b>	<b>Benefits</b>	<b>Expenses</b>
Clemons Dr Randall	\$0.00	\$72,850.00	\$11,522.00	\$0.00
Addr: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States Compensation Explanation: Dr Clemons remains a current employee he is no longer on the Board. His position on the Board as President of the Faculty Senate is now occupied by Dr Federici.				
McQuillen Dr Michael	\$0.00	\$0.00	\$3,060.00	\$0.00
Addr: 501 East 38th Street Addr 2: CSZ: Erie, PA 16546-0001 Country: United States				
<b>TOTALS</b>	<b>\$0.00</b>	<b>\$72,850.00</b>	<b>\$14,582.00</b>	<b>\$0.00</b>

**Statement 20**

Form: 990

Page: 8

Part: VIII

Question:

**MERCYHURST COLLEGE**

**25-0965430**

**Relationship of Activities**

<b>Line No</b>	<b>Relationship of Activities to the Accomplishment of Exempt Purposes</b>
97 b	Mercyhurst College does not participate in either the management or the profits of these two rental activities, both are the farming of College owned land currently not being used by the College. The fact that the College receives only an annual rental fee for the land excludes it as Unrelated Business Income.
93 a	Funds instructional programs that enable students to meet their educational requirements and goals.
93 b	Funds student housing, foodservice, and bookstore operations and plant facilities.
93 d	Funds student organizations, programs, music, communication, and technology.
103 b	Other funding that assists in bringing education to students at a reasonable cost.
103 e	Other funding that assists in bringing education to students at a reasonable cost.
103 d	Other funding that assists in bringing education to students at a reasonable cost.
103 c	Other funding that assists in bringing education to students at a reasonable cost.
103 a	Other funding that assists in bringing education to students at a reasonable cost.
93 c	Provides students with financial assistance to meet the costs of education.

Transaction Explanations

Line	Explanation
2c	<p>Senior Management Jane M. Kelsey, Vice President of Finance and Treasurer Ms. Kelsey is Vice Chair of the Board of Trustees of Saint Mary's Home of Erie. She also serves on the Finance and Executive Committees of Saint Mary's Home of Erie. There has been discussion between Saint Mary's and the college about a potential partnership at the college's Mercyhurst West Campus and North East Campuses. Saint Mary's is also an employer of Mercyhurst North East graduates. Ms. Kelsey is also a member of the Board of Corporators at Saint Vincent Health Center. Saint Vincent's hires nursing and LPN graduates from Mercyhurst North East. She is a member of the Advisory Board of the Barber National Institute. The Barber National Institute offers internship and employment opportunities to Mercyhurst graduates, particularly in education and health related fields of study. Dr. Gary Brown, Executive Vice President for Mercyhurst North East and Mercyhurst West Dr. Brown is a member of the Board of Trustees for Brevillier Village, a local retirement community. It is likely that Brevillier Village hires nursing and physical therapist assistant graduates from Mercyhurst North East. Board of Trustees Marlene D. Mosco, Chair of the Board of Trustees, Member of the Executive Committee, Ex Officio Member of all other Trustee Committees, with the exception of the Committee on Audit by virtue of her office as Board Chair. Ms. Mosco is Regional President of PNC Bank in Erie. The College maintains a number of accounts and business relationships with PNC Bank and PNC Advisors. PNC Capital Markets also serves as underwriter on matters relating to the College's bond issues. PNC Bank in Erie holds the Letter of Credit on the 1999, 2001, and 2003 bond issues. The College also has a \$1.7 million dollar line of credit with the bank for capital improvements. Fees for services are competitively priced. Ms. Mosco's husband owns Miller Travel Agency, which is one of the preferred travel agencies for the College. To the best of our knowledge, travel services are competitively priced. Bruce Raimy, Vice Chair of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Budget and Finance, Committee, Member of the Subcommittee on Endowments and Investments, Member of the Committee on Audit, and Member of the Committee on Trustees. Mr. Raimy is Partner of JGB Consulting, and part owner of Welders Supply Co. The College purchases certain maintenance supplies, oxygen and helium for its science labs from Welders Supply. In all cases, the materials are competitively priced. William C. Sennett, Esq., Immediate Past Chairman of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Budget and Finance, Member of the Committee on Buildings and Grounds, Member of the Committee on Advancement, Member of the Subcommittee on Endowments and Investments, and Member of the Committee on Academic Affairs. Mr. Sennett is a retired senior partner in the Knox, McLaughlin, Gornall &amp; Sennett, PC law firm, which serves as the College's primary legal counsel. Currently, Mr. Sennett is Of Counsel with the firm. Richard A. Lanzillo, a shareholder with the firm who is also a member of the Board of Trustees, serves as College Counsel and Board Counsel. Mr. Sennett's firm serves as bond counsel and college counsel for matters relating to the College's bond issues. Most of the legal services are billed to the College at fair market value. Mr. Sennett and Mr. Lanzillo do perform some legal work for the College on a pro-bono basis. Mary Ann Baldauf, Member of the Board of Trustees, Member of the Committee on Mission Ms Baldauf is a minority owner of the Times Publishing Company. The College often places advertisements in the Erie Times and works with the Erie Times staff on a variety of articles of interest to the Erie community. Advertisements are competitively priced. The newspaper also prints the schools newspaper, the Merciad, and often prints programs which are distributed on campus. Richard A. Lanzillo, Esq., Member of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Academic Affairs, and Member of the Committee on Student Life. College and Board Counsel Mr. Lanzillo is a shareholder with Knox McLaughlin Gornall &amp; Sennett, PC. Please see narrative under William C. Sennett, Immediate Past Chairman of the Board of Trustees for relationship. F. Brady Louis, Member of the Board of Trustees, Chair of the President's Associates, on leave. Mr. Louis holds a part-time administrative position at Mercyhurst West, where he is involved in identifying fundraising opportunities associated with the college's West Campus, among other responsibilities. Michael Malpiedi, Member of the Board of Trustees, President, Mercyhurst Alumni Association, Member of the Committee on Student Life. Mr. Malpiedi is General Sales Manager Connoisseur Media. The College purchases radio advertising through a third party advertising firm, Engel &amp; O'Neill. Management is not aware of any business conflict with Mr. Malpiedi. Robert Mazza, Member of the Board of Trustees, Member of the Committee on Buildings and Grounds. Mr.</p>

Line

Expanation

Mazza owns Robert Mazza, Inc., which owns grape vineyards and a winery in North East, PA. The College purchases wine from Mr. Mazza's company. On occasion, Mr. Mazza donates wine to the College for certain college sponsored events. Owen J. McCormick, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Buildings and Grounds, Member of the Committee on Budget and Finance, and Member of the Committee on Trustees. Mr. McCormick is President and CEO of Joseph McCormick Construction Company, Inc, a road and highway contractor. The College has hired Mr. McCormick's company for a number of construction projects. Kathleen Rohm, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Trustees, Member of the Committee on Budget and Finance, Member of the Committee on Buildings and Grounds, Member of the Committee on Advancement, and Member of the Subcommittee on Endowments and Investments. Ms. Rohm's husband is an Executive Vice President with PNC Advisors. PNC Advisors manages a significant portion of the college's Endowment Fund, and Mr. Rohm occasionally serves in a back-up capacity as administrator of the college's accounts. Ms. Rohm also reports that her son is an employee for PNC. Ms. Rohm is also a Member of the Board of Corporators for the Hamot Health Foundation. In Fiscal Year 2007, the college entered into an agreement with Hamot Health Foundation to provide certain health services to the college's North East students, as well as serve as a partner in the development of a number of new allied health programs at North East. The college has leased approximately three acres of land to the foundation under a long -term land lease, wherein the foundation is constructing a new health facility that will service both Mercyhurst North East and the North East Community at large. Hamot Hospital also hires a number of Mercyhurst North East graduates. Marissa Starin, Member of the Board of Trustees, President of Mercyhurst Student Government, Member of the Committee on Budget and Finance, Member of the Committee on Student Life, and Member of the Committee on Mission. As President of Mercyhurst Student Government, Ms. Starin receives a paid stipend from the College. The funding for the stipend comes from the student government fee assessed to all full-time Mercyhurst (Erie) students. Ms. Starin is also a work-study employee in the Bookstore, where she is paid for her work on an hourly basis. Frank B. Victor, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Advancement, Chair of the Subcommittee on Endowments and Investments, Member of the Committee on Budget and Finance, and Member of the Committee on Trustess. Mr. Victor is a Partner with the Victor Family Foundation, and CEO of FRALO Industries. He is also an investor with Westminster Group, which specializes in student housing, among other commercial and residential development. The college has hired one of the Westminster Groups' companies, James Properties, Inc. to conduct a comprehensive student housing study on the Erie Campus. William F. Hirt, Trustee Emeritus Mr. Hirt is Chairman of the Board of Erie Indemnity Company and attorney in fact of Erie Insurance Exchange. The College maintains most of its insurance coverage with Erie Insurance through the Historic Square Insurance Agency.

2b Senior Management Jane M. Kelsey, Vice President of Finance and Treasurer Ms. Kelsey is Vice Chair of the Board of Trustees of Saint Mary's Home of Erie. She also serves on the Finance and Executive Committees of Saint Mary's Home of Erie. There has been discussion between Saint Mary's and the college about a potential partnership at the college's Mercyhurst West Campus and North East Campuses. Saint Mary's is also an employer of Mercyhurst North East graduates. Ms. Kelsey is also a member of the Board of Corporators at Saint Vincent Health Center. Saint Vincent's hires nursing and LPN graduates from Mercyhurst North East. She is a member of the Advisory Board of the Barber National Institute. The Barber National Institute offers internship and employment opportunities to Mercyhurst graduates, particularly in education and health related fields of study. Dr. Gary Brown, Executive Vice President for Mercyhurst North East and Mercyhurst West Dr. Brown is a member of the Board of Trustees for Brevillier Village, a local retirement community. It is likely that Brevillier Village hires nursing and physical therapist assistant graduates from Mercyhurst North East. Board of Trustees Marlene D. Mosco, Chair of the Board of Trustees, Member of the Executive Committee, Ex Officio Member of all other Trustee Committees, with the exception of the Committee on Audit by virtue of her office as Board Chair. Ms. Mosco is Regional President of PNC Bank in Erie. The College maintains a number of accounts and business relationships with PNC Bank and PNC Advisors. PNC Capital Markets also serves as underwriter on matters relating to the College's bond issues. PNC Bank in Erie holds the Letter of Credit on the 1999, 2001, and 2003 bond issues. The College also has a \$1.7 million dollar line of credit with the bank for capital improvements. Fees for services are competitively priced. Ms. Mosco's husband owns Miller Travel Agency, which is one of the preferred travel agencies for the College. To the best of our knowledge, travel services are competitively priced. Bruce Raimy, Vice Chair of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Budget and Finance, Committee, Member of the Subcommittee on Endowments and Investments, Member of the Committee on Audit, and Member of the Committee on Trustees. Mr. Raimy is Partner of JGB Consulting, and part owner of Welders Supply Co. The College

**Line****Explanation**

purchases certain maintenance supplies, oxygen and helium for its science labs from Welders Supply. In all cases, the materials are competitively priced. William C. Sennett, Esq., Immediate Past Chairman of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Budget and Finance, Member of the Committee on Buildings and Grounds, Member of the Committee on Advancement, Member of the Subcommittee on Endowments and Investments, and Member of the Committee on Academic Affairs. Mr. Sennett is a retired senior partner in the Knox, McLaughlin, Gornall & Sennett, PC law firm, which serves as the College's primary legal counsel. Currently, Mr. Sennett is Of Counsel with the firm. Richard A. Lanzillo, a shareholder with the firm who is also a member of the Board of Trustees, serves as College Counsel and Board Counsel. Mr. Sennett's firm serves as bond counsel and college counsel for matters relating to the College's bond issues. Most of the legal services are billed to the College at fair market value. Mr. Sennett and Mr. Lanzillo do perform some legal work for the College on a pro-bono basis. Mary Ann Baldauf, Member of the Board of Trustees, Member of the Committee on Mission Ms Baldauf is a minority owner of the Times Publishing Company. The College often places advertisements in the Erie Times and works with the Erie Times staff on a variety of articles of interest to the Erie community. Advertisements are competitively priced. The newspaper also prints the schools newspaper, the Merciad, and often prints programs which are distributed on campus. Richard A. Lanzillo, Esq., Member of the Board of Trustees, Member of the Executive Committee, Member of the Committee on Academic Affairs, and Member of the Committee on Student Life. College and Board Counsel Mr. Lanzillo is a shareholder with Knox McLaughlin Gornall & Sennett, PC. Please see narrative under William C. Sennett, Immediate Past Chairman of the Board of Trustees for relationship. F. Brady Louis, Member of the Board of Trustees, Chair of the President's Associates, on leave. Mr. Louis holds a part-time administrative position at Mercyhurst West, where he is involved in identifying fundraising opportunities associated with the college's West Campus, among other responsibilities. Michael Malpiedi, Member of the Board of Trustees, President, Mercyhurst Alumni Association, Member of the Committee on Student Life. Mr. Malpiedi is General Sales Manager Connoisseur Media. The College purchases radio advertising through a third party advertising firm, Engel & O'Neill. Management is not aware of any business conflict with Mr. Malpiedi. Robert Mazza, Member of the Board of Trustees, Member of the Committee on Buildings and Grounds. Mr. Mazza owns Robert Mazza, Inc., which owns grape vineyards and a winery in North East, PA. The College purchases wine from Mr. Mazza's company. On occasion, Mr. Mazza donates wine to the College for certain college sponsored events. Owen J. McCormick, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Buildings and Grounds, Member of the Committee on Budget and Finance, and Member of the Committee on Trustees. Mr. McCormick is President and CEO of Joseph McCormick Construction Company, Inc, a road and highway contractor. The College has hired Mr. McCormick's company for a number of construction projects. Kathleen Rohm, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Trustees, Member of the Committee on Budget and Finance, Member of the Committee on Buildings and Grounds, Member of the Committee on Advancement, and Member of the Subcommittee on Endowments and Investments. Ms. Rohm's husband is an Executive Vice President with PNC Advisors. PNC Advisors manages a significant portion of the college's Endowment Fund, and Mr. Rohm occasionally serves in a back-up capacity as administrator of the college's accounts. Ms. Rohm also reports that her son is an employee for PNC. Ms. Rohm is also a Member of the Board of Corporators for the Hamot Health Foundation. In Fiscal Year 2007, the college entered into an agreement with Hamot Health Foundation to provide certain health services to the college's North East students, as well as serve as a partner in the development of a number of new allied health programs at North East. The college has leased approximately three acres of land to the foundation under a long -term land lease, wherein the foundation is constructing a new health facility that will service both Mercyhurst North East and the North East Community at large. Hamot Hospital also hires a number of Mercyhurst North East graduates. Marissa Starin, Member of the Board of Trustees, President of Mercyhurst Student Government, Member of the Committee on Budget and Finance, Member of the Committee on Student Life, and Member of the Committee on Mission. As President of Mercyhurst Student Government, Ms. Starin receives a paid stipend from the College. The funding for the stipend comes from the student government fee assessed to all full-time Mercyhurst (Erie) students. Ms. Starin is also a work-study employee in the Bookstore, where she is paid for her work on an hourly basis. Frank B. Victor, Member of the Board of Trustees, Member of the Executive Committee, Chair of the Committee on Advancement, Chair of the Subcommittee on Endowments and Investments, Member of the Committee on Budget and Finance, and Member of the Committee on Trustess. Mr. Victor is a Partner with the Victor Family Foundation, and CEO of FRALO Industries. He is also an investor with Westminster Group, which specializes in student housing, among other commercial and residential development. The college has hired one of the Westminster Groups' companies, James Properties, Inc. to conduct a comprehensive student

**Line**

**Explanation**

---

housing study on the Erie Campus. William F. Hirt, Trustee Emeritus Mr. Hirt is Chairman of the Board of Erie Indemnity Company and attorney in fact of Erie Insurance Exchange. The College maintains most of its insurance coverage with Erie Insurance through the Historic Square Insurance Agency.

**Statement 22**  
Form: Schedule A  
Page: 2  
Part: III  
Question: 3a

**MERCYHURST COLLEGE**  
**25-0965430**

---

**Explanation of Grant Determination**

---

**Explanation of grant qualifications**

---

The College provides specific aid to undergraduate and graduate students. This aid is awarded to students in the form of wages, grants, scholarships, assistantships, and loans. The College also provides matching contributions for certain Federal Financial Aid programs. Awards are based on academic achievement and the financial need of those students who apply.

**Statement 23**  
Form: Schedule A  
Page: 5  
Part: V  
Question: 31

**MERCYHURST COLLEGE**  
**25-0965430**

---

**Publicize Racially Nondiscriminatory Policy**

---

**Explanation/Description**

---

The College practice is to print our racial nondiscrimination policy in all publications directed at students, prospective students, and parents. The policy is also referred to in radio, television, and print advertising as well as being fully disclosed on the College website.

**Statement 24**  
Form: Schedule A  
Page: 5  
Part: V  
Question: 34

**MERCYHURST COLLEGE**  
**25-0965430**

---

**Financial Assistance**

---

**Explanation**

---

The College receives an Institutional Assistance Grant from the Pennsylvania Higher Education Assistance Agency (PHEAA). This aid is determined by the number of Pennsylvania state grant recipients enrolled at the College during the current academic year.

**Schedule B - Part I**  
**Contributors**

**MERCYHURST COLLEGE**

**25-0965430**

	<b>Name and Address</b>	<b>Contribution</b>	<b>Type</b>	
1	Erie Community Foundation 127 West Sixth Street Erie, PA 16501-0001 United States	\$1,327,730.00	<b>Individual</b> <b>Payroll</b> <b>Noncash</b>	Yes No No
2	Mr William C Sennett Esq 6336 Red Pine Lane Erie, PA 16506-5019 United States	\$100,000.00	<b>Individual</b> <b>Payroll</b> <b>Noncash</b>	Yes No No
3	Pennsylvania Higher Education Assistance 122 North Seventh Street Harrisburg, PA 17102 United States	\$182,408.00	<b>Individual</b> <b>Payroll</b> <b>Noncash</b>	Yes No No