



University of  
**Notre Dame**  
du Lac

2001 ANNUAL REPORT



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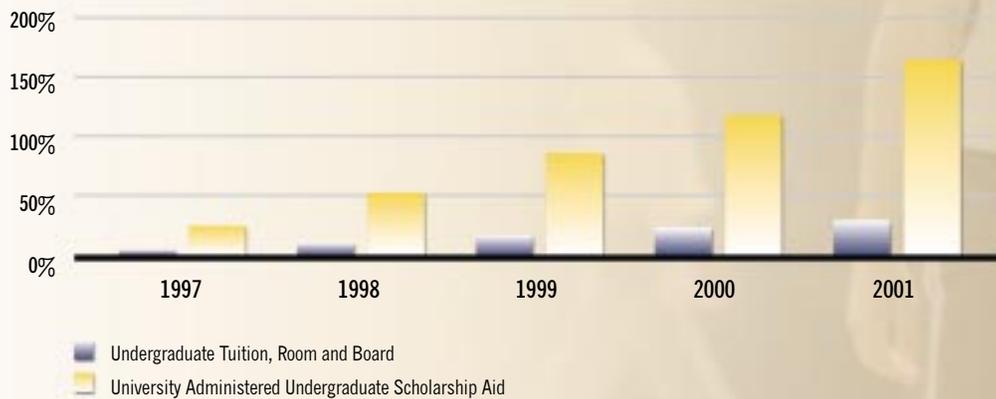
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**S T A T I S T I C A L   H I G H L I G H T S**

[ A C A D E M I C   Y E A R S   E N D E D   J U N E   3 0 ]

	1997	1998	1999	2000	2001
<b>STUDENTS</b>					
Undergraduate	7,857	7,838	7,875	8,014	8,038
Graduate and professional	2,424	2,437	2,426	2,640	2,762
Total fall enrollment	10,281	10,275	10,301	10,654	10,800
<b>UNDERGRADUATE ADMISSIONS</b>					
Applications	9,451	9,079	8,578	10,010	10,051
Offers of admission	3,764	3,663	3,586	3,500	3,442
Enrolled	1,924	1,904	1,940	1,971	1,958
Selectivity ratio	39.8%	40.3%	41.8%	35.0%	34.2%
Matriculation ratio	51.1%	52.0%	54.1%	56.3%	56.9%
<b>DEGREES CONFERRED</b>					
Baccalaureate	2,030	1,943	1,920	2,001	1,954
Master's	486	556	504	560	701
First professional	197	169	181	182	203
Doctoral	117	118	135	147	132
Total degrees conferred	2,830	2,786	2,740	2,890	2,990
<b>UNDERGRADUATE TUITION RATE</b>					
	\$18,810	\$19,800	\$20,900	\$22,030	\$23,180
Percent increase over prior year	5.5%	5.3%	5.6%	5.4%	5.2%

**Cumulative Increase in Scholarships Compared to Student Charges**  
(Base Year 1996)



**Middle 50 Percent SAT Ranges**





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**REV. EDWARD A. MALLOY, C.S.C.**  
PRESIDENT

FROM THE PRESIDENT

## EACH SUMMER,

some 200 Notre Dame students fan out across the country to take part in our Center for Social Concerns' Summer Service Projects, a volunteer service program that uses the talent, resources and hospitality of Notre Dame's alumni clubs, which function as sponsors for students working in a variety of community service activities. Early on, the program benefited tremendously from the generosity of the Andrews and McMeel families of Kansas City, Missouri, who established a scholarship program to help defray a portion of tuition costs for students who could only participate in Summer Service Projects by giving up their summer jobs.

The eight-week Projects have a dual purpose. Most obviously, they engage students in the task of assisting the poor,

the disadvantaged, the abandoned and the abused. Such work responds to an imperative handed down to us from biblical times; it is the most complete expression of our humanity. The Projects also lend a kind of social depth perception to the lives of our students, who are advantaged in so many ways, perhaps especially in education.

Summer Service Projects almost always convey a vivid and memorable experience to the students, and so the learning that takes place in the classroom, which is largely cerebral, is broadened and deepened by a different kind of learning which takes place in the heart. At the end of their eight-week stint the students reflect upon their experiences and write about them. Their remarks are telling:

**"I had never realized just how dependent children are on their parents until I went to St. Mary's. The St. Mary's staff demonstrated just how much patience, endurance and joy are needed to help children grow. These are powerful lessons that I will carry with me for the rest of my life."**

— John Quintero, St. Mary's Home, Savannah, Georgia

**"I still do not understand how people abuse one another. Nor do I understand why the abused stay. But I can tell you, I understand human nature, human desire, devotion and pain much more clearly than I have ever understood them before."**

— Roxanne Rodriguez, Center for the Prevention of Domestic Violence, Colorado Springs, Colorado

**"I know that because of the past eight weeks my faith has been enriched and strengthened, and I am a little further down the path to the person I hope to become — a person who is able to give fully of herself to others, not to cure the world's problems, but to care about the world's people."**

— Heather Dominique, St. Stephen's Community Center, Columbus, Ohio



Another student, Shannon Blalock, who served at the Health Center in Sparta, Illinois, expressed her thoughts even more succinctly: “... so much in eight weeks — so much to learn.”

Learning, of course, is very much the point. The experience of higher education should mean exposure — to new ideas, to great thinkers, to different life experiences, to other cultures and to the needs of others as well as the treasures of the humanities, arts and sciences. I believe we do this at Notre Dame as well as any school in the nation. In addition to a demanding curriculum, and in addition to boundless opportunities for service and experiential learning, Notre Dame boasts the highest percentage of students participating in international programs of any university in the United States.

From such abundant opportunity a sense of completion obtains. A student can graduate

freshman who arrived on campus four years earlier.

At the same time, we harbor the belief that our students are different to begin with. That is, even before they enter the University, they have demonstrated outstanding achievement, with an exceptionally high percentage of them having contributed to community service or been deeply involved in community culture and the arts — music, drama, dance and the fine and performing arts. Academically, they are among the most talented and motivated students in the nation, with SAT scores rising more than 300 points above the national average, 95 percent of them graduating in the top 20 percent of their high school class and a third of them ranked among the top five students in their class.

In short, when they arrive on campus they already have high expectations, high energy and motivation; they are among the brightest

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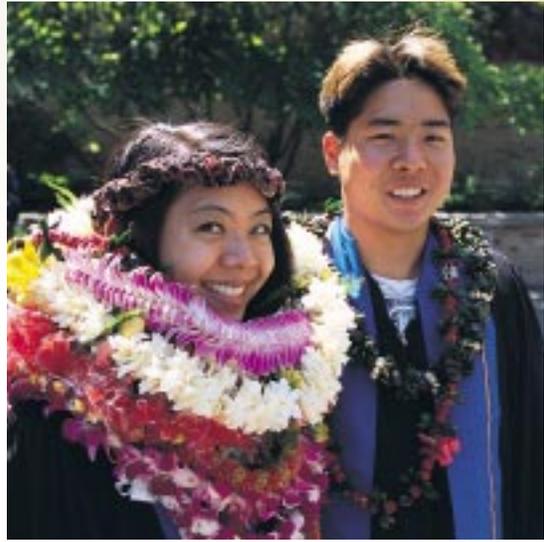
from the University with a double major — in physics and computer science, for instance — with several years of volunteer service in a homeless center, participation in retreats and a semester or year in one of Notre Dame’s 17 study-abroad programs. That student will be unquestionably enriched compared to the

and most imaginative students in the land, wide open to the myriad opportunities that await them. Four years later, about 94 percent of them leave with a diploma in their hands — a graduation rate that is exceeded only by Harvard, Princeton and Yale. In the process, they will have undergone rigorous instruction



scholarship, service,

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# faith & community.

to prepare them thoroughly for the most demanding advanced studies programs in the country, for the career niche they have set their sights upon or, as is the case with some 10 percent of them, for additional service in programs such as the Peace Corps, Teach for America, the Jesuit Volunteer Corps, Holy Cross Associates and Notre Dame's own Alliance for Catholic Education.

Leaving Notre Dame, they bring to the world knowledge and perspectives immeasurably broadened by what we sometimes refer to as the four pillars of student life at Notre Dame: scholarship, service, faith and community. This combination of attributes has stood the test of time for Notre Dame and in fact

has established the University's unique position among the nation's leading institutions of higher education. Indeed, one of the great and characteristic strengths of Notre Dame is its residential character, which fosters community and sodality.

Inasmuch as I make my residence in Sorin Hall, one of the University's 27 residence halls for undergraduate students, I can vouch for the strength, significance and sturdiness of each of those four pillars. I am among our students on a daily basis, and I am always amazed by the commitment they bring to the multiple tasks and goals they set before themselves, the depth of their faith, their enthusiasm and their potential to renew, shape and reaffirm the best values of our society.



**NATHAN O. HATCH, PH.D.**  
PROVOST

A C A D E M I C R E V I E W

**NOTRE DAME** is a special place. It is at once a Catholic university, a national icon and an international community of intensely loyal alumni and friends who count themselves as members of the Notre Dame family. Notre Dame also stands as a beacon of achievement. Even gaining admittance stands as an accomplishment, as more and better students select Notre Dame as their university of choice.

Our students continue to represent, in greater and greater numbers, some of the brightest and most talented young people from across the nation. Indeed, these students arrive at Notre Dame with an amazing array of accomplishments, abilities and dreams. They come here expecting not only the finest possible education and the rewards that such an education can provide, but also the opportunity to grow in their faith and as citizens of the world.



Notre Dame's undergraduate education program has always been and will remain its primary focus. Today's undergraduates, however, are presented with an increasing array of opportunities to integrate serious research into their studies, working side-by-side with faculty members performing their own research projects. Notre Dame's Environmental Research Center provides one such opportunity.

This marvelous facility, located on nearly 7,500 acres of property straddling the state line between Wisconsin and Michigan's

Upper Peninsula, encompasses 30 lakes of virtually undisturbed aquatic habitats. Each summer for approximately 10 weeks, students conduct independent research projects under the guidance of a biology faculty member.

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## INTERESTING FACTS ABOUT OUR STUDENTS

❑ For the first time in Notre Dame's history, last year students were enrolled from 100 countries.

❑ Strong academic reputation was cited by 95 percent of Notre Dame's first-year students as a very important factor in their college decision-making process, about 40 percentage points higher than students nationwide, according to an annual study co-sponsored by the American Council on Education and the Higher Education Research Institute at UCLA.

❑ In the fall 2001 entering class, 40 percent of the students were active in music, art, drama or dance, 14 percent served as editor of a student publication and seven percent were senior class or student government president. Seventy percent lettered in at least one varsity sport, and 32 percent were captain of an athletic team.

❑ Also in that class, 48 percent of the students were from public schools and 42 percent from Catholic schools, with the remaining 10 percent from other private schools.

❑ Notre Dame graduates are accepted into medical schools at a rate of about 75 percent, almost twice the national average.

Projects last year included studies of frog habitat, crayfish susceptibility to fish predation and nutrient cycling in bogs and wetlands.

Undergraduate research opportunities are also available in many other departments, such as anthropology and sociology. In some cases, undergraduate research projects have been published in journals and led to continued investigation by the student. These experiences may help to unlock among some of our undergraduates the desire to pursue ongoing research and inquiry, as graduate students and perhaps even as professors.

But much more is fully integrated into the educational experience of our students, and indeed supplements and complements academics. It is said that students come to Notre Dame not only to learn how to think but how to live. Thus, our responsibility as educators is an awesome one: teaching and mentoring talented young men and women in a continuing process of self-discovery and inquiry, while providing them with the tools necessary to continue to lead lives of leadership and integrity once they graduate.

Notre Dame's distinct approach to the total education of our students is quite appropriately recognized as eminently successful: in exposing students to the world beyond our beautiful campus, in fostering an ethic of service and social responsibility and in offering compelling models of spiritual formation. I thank you for your continued support of this important mission.

### A P A R E N T ' S

### P E R S P E C T I V E O N

### N O T R E D A M E

#### Dr. Marye Anne Fox

Chancellor

North Carolina State University

Like any parent, I want to ensure the best possible college education for my son or daughter, but like most parents, I realize that top-quality instruction, in the end, is not enough. The best of higher education strives not only to impart knowledge but also aims to encourage and nurture students to develop into fully integrated human beings. This has been Notre Dame's mission from the beginning, one for which Notre Dame can justifiably celebrate and in which it can take great pride.

Parents are most proud when they see their sons or daughters collaborate effectively with others, when they willingly take on service obligations, when they put their faith and beliefs into action and when they make choices based on what is right, rather than on what might be expedient. By consciously integrating faith, service and community into its learning process, Notre Dame inculcates these important values in its students. This not only animates the University's educational mission, but it also complements the goals we as parents have set in raising our children.

I am constantly astonished by the opportunities for personal growth my son has as a student at the University of Notre Dame. The opportunity to be part of a wonderfully talented and gifted student body and to learn from faculty who take seriously their roles as both teachers and researchers has been invaluable. The personal development he achieved by living in an on-campus residential hall has illustrated how community can be built day by day

with both time-honored rituals as well as careful and creative support from rectors and resident assistants. And the way in which faith is unabashedly interwoven into the fabric of daily life at Notre Dame has undoubtedly transformed his life for the better.



# scholarship



**THE UNIVERSITY IS DEDICATED TO THE PURSUIT AND SHARING OF TRUTH FOR ITS OWN SAKE. . . . NOTRE DAME ALSO HAS A RESPONSIBILITY TO ADVANCE KNOWLEDGE IN A SEARCH FOR TRUTH THROUGH ORIGINAL INQUIRY AND PUBLICATION.**

— NOTRE DAME MISSION STATEMENT

Scholarship at Notre Dame has never been so fully realized as it is today. The First Year of Studies program, the academic unit to which all students are admitted, provides a liberal education in

arts and letters and the sciences and gives students the opportunity to sample disciplines before declaring a major. To help adjustment to the college environment, students also receive proactive academic advising from a professional staff and senior students, as well as services like workshops on learning strategies and time management. As a result, 99 percent of students finish their first year successfully, and 97 percent return as sophomores.

The educational process is constantly energized with new courses, more interdisciplinary offerings and a renewed focus on ethics — not only in foundational studies of theology and philosophy, but also in applied areas of science and in the Mendoza College of Business and the Law School. Constructive links with peer institutions also advance common goals in the libraries, research and other areas.

Notre Dame's identity is more than ever before defined as a place committed to both teaching and research. Efforts such as the Kaneb Center for Teaching and Learning have

served as a catalyst to enhance the quality of teaching campus-wide and to strengthen the relationship between teaching and research. Progress continues in offering more

research-intensive opportunities to undergraduates in their chosen fields.

Since 1993, Notre Dame's teaching and research faculty has grown by a hundred positions. The University now spends more than double in capitalizing new faculty than it did five years ago. At least a dozen new centers and institutes have been created in that time as well, and research funding continues to grow.

International expansion also flourishes. Last year Notre Dame enrolled students from 100 countries. Furthermore, there are more opportunities than ever to study abroad. A new program is being established in Brazil for both undergraduate and graduate students in conjunction with The Helen Kellogg Institute for International Studies, and plans call for the expansion of the Washington, D.C., program.

Through the dedication and work of outstanding students, faculty, department chairs and deans, scholarship at Notre Dame is attaining new heights — and reaching higher.



## COMBINING THE ACADEMIC AND THE ATHLETIC

**N**otre Dame graduated a four-year average of 89 percent of its student-athletes calculated under NCAA methodology, third only to Northwestern's 92 percent and Duke's 91 percent. The national average for Division I-A schools is 58 percent. Among student-athletes who complete all four years of eligibility at Notre Dame, that is, not considering those who leave or transfer, 99 percent earn their degrees.

The Notre Dame women's basketball team compiled the highest graduation rate among this past season's national champions in the sports for which the NCAA monitors team graduation rates.

Among all students, Notre Dame's 94 percent graduation rate is exceeded by only Harvard, Princeton and Yale Universities.

### KEVIN FORTNER

A Catholic environment, a reputation for academic excellence and rich traditions helped draw Kevin Fortner from Cullman, a city in northern Alabama, to Notre Dame. The Grotto probably made him feel at home. Cullman, after all, is the home of Ave Maria Grotto, a shrine listed on the National Register of Historic Places.

Once he arrived, Fortner discovered that Notre Dame offers undergraduates ample opportunities for significant research. The senior chemistry major is currently working on a metallic kinetics project to measure the rate of oxygen exchange between two metals and a Pfizer Pharmaceuticals sponsored effort involving an osmium compound.

"In my experience Notre Dame faculty are very supportive of undergraduate research," he said. "They give students a lot of personal attention. Undergraduates are treated like graduate students in that they're given their own projects and learn to do things independently, which is good preparation for graduate school."

Fortner's research was impressive enough to help him earn a scholarship from the Barry M. Goldwater Scholarship and Excellence in Education Foundation. The Goldwater is considered the premier undergraduate award of its type in the fields of mathematics, the natural sciences and engineering. Fortner was selected on the basis of academic merit from a field of 1,164 students who were nominated by the faculties of colleges and universities nationwide.

Fortner plans to pursue advanced degrees in organic chemistry and to teach and conduct research in organic synthesis.



# service



**THE AIM IS TO CREATE A SENSE  
OF HUMAN SOLIDARITY AND  
CONCERN FOR THE COMMON  
GOOD THAT WILL BEAR FRUIT  
AS LEARNING BECOMES  
SERVICE TO JUSTICE.**

— NOTRE DAME MISSION STATEMENT

The numbers speak for themselves: More than 80 percent of undergraduates perform service work during their time at Notre Dame. Ten percent participate in full-time service for a year or more after graduation. More than 100 local Notre Dame alumni clubs sponsor service projects every summer in their communities where students are given the opportunity to serve the neediest among us.

How is it that Notre Dame students and alumni are able to give so generously of themselves? The answer lies, in large part, in the students we admit — students who have not only excelled academically but who have in many instances already demonstrated a commitment to service and a capacity for leadership, students who chose to attend Notre Dame to develop these very capabilities. During their years here, these students see dedicated men and women living lives of

service, hear those around them speak about issues of social justice, and learn to appreciate even more deeply the importance of turning the gifts of knowledge and faith to the service of others.

The University's Center for Social Concerns is a key conduit to volunteer opportunities for members of the Notre Dame community. Inspired by Gospel values and Catholic social teaching, the Center integrates service work with academic study. More than 2,000 students participate annually in 60 organizations sponsored by the Center.

A pervasive emphasis on service challenges members of the Notre Dame community, individually and collectively, to enliven their education by thinking critically about complex social problems and by taking action to bring about a more just and humane world. These experiences are not likely to be forgotten.

# A TRADITION OF SERVICE

Excerpted from *GOD, COUNTRY, NOTRE DAME*  
by Rev. Theodore M. Hesburgh, C.S.C.

THE PEACE CORPS  
WAS SUCH A GOOD  
IDEA THAT IT  
SERVED AS A  
PARADIGM FOR  
OTHER  
PROGRAMS.

Everybody knows about the Peace Corps, but relatively few people know that Notre Dame played a pivotal role in the earliest beginnings of the program. ... All forty-five volunteers for [the first project, in Chile] were selected and approved by the Indiana Conference of Higher Education. We trained them at Notre Dame. Each year, we would pick a new group of students from all over the nation and repeat the process. I made it a practice to welcome the new volunteers when they arrived at Notre Dame. I also attended some of their training classes and picnics. I wanted to see what they were like, but I also wanted to learn what



Volunteers from Notre Dame's  
first Peace Corps — Chile I  
Program, January 1962

I could for my own benefit. We soon discovered that there was a great need for an education program in the cities as well as the rural areas of underdeveloped nations ... and we started up and staffed a second program ... The Notre Dame project volunteers did a great job in Chile during those first five years [in which Notre

Dame was involved], and afterward, too. ... In 1981 we celebrated a twenty-year reunion at Notre Dame. About fifty of them came back for it, and swapped stories about what their Peace Corps experiences had done for **them**. ... The Peace Corps was such a good idea that it served as a paradigm for other programs. ... It [service] is still an integral part of the extracurricular education at Notre Dame, and when I hear the stories these youngsters bring back from their volunteer work with the needy in our own community, I think back fondly to that group of eager youngsters who comprised that very first contingent of Peace Corps volunteers a generation ago.

## MOLLY KINDER

In many ways Molly Kinder stood out from the crowd at Notre Dame. Standing 6 feet 3 inches tall, she made history during her senior year as the first female member of the University's Irish Guard, the group of high-stepping, colorfully dressed students that escorts the Band of the Fighting Irish at football games, pep rallies and other events. Established in 1949, the Guard had previously been all male, largely because of a 6-foot 2-inch height requirement.

Her high-profile turn with the Guard gave Kinder a unique status on campus, but she was, and continues to be, quite typical in other respects, such as in her dedication to community service. An active volunteer who has participated in service projects in South America and Africa, as well as experiential learning treks to such locations as Washington, D.C., Mexico and Appalachia, she is among the 80 percent of Notre Dame students who engage in service work as undergraduates.

"There is such a culture of service, which is so valued, at Notre Dame," says Kinder, a government and international studies major. "Everyone encourages you; I think it's the Catholic social teaching that makes service a real necessity and a duty. I love doing it, and a lot of it comes from this faith."

Kinder also was an active participant in programs sponsored by Notre Dame's Center for Social Concerns, including the University's new Robinson Community Learning Center in South Bend, and volunteered at an orphanage operated by the Holy Cross congregation in Chile. A native of Williamsville, New York, she says it wasn't until she came to Notre Dame that she felt the pull of community service. "It changed my life. I was introduced to social justice issues, and since then I have dedicated myself to those issues," she says.



That dedication to service won't end now that Kinder earned her diploma in May 2001. She is among the 10 percent of Notre Dame students who continue to serve society after graduation. For a year she will work with the Jesuit Volunteer Corps in Portland, Oregon, assisting the organization in its outreach to people from Central America. "I'm so excited to have a full year to concentrate on that, to decide how I'm going to keep service in my life," says Kinder.

Graduate school is next on Kinder's agenda. Whichever career path she then chooses, she plans to continue her commitment to service for many years to come, building on the solid foundation she discovered, nurtured and embraced at Notre Dame.

# EDUCATING HEARTS AND MINDS



**T**he Alliance for Catholic Education (ACE) is a prime example of the University's core commitments to education and service. College graduates serve as full-time teachers in more than 100 under-resourced Catholic schools in 14 states while working towards a fully funded Master's of Education degree. Participants in the two-year program live in small communities of four to seven members, where they are encouraged to develop their personal spirituality and faith in the context of community.



ACE teachers make enormous contributions to their schools and communities, not only teaching but also serving as role models for thousands of America's neediest students. The pro-

gram attracts dynamic participants whose commitment to service through teaching frequently extends beyond ACE, as evidenced by the ACE Class of 2001, over 90 percent of whom chose to remain in education after graduation.

With this innovative program Notre Dame has taken the lead in revitalizing Catholic education across the nation. Eleven other colleges and universities have begun replicating the ACE model in order to serve Catholic schools in their own and other dioceses.



A P R I N C I P A L ' S

P E R S P E C T I V E O N

T H E A C E P R O G R A M

## Lydia Ortega

Principal  
Assumption School  
Los Angeles, California

As principal of Assumption School, an inner-city Catholic school that serves economically disadvantaged children in one of the



most violent neighborhoods in Los Angeles, I am greatly appreciative of the University of Notre Dame for its efforts to strengthen our school program through its Alliance for Catholic Education. In my 12 years of service here, I have never experienced such an

immediate enhancement of the school through new teachers. We have been blessed with two ACE teachers, Mary Madden and Greg Joseph, who have contributed both to the rejuvenation of the school program and to a more cohesive and supportive faculty. Their presence and work has prompted ongoing teacher collaboration in an effort to build a stronger school community that better meets the needs of our children.

Many elements unique to the ACE program contribute to its success at Assumption. The ACE teacher training is intense and comprehensive and forms highly motivated, professional and compassionate educators. The ACE community provides the much-needed personal and spiritual support for the teachers, who are away from their families for two years. Most important, ACE teachers contribute to the Catholic character of the school as religion teachers and also as role models who put their faith into action.

# faith

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**THE UNIVERSITY ENCOURAGES  
A WAY OF LIVING CONSONANT  
WITH A CHRISTIAN COMMUNITY  
AND MANIFEST IN PRAYER,  
LITURGY AND SERVICE.**

— NOTRE DAME MISSION STATEMENT

**R**esidence hall stairwells echo with the sound of students heading to the chapel for Sunday night Mass. The silent flames of hundreds of flickering candles illuminate the faces of young men and women praying at the Grotto. A thousand members of the Notre Dame family fill every nook of Sacred Heart Basilica to celebrate a memorial liturgy for a student who has died. Soon-to-graduate seniors participate in a retreat to help discern how they might continue the commitment to service that has become so important in their lives.

As significant as the teaching and learning that takes place in the classrooms of a nationally-regarded theology department, Notre Dame offers an atmosphere in which students may deepen their faith in a way that transforms and energizes. Religious statues, crosses atop buildings and the presence of a thriving religious community are visible reminders of Notre Dame's heritage. Less tangible but no

less significant is faith's living role in the daily experience, providing context for personal problems, world events and critical

thought in varied disciplines.

To help students grow in understanding their faith, Campus Ministry offers many liturgical and pastoral opportunities through its staff of over 30 priests, women religious and married and single men and women. Its programs include retreats, bible studies, interfaith prayer nights, small faith-sharing groups, liturgical choirs and the teaching of religious education to children in local parishes.

Catholic tradition values the personal and the communal aspects of faith. Notre Dame encourages students to develop both and to let each enliven the other. When young men and women spend time in prayer, reflection and worship, they can participate more fully in the vibrant communal life of Notre Dame, and in turn, strengthen their own relationships with God.



REGGIE MCKNIGHT

Reggie McKnight admits he didn't know much about Notre Dame when he was evaluating his college options, and he characterizes his decision to attend the University as a "leap of faith." Given that start, it's no surprise that once here, his faith flourished.

"I can't say enough about how I thrived spiritually at Notre Dame," says McKnight, a member of the African Methodist Episcopal (AME) Church who credits his family for providing him with a strong spiritual base. "People at Notre Dame are so open to faith, whether you're Catholic or from another religious tradition. It's a place that I don't think of so much as a Catholic school, but as a place of the spirit."

McKnight worked closely with Chandra Johnson, assistant to the president and assistant director for cross-cultural ministry in Campus Ministry, on programs designed to support African-American students. He was cited for his leadership and mentoring activities with the 2001 Sister Thea Bowman Award, given annually by Campus Ministry to a student who is the "manifest reality of Christian witness and an exemplar of personal, intellectual and spiritual integrity."

Faith wasn't the only area of McKnight's life that thrived at Notre Dame. The South Carolina high school soccer player of the year, he went on to earn four varsity monograms for the Fighting Irish. As a senior he was honored with the Francis Patrick O'Connor Award, given annually to student-athletes who best embody the spirit of Notre Dame. He also was selected to participate in the NCAA Foundation Leadership Conference after his sophomore year, earned the soccer team's Rockne Student-Athlete Award as a junior and was a member of the Big East Conference Academic All-Star Team.

McKnight majored in American studies and was a Dean's List student who also participated in Notre Dame's many service programs, including a spelling bee in conjunction with local schools and a Christmas party for children with cancer. He currently is in his first year at the Duke University Law School.

"I really didn't know a lot about Notre Dame when I decided to attend," he says. "But every day I'm just more and more thankful that I went to school here. I met some incredible people — Chandra, Jack Pratt in the Law School, Brother Jerome Meyer, the Knott Hall rector — and I had some wonderful experiences that I'll remember for a lifetime."

He'll be remembered, too, by the many people on and off-campus who witnessed in him an enduring example of an all-encompassing life built on a foundation of faith.



CAROLYN WEIR

In April of her senior year in high school, Carolyn Weir experienced an epiphany. "I always intended to be a vocal performance major in college," she says, "and planned to attend the conservatory at Carnegie Mellon University in Pittsburgh. But then I began to really contemplate the life of a musician, and I give it to the grace of God that I realized that I really wanted to concentrate on theology and psychology."

Weir then enrolled for her freshman year at Saint Vincent's College near her family's home in Greensburg, Pennsylvania. "I had a great experience at St. Vincent's," she recalls, "but I wanted a larger environment and began to look into transferring to Notre Dame." She enrolled at the University as a sophomore majoring in theology. In her second semester at the University she added the Program of Liberal Studies (PLS) — the "Great Books" curriculum at Notre Dame — as a second major that both complemented her study of theology and provided an educational stimulus.

"PLS was perfect for me," Weir says. "What drew me to it was that it's the study of all areas of life straight from the primary texts. You can question and explore topics in a close community of faculty and students who have similar interests. Everyone has different ideas and, because the seminars are discussion-based, you can really develop your own thoughts. It allows you to have a hand in your own education."

The combination of theology and PLS worked exceptionally well for Weir. She received her bachelor's degree in May 2001 with a grade point average of 3.95 and served as the valedictorian at the spring Commencement Exercises. She currently is working as a research associate for the U.S. Conference of Catholic Bishops and will decide in 2002 on whether to concentrate her graduate studies on theology, education or law.

As successful as she was academically, Weir was equally engaged in many of the other aspects of student life at Notre Dame. She continued her interest in music as a member of the Notre Dame Folk Choir, serving as co-president as a senior and as the group's tour coordinator as a sophomore and junior. She was a resident assistant in Breen-Phillips Hall as a senior, participated in a Summer Service Project at St. Agatha Catholic Church in Chicago between her sophomore and junior years and volunteered at the Center for the Homeless, Logan Center and the Martin Luther King Center in South Bend.

"I think I squeezed as much out of Notre Dame as I could," she says. "It was an incredible experience."

# community



**RESIDENTIAL LIFE ENDEAVORS TO  
DEVELOP THAT SENSE OF  
COMMUNITY AND OF  
RESPONSIBILITY THAT PREPARES  
STUDENTS FOR SUBSEQUENT  
LEADERSHIP IN BUILDING A  
SOCIETY THAT IS AT ONCE MORE  
HUMAN AND MORE DIVINE.**

— NOTRE DAME MISSION STATEMENT

**A**s an academic community, Notre Dame is a place of learning and teaching and of research and scholarship. As a Catholic university, Notre Dame has a distinct educational mission that focuses not only on intellectual growth, but also on the development of the whole person. The resulting environment of shared respect is evident even to campus visitors. People here greet one another with smiles and stop to talk or extend a helping hand.

The sense of community students experience within the residence halls, however, is perhaps the most distinctive feature of student life at Notre Dame. Residential life has a rich history at the University and has been one of the central features of the educational experience. When Father Edward Sorin founded Notre Dame in 1842, students lived with priests and brothers of the Congregation of Holy Cross in

the same building in which they attended classes.

The first residence hall opened in 1888, staffed by members of the

Congregation. Today, roughly 80 percent of Notre Dame undergraduates, a percentage much higher than most college campuses in this country, reside by choice in the University's residence halls.

It is in this environment that generations of students have been encouraged, and have pushed each other, to develop their full potential. It is in the residence halls that priests, professed religious and lay men and women live side-by-side with students from different backgrounds in a common effort to pursue intellectual, moral, spiritual and social growth. It is here that lasting friendships are formed and some of life's most important lessons are learned.

REV. GARY CHAMBERLAND, C.S.C.

Rev. Gary Chamberland, C.S.C., rector of Keenan Hall since 1999, has just learned that an elaborate sign welcoming new students to Keenan mysteriously disappeared. He shakes his head in affectionate exasperation and mutters, "Must've been Zahm," nonchalantly accusing pranksters from a neighboring residence hall.

Having graduated from Notre Dame himself in 1984, Father Chamberland is intimately familiar with such friendly rivalries. Serving over the years in roles as diverse as social service volunteer, middle school teacher and associate parish pastor, the holder of a Master's of Divinity degree from the Jesuit School of Theology in Berkeley, California, is also a scholar at work on a doctoral degree in canon law from the Catholic University of America. He regards his study of Catholic juridical structures less as an arcane scholarly pursuit than as a means to enter more deeply the life of the Church he loves, serves and seeks to share with the students in his care.



A true canonist, he has read the Constitutions of the Congregation of Holy Cross closely and often. "What I find most urgent and moving in them is the imperative that we be 'educators in the faith,'" he says, adding that much of this education is done unconventionally. To be an educator in the faith, as Father Chamberland understands the charge, involves a variety of tasks in addition to official priestly ministry – patiently enduring or disciplining raucous behavior, distributing room keys, consoling a student whose family has suffered death, divorce or tragic misunderstanding, returning a late-night phone call from an anxious parent or showing up at a Bookstore Basketball game in the rain.

Like all Notre Dame rectors, he is committed to nurturing a form of communal life which is a treasure of the University, and Father Chamberland both celebrates and exemplifies it.





## NICK PETRONI

When Nick Petroni began his studies at Notre Dame, he didn't fully realize the impact the University community would have on him.

"It completely changed who I was," says Petroni, a computer science major from Glassboro, New Jersey. "Interacting with people and having the type of life I had in the dorm community — getting to share different aspects of my life, from academics to faith to athletics, in one setting with the same people — was amazing."

The Notre Dame community made a lasting impression on Petroni, and he returned the favor by making his own mark during his time as a student. He served as a resident assistant in Keough Hall, a position he now considers one of the best things to happen to him at Notre Dame, largely because of the relationships he developed with younger students. "The feeling of having a freshman come into your room and let you be the first to know he got an 'A' on a paper in a class in which he was struggling is unbelievably rewarding," he reflects.

While he is quick to point out how much he gained from his experience at Notre Dame, Petroni also gave a great deal through community service, volunteering as a tutor and for projects such as Christmas in April. He also shared his musical talents as a member of Notre Dame's marching and varsity bands, through which he participated in service-oriented projects such as playing Christmas carols for underprivileged children and providing music for liturgical events on campus. A member of the engineering honor society Tau Beta Pi, he was a finalist for valedictorian for Notre Dame's 2001 Commencement Exercises.

Now off to the University of Maryland to pursue a doctoral degree in computer science, Petroni has every intention of building strong ties in his future communities. "It's something you continue, and it's one of those things that God shows you," he says. "I'll probably end up teaching, which is one way I'll end up involved in the community."

Thanks to his experience, Petroni has high expectations. After all, he says, Notre Dame is a tough act to follow.



THE SENSE OF COMMUNITY STUDENTS EXPERIENCE WITHIN THE RESIDENCE HALLS, HOWEVER, IS PERHAPS THE MOST DISTINCTIVE FEATURE OF STUDENT LIFE AT NOTRE DAME. RESIDENTIAL LIFE HAS A RICH HISTORY AT THE UNIVERSITY AND HAS BEEN ONE OF THE CENTRAL FEATURES OF THE EDUCATIONAL EXPERIENCE.

## ADRIENNE DE LA ROSA

As a Filipina woman, born and raised in the United States and who lived for two years in China, appreciation of and respect for different cultures defines Adrienne de la Rosa. “A love for all people, no matter where they come from, is an important tenet of my Catholic faith,” says the junior marketing and Japanese double-major who has studied five languages.

A people person for sure, de la Rosa prefers extracurricular activities to things like, well, sleep. After a day of classes and work, the night brings practices and meetings. But she’s not complaining. “My activities add dimension to my student life,” she says, confident they stimulate creativity and supply inspiration and productive stress relief.

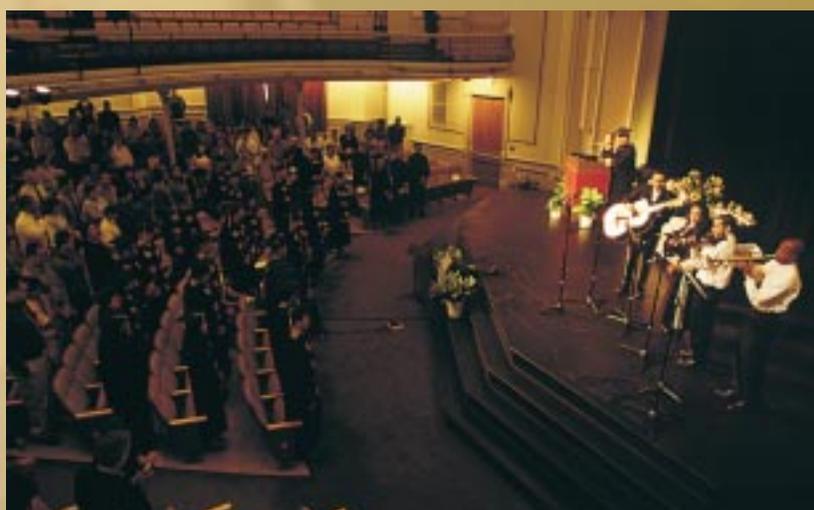
Through the Office of Multicultural Programs and Services, de la Rosa has learned that Notre Dame has taken great strides in increasing her diversity but believes there is room for improvement and eagerly accepts the important roles she can play in broadening the experiences of her fellow students and in providing assurance to other minority students considering Notre Dame — like her younger sister, Denise, now a sophomore. “It’s not easy to walk into the classroom and notice that I am the only minority student there sometimes,” she says. “But it doesn’t interfere with my responsibility to get an excellent education, and in turn, I can provide diversity of thought, perspective and experience in my classes.”

De la Rosa finds a strong sense of social belonging in her outside activities. “I find community, and family, in the clubs that help me celebrate not only my own heritage, but that of others, like the Black Cultural Arts Council and La Alianza.” She is an Asian Allure model and a singer at cultural events like Latin Expressions and Blak Koffeehouse. “Music,” she says, “is my soul.”

A member of the Filipino-American Student Organization (FASO), she teaches Filipino traditional dances, embracing her culture while sharing it with others who are willing to learn something new. “I love that all ethnic organizations welcome all people. You don’t have to be Filipino to dance tinikling or eat lumpia!”

Last year, as an officer of FASO, de la Rosa helped organize a dance whose profits went directly to the Philippines to help build a library for an underrepresented native people there. “FASO continues service to the less fortunate to honor the country from which most of our roots have come.”

Filipinos, de la Rosa notes, are traditionally Catholic. But no matter one’s religion, she believes Notre Dame’s natural beauty complements the spirit. And when the going gets tough, a visit to the Grotto reminds her why she chose Notre Dame. “God is present here, in everyone. I have never met more gracious people. That beauty keeps me going.”



## PRESIDENT BUSH DELIVERS PRINCIPAL COMMENCEMENT ADDRESS AND RECEIVES HONORARY DEGREE

**G**raduates of the Class of 2001 are likely to always remember their Commencement speaker — the President of the United States.

George W. Bush spoke of faith-based and community initiatives in his first commencement address as President, referring to Notre Dame as “a community of conscience” and saying, “there is no great society that is not a caring society.” In conjunction with the President’s appearance, the University established a scholarship in the name of Laura Bush, to be awarded annually to an elementary or secondary school student enrolled in a Catholic school in Texas that is served by Notre Dame’s Alliance for Catholic Education.



Bush’s father had been the most recent President to speak to Notre Dame graduates. The University’s first presidential commencement speech was delivered by President Dwight Eisenhower in 1960. President Jimmy Carter made what many regard as the key foreign policy

address of his presidency at the 1977 Commencement Exercises, and four years later, security was exceptionally tight when President Ronald Reagan made his first public appearance after the attempt on his life.

In addition to these speakers, Notre Dame has awarded honorary degrees to Presidents Franklin Roosevelt and Gerald Ford, and to Congressman John Kennedy, later the nation’s only Catholic President.

Commencement speakers through the years have also included prominent educators: former Yale University President Kingman Brewster Jr., former Harvard University President Derek Bok and Stanford Provost (and now national security adviser) Condoleezza Rice, holder of a master’s degree from Notre Dame and formerly a University Trustee, who also attended the 2001 Commencement Exercises.

Other well-known speakers have come from diverse walks of life: Dr. William Mayo, co-founder of the Mayo Clinic, Supreme Court Chief Justice Earl Warren, U.N. Secretary-General Kofi Annan, actor Bill Cosby, journalists William F. Buckley Jr. and Tom Brokaw and Cardinal Joseph Bernardin.

### At the 156th Commencement Exercises

Monsignor George C. Higgins, a scholar, activist and the foremost “labor priest” of the Catholic Church, is awarded the University’s Laetare Medal, the oldest and most prestigious honor given to American Catholics.

**Notre Dame is the choice** of high school guidance counselors who were asked what school they would attend if they could repeat their college years according to the KAPLAN/NEWSWEEK COLLEGE CATALOG 2001. The guide also rates Notre Dame among the nation’s leading universities in terms of value, responsiveness to financial aid needs of students and academic competitiveness.

**Undergraduate and graduate accountability programs** in the Mendoza College of Business rank sixth and 11th, respectively, in the nation, according to PUBLIC ACCOUNTING REPORT.

**The College of Engineering** serves as co-host for the Eighth ASCE Joint Conference on Probabilistic Mechanics and Structural Reliability. With more than 300 participants, it is the largest College conference ever held.

**Representatives from 27 colleges and universities** meet at Notre Dame to create the framework for a new organization dedicated to establishing clear guidelines for the living wages of workers worldwide who produce collegiate licensed products.

**Continuing a long tradition** of candidates for president and vice president speaking on substantive issues at Notre Dame during election years, Senator Joseph Lieberman, Democratic Party vice presidential candidate, discusses faith and values in a speech in Washington Hall.

**Rev. Edmund P. Joyce, C.S.C.**, executive vice president of the University for 35 years, and the late James E. Armstrong, who led the Alumni Association for 41 years, are selected for inclusion on the University’s Wall of Honor for “contributions to Notre Dame that are lasting, pervasive and profound.”

**Andrea Riccardi**, historian and founder of the Community of Sant’Egidio, receives the Notre Dame Award, presented annually for international humanitarian service.

□ **In a partnership** with local residents and a variety of religious, civic, government and business organizations, Notre Dame establishes the Robinson Community Learning Center in the nearby Northeast Neighborhood. The Center offers educational programs, health care services, recreational activities and community initiatives.

□ **The Woodrow Wilson National Fellowship Foundation** funds for a second consecutive year the Teachers as Scholars program, an initiative in which dozens of local K-12 teachers reconnect to the world of scholarship by participating in academically rigorous two-day seminars held by leading faculty in Notre Dame's College of Arts and Letters.

□ **The Council for the Advancement and Support of Education** honors Notre Dame for its longtime support of the Christmas in April program in South Bend.

□ **Donald R. Keough**, chairman emeritus of the University's Board of Trustees, underwrites construction of a new theology and philosophy building named in honor of Notre Dame's president, Rev. Edward A. Malloy, C.S.C.

□ **The Coleman Family Center for Campus Ministry** and the **James and Leah Rae Morse Center for Academic Services** are dedicated and begin operations in new facilities located on the South Quad.

□ **Nathan O. Hatch** is elected by the Board of Trustees to a second five-year term as provost.

□ **Rev. William D. Seetch, C.S.C.**, is appointed religious superior of the Congregation of Holy Cross priests and brothers at Notre Dame.

□ **The Board of Trustees** elects Jeffrey C. Kantor, formerly vice president and associate provost, as vice president for graduate studies and research and dean of the graduate school.

□ **John Affleck-Graves** is elected vice president and associate provost.

□ **Louis M. Nanni** is elected vice president for public affairs and communications, a newly created division that includes the departments of public relations and information, communications design, community relations, governmental relations and NOTRE DAME magazine.

## FACULTY AND ADMINISTRATION

□ **Kenneth Dye**, director of bands, arranges the music for the opening ceremonies of the 2000 Olympic Games in Sydney.

□ **Jimmy Gurulé**, professor of law, is nominated by President Bush to serve as undersecretary for enforcement in the U.S. Department of the Treasury.

□ **Rev. Edward A. Malloy, C.S.C.**, voices strong support for the Student-Athlete Protection Act in testimony to a U.S. Senate Commerce Committee hearing, saying "it is a crucial step" in the battle against gambling on college, high school and Olympic athletic events.

□ **R. Scott Appleby**, professor of history and one of the world's leading experts on fundamentalism, is appointed John M. Regan Jr. Director of the Kroc Institute for International Peace Studies.

□ **Charles R. Loving** is appointed director of the Snite Museum of Art.

□ **John Cavadini**, associate professor and chair of theology, is appointed director of the Institute for Church Life.

□ **F. Clark Power**, associate director of the Mendelson Center for Sport, Character & Culture, is elected to the board of directors of the new National Council for Accreditation of Coaching Education.

□ **A commission** chaired by Rev. Edward A. Malloy, C.S.C., Notre Dame's president, issues a report concluding that the integrity of the Olympic Games is in doubt because of the explosion in performance-enhancing drugs and the lack of an effective policing system to detect their use.

□ **Political scientist David Leege** participates in a forum on Catholic voter behavior at the National Press Club in Washington, D.C., a week before the 2000 presidential election.

□ **Steven R. Schmid**, associate professor of aerospace and mechanical engineering, participates in the Frontiers of Engineering Symposium, a conference organized by the National Academy of Engineering to feature the work of potential leaders in engineering.

□ **In an article** titled "Form from Fire," SCIENTIFIC AMERICAN features the latest research by Arvind Varma, Arthur J. Schmitt Professor of Chemical Engineering, on combustion synthesis of advanced materials.

□ **M. Cathleen Kaveny**, John P. Murphy Foundation Chair in the Law School and author of more than 30 articles in the past five years in theology journals, law reviews and the lay press on topics at the intersection of law and moral theology, publishes "Law, Morality and the Common Ground" in AMERICA, "Cooperation's Mirror Image: The Problem of Appropriation of Evil" in THEOLOGICAL STUDIES and "Religious Claims and the Dynamics of Argument" in a symposium issue of the WAKE FOREST LAW REVIEW.

□ **THE JOURNAL OF ORGANIC CHEMISTRY** publishes a cover story by Marvin J. Miller, George and Winifred Clark Professor of Chemistry, on his major advances in developing new antibiotics and new means to deliver old drugs that have lost their effectiveness.

□ **A new book** co-authored by Rev. Oliver F. Williams, C.S.C., academic director of the Center for Ethics and Religious Values in Business, analyzes how lessons learned from the Sullivan Principles may be used to develop worldwide codes of conduct in today's business environment.

□ **Sandra M. Gustafson**, associate professor of English, examines the traditions and cultural implications of speech in the early history of the United States in a new book, ELOQUENCE IS POWER: ORATORY AND PERFORMANCE IN EARLY AMERICA.

□ **The prestigious research journal NATURE** publishes several studies by a group of scientists led by Notre Dame physicist Albert-László Barabási that find parallels between networks ranging from the World Wide Web to cellular systems.

□ **Benedict Giomo**, professor and chair of American studies, publishes a new book on the spiritual quests of Beat Generation novelist Jack Kerouac titled KEROUAC, THE WORD AND THE WAY: PROSE ARTIST AS SPIRITUAL QUESTER.

□ **Sociologist David Sikkink** publishes a new study that finds Catholic schools do the best job of encouraging community involvement and volunteerism in students.

□ **E. Mark Cummings**, Notre Dame Professor of Psychology, examines the effect of parenting styles, marital functioning and parental depression on children in a new book titled DEVELOPMENTAL PSYCHOPATHOLOGY AND FAMILY PROCESS: THEORY, RESEARCH, AND CLINICAL IMPLICATIONS.

## NATIONAL MEDIA RECOGNITION RECEIVED

- A WALL STREET JOURNAL article lists Notre Dame among “The New Ivies,” schools once thought of as fallbacks to top schools but “now selective enough to be in a league of their own.” Others listed in this category include Duke, Georgetown, Johns Hopkins, NYU, Northwestern and Rice.
- Garrison Keillor features “Getting Through Sundays,” a poem by Sonia Gernes, professor of English, on his program “The Writer’s Almanac.”
- A new book by Heidi Ardizzone, visiting assistant professor of American studies, titled LOVE ON TRIAL: AN AMERICAN SCANDAL IN BLACK AND WHITE, is featured on the National Public Radio program “Talk of the Nation.”
- A nationwide WALL STREET JOURNAL poll of 1,600 corporate recruiters ranks the Mendoza College of Business first in recruiter satisfaction and 15th overall and cites Mendoza’s business ethics curriculum as its most distinctive feature.
- TIME magazine cites Rev. Virgilio Elizondo, visiting professor of theology, as one of the nation’s leading spiritual innovators.
- For the third consecutive year, HISPANIC BUSINESS magazine selects Gilberto Cárdenas, director of the Institute for Latino Studies, one of the 100 most influential Hispanics in the United States.

❑ **James S. O’Rourke IV**, director of the Fanning Center for Business Communication, examines current communication issues in two new books, BUSINESS COMMUNICATION: A FRAMEWORK FOR SUCCESS and MANAGEMENT COMMUNICATION: A CASE ANALYSIS APPROACH.

❑ **Associate professors of psychology** Cindy Bergeman and Thomas Merluzzi receive grants from the National Institutes of Health totaling more than \$190,000 for projects in the areas of conjugal loss and solution-focused therapy.

❑ **Gregory Gundlach**, John W. Berry Sr. Professor of Marketing, publishes THE HANDBOOK OF MARKETING AND SOCIETY, the first book to comprehensively examine the scholarly research on how marketing affects societal welfare.

❑ **Fabian E. Udoh**, assistant professor in the program of liberal studies, receives a \$30,000 National Endowment for the Humanities fellowship from the W.F. Albright Institute of Archaeological Research for a project titled “To Caesar What is Caesar’s: Tribute and Taxes in Early Roman Palestine.”

❑ **Rev. Ernest J. Bartell, C.S.C.**, professor of economics, co-edits THE CHILD IN LATIN AMERICA: HEALTH, DEVELOPMENT, AND RIGHTS, a comprehensive examination of the physical, educational, social, legal and economic status and prospects of children on the continent.

❑ **Susan D. Blum**, associate professor of anthropology, is the author of a new book titled PORTRAITS OF “PRIMITIVES”: ORDERING HUMAN KINDS IN THE CHINESE NATION.

❑ **A team of scientists** led by Olaf Wiest, associate professor of chemistry and biochemistry, has synthesized an artificial enzyme they believe can repair sun-damaged DNA.

❑ **Cambridge University Press** publishes JUDGING THE PAST IN UNITED GERMANY, a new book by A. James McAdams, chair and William P. Scholl Professor of Government and International Studies.

❑ **The phenomenon** known as optic flow is central to the language of bees, allowing them to measure distance and communicate the information to one another, according to a new study by Harald Esch, professor emeritus of biological sciences.

❑ **David Yamane**, assistant professor of sociology, analyzes the multicultural revolution that swept across college campuses in the 1980s in a new book titled STUDENT MOVEMENTS IN MULTICULTURALISM: CHALLENGING THE CURRICULAR COLOR LINE IN HIGHER EDUCATION.

## HONORS

❑ **Notre Dame's nine National Endowment for the Humanities fellowships** in the past two years are the most in higher education. This year, four faculty members in the College of Arts and Letters — Edmund J. Goehring, assistant professor in the program of liberal studies; Mary Ann Mahony, assistant professor of history; Thomas J. Schlereth, professor of American studies; and John P. Welle, associate professor of romance languages and literatures — receive NEH fellowships.

❑ **Eugene C. Ulrich**, one of the world's foremost scholars of the Dead Sea Scrolls and the Rev. John A. O'Brien Professor of Theology, is elected to the American Academy of Arts and Sciences, the nation's leading learned society.

❑ **Theologians Robert A. Krieg and Timothy Matovina** are selected by the American Theological Schools as Henry Luce III Fellows in Theology, the most prestigious fellowship in the field.

❑ **Frank P. Incropera**, Matthew H. McCloskey Dean of the College of Engineering, is recognized as one of the leading scholars in his field by a new Web-based resource that lists individuals, departments and laboratories that have made fundamental contributions to the development of science and technology in recent decades.

❑ **Frank K. Reilly**, Bernard J. Hank Professor of Business Administration, is a member of the inaugural group of fellows honored by the Financial Management Association, the leading organization serving finance scholars in higher education.

❑ **Rev. Theodore M. Hesburgh, C.S.C.**, president emeritus, adds to his record number of honorary degrees with doctorates from St. Edward's University and Georgian Court College, bringing his total to 147. He also is selected as a Living Legend by the Indiana Historical Society and receives his 16th presidential appointment, to the Commission on Presidential Scholars.

❑ **The Corporation for National Service** presents the Alliance for Catholic Education at Notre Dame with its Higher Education Award for leadership in using national service resources through AmeriCorps.

❑ **"Today's Life Choices,"** the University's weekly television series on contemporary social issues, receives three awards from the WorldFest Houston and New York Festival competitions.

❑ **The American Association of Collegiate Registrars and Admissions Officers** selects Notre Dame registrar Harold Pace as its NCAA Division I inter-association representative.

❑ **The American Institute of Aeronautics and Astronautics and the American Society for Engineering Education** present the John Leland Atwood Award for contributions in engineering education to Stephen M. Batill, professor of aerospace and mechanical engineering.

❑ **The Academy of Motion Picture Arts and Sciences** selects Donald Crafton, chair and professor of film, television and theatre, as one of its two inaugural Academy Film Scholars.

❑ **Joan F. Brennecke**, professor of chemical engineering, receives the Ipatieff Prize from the American Chemical Society for outstanding experimental work in the field of catalysis or high-pressure chemistry by researchers under the age of 40.

❑ **James I. Taylor**, professor of civil engineering and geological sciences, receives the Distinguished Service to Safety Award from the National Safety Council.

❑ **The Society of Multivariate Experimental Psychology** presents the Catal Award to Steven M. Boker, assistant professor of psychology, for outstanding early-career research contributions to the field.

❑ **Notre Dame political scientists** George Lopez and David Cortright receive CHOICE magazine's Outstanding Academic Title award for their book, *THE SANCTIONS DECADE: ASSESSING UN STRATEGIES IN THE 1990S*.

❑ **David Kirkner**, associate professor of civil engineering and geological sciences, and Robert E. Norton, professor of German and Russian languages and literatures, receive Fulbright scholar grants for research in Poland and Austria, respectively.

❑ **The Carnegie Foundation and the Pew Charitable Trusts** honor Notre Dame professors Harvey Bender and Todd Whitmore for their innovative investigations into the science of effective university-level teaching.

❑ **Robert P. Vecchio**, Franklin D. Schurz Professor of Management, is elected a fellow in the Society for Industrial and Organizational Psychologists of the American Psychological Association.

❑ **The American Marketing Association** presents its highest honor to educators, the Irwin/McGraw-Hill Distinguished Educator Award, to William L. Wilkie, AI and Eleanor Nathe Professor of Marketing.

❑ **David Sikkink**, assistant professor of sociology, receives a National Academy of Education/Spencer Postdoctoral Fellowship for a project titled "Religion, Race and Schooling Choices for Children."

❑ **Chemist Olaf G. Wiest** is named a Camille Dreyfus Teacher-Scholar by the Camille & Henry Dreyfus Foundation.

❑ **Lewis University presents** Notre Dame historian Jay P. Dolan with an honorary doctor of humanities degree for his "scholarly and pastoral articulation of the rich history and varied character of American Catholicism."

❑ **The Center for Continuing Education** receives a Pinnacle Award for outstanding conference facilities from the readers of SUCCESSFUL MEETINGS magazine.

❑ **Six members** of the sports information department — John Heisler, Bernadette Cafarelli, Mike Enright, Pete LaFleur, Eric Wachter and Lisa Nelson — receive 13 awards for outstanding publications from the College Sports Information Directors of America.

## STUDENTS

❑ **Brooke Norton**, a junior from Glendora, California, is the first woman elected student body president at Notre Dame.

❑ **National Science Foundation** fellowships, the most prestigious awards in the nation in the fields of mathematics, science and engineering, are awarded to undergraduates Sami Assaf and Rebecca Glatz and Graduate School students Jason Keller and Justin Biddle.

❑ **David Altman**, a doctoral student in government and international studies, receives a Charles and Kathleen Manatt Fellowship from the International Foundation for Election Systems to conduct research related to election administration and civic participation.

❑ **Susan Olson**, a doctoral student in aerospace and mechanical engineering, receives a Zonta International Amelia Earhart Fellowship, an annual award presented to women pursuing graduate degrees in aerospace and related fields.

❑ **Tracy Kijewski-Correa**, a doctoral student in civil engineering and geological sciences, is awarded a Structural Engineering Traveling Fellowship from the Skidmore, Owings & Merrill Foundation.

❑ **The Walther Cancer Institute of Indianapolis** awards its Dr. Karl R. Ruddell Scholarship to Felipe Palacios, a doctoral student in biology.

❑ **Juniors Kevin Fortner** of Cullman, Alabama, and **Kathleen Ponto** of Kalamazoo, Michigan, are awarded scholarships from the Barry M. Goldwater Scholarship and Excellence in Education Foundation.

❑ **Tim Ryan and Charlie Holden-Corbett**, a junior and senior, respectively, in film, television and theatre, receive a Communicator Award of Distinction for producing a public service announcement in support of the South Bend child-care facility El Campito.

❑ **Fifteen graduating seniors** receive post-graduate scholarships and fellowships from the National Science Foundation, Fulbright Educational Exchange Program and other organizations.

❑ **Notre Dame's two student-produced magazines**, *THE SCHOLASTIC* and *THE JUGGLER*, are named News and Literary Magazines of the Year, respectively, by the Indiana Collegiate Press Association.

## DEVELOPMENT

❑ **The GENERATIONS Campaign** concludes with a total of \$1.06 billion, making it by far the most successful fund-raising endeavor in the history of Catholic higher education. Notre Dame is just the 18th university — and 12th private — to raise \$1 billion. It joins Princeton University as the only institutions to top the \$1-billion mark without the powerful gift-giving attraction of a medical school.

❑ **The largest estate gift** in the University's history — more than \$16 million — is received from the estate of 1946 alumnus William J. Carey of Dallas.

❑ **A No. 1 ranking** among colleges and universities is achieved for the number of matching gifts received in a record year, as \$3.6 million is raised.

❑ **The Sorin Society** experiences a record year, raising \$11.8 million to help the Annual Fund reach a new high of \$23.1 million.

❑ **Alumni participation** in giving moves past the 50 percent mark.

❑ **Notre Dame's award-winning Alliance for Catholic Education** serves as a model, as the University's Institute for Educational Initiatives receives grants totaling more than \$700,000 from the Department of Education, the Mathile Family Foundation and the MCJ Foundation to help 10 other colleges and universities develop similar teacher education programs. The MCJ Foundation makes a separate \$1-million gift for a new program titled "Rethinking Notre Dame's Presence in Inner-City Schools."

❑ **Alumnus John P. McMeel and his family** make a major gift to fund an endowed professorship in Shakespearean performance and dramatic literature.

❑ **The Institute for Latino Studies** receives a \$5-million grant from the MacNeal Health Foundation for an initiative both to study and serve the Latino communities in the Chicago area.

❑ **The Center for Sport, Character & Culture** is endowed with a \$2.5-million naming gift from Joseph T. Mendelson Sr. of Santa Barbara, California.

❑ **A scholarship** to assist outstanding Notre Dame students from Central America is established through a \$100,000 gift from 1954 alumnus Jacobo R. Tefel from Guatemala City.

❑ **The Robert Wood Johnson Foundation** makes a \$750,000 grant to Notre Dame for a research project by psychology professor John Borkowski on predicting and preventing child neglect by adolescent mothers.

❑ **Notre Dame's Natural Law Institute** receives a \$225,000 grant from the John M. Olin Foundation to support its publication, the *AMERICAN JOURNAL OF JURISPRUDENCE*.

❑ **A \$200,000 grant** from the W.K. Kellogg Foundation supports the recruitment and training of teachers for K-12 schools through the Alliance for Catholic Education.

❑ **The General Electric Fund** awards a \$300,000, two-year grant to Notre Dame in support of an innovative, multidisciplinary approach to engineering instruction.

❑ **Regis Philbin**, television personality and alumnus, makes a \$2.75-million gift for the creation of a studio theater in the Marie P. DeBartolo Center for the Performing Arts.

❑ **Notre Dame enters** into a five-year agreement for a \$1.28-million grant from Honeywell International Inc., through its Aircraft Landing Systems business in South Bend, for doctoral fellowships, research and visiting professorships in its Center for Molecularly Engineered Materials.

## ATHLETICS

❑ **On and off the field**, the most successful year in Irish athletics history is highlighted by a No. 11 finish in the Sears Directors' Cup competition, the national championship in women's basketball, 11 Academic All-Americans and three other teams holding a No. 1 ranking.

❑ **The 11 Academic All-American** selections give Notre Dame 20 over the past two years, the most in the nation, and 135 overall, second in the nation.

❑ **In addition** to women's basketball, the men's fencing, baseball and women's soccer teams all rank first in the nation at some point during their seasons.

❑ **Notre Dame captures** the Big East Conference Commissioner's Trophy for the sixth consecutive year for men's programs and fifth consecutive year for women's. The Irish win league titles in women's soccer, volleyball, swimming and diving, tennis and softball, tie for first in women's basketball, finish first in baseball and earn a divisional title in men's basketball.

❑ **The women's soccer and men's lacrosse teams** reach the national semifinals of the NCAA Tournament.

❑ **Senior midfielder Anne Makinen** wins the Hermann Trophy as national player-of-the-year in women's soccer.

❑ **Senior All-American Ryan Shay** wins the national title at 10,000 meters in the NCAA men's outdoor track and field championships.

❑ **Michelle Dasso** is voted the Intercollegiate Tennis Association National Senior Player of the Year.

❑ **Yves Auriol** is voted national collegiate coach of the year in fencing for leading the Irish men's team to a 25-0 record and the combined men's and women's team to a third-place finish in the NCAA Tournament.

❑ **The football team** finishes with a 9-2 record and earns a Bowl Championship Series berth in the Tostitos Fiesta Bowl.

❑ **Led by two-time Big East player-of-the-year** Troy Murphy, the men's basketball team reaches the NCAA Tournament for the first time in 10 years.

❑ **Troy Murphy** is selected in the first round of the NBA draft by the Golden State Warriors.

❑ **With a 15-0 record**, senior pitcher Aaron Heilman leads the Notre Dame baseball team to a 49-13-1 record. A four-time All-American, he is selected in the first round of the Major League Baseball draft by the New York Mets.

❑ **Softball coach Liz Miller** retires after winning a school-record 54 games in 2001 and registering 917 career victories.

❑ **The NCAA** Division I-A Athletic Directors' Association presents a Program of Excellence Award to Notre Dame's CHAMPS/Life Skills Program.

❑ **Ruth Riley and softball pitcher Jen Sharron** receive \$5,000 NCAA postgraduate scholarships.



## FIRST NATIONAL CHAMPIONSHIP FOR IRISH WOMEN'S BASKETBALL

**T**he 2001 women's basketball team won the University's first national championship in that sport. Senior center Ruth Riley made two free throws with 5.8 seconds remaining to secure a come-from-behind 68-66 victory over Purdue in the title game. Notre Dame finished with a 34-2 overall record and carries a 38 game home-winning streak into the 2001-2002 season.

Riley's name is now prominently etched in Irish sports history. Having earned dozens of individual honors on team, Big East Conference and national levels during her career, she topped off the dramatic championship season with selections as national player of the year and national student-athlete of the year.

Head coach Muffet McGraw was named national coach of the year. Riley and teammate Niele Ivey went on to sign professional contracts with the WNBA's Miami Sol and Indiana Fever, respectively.



U P D A T E — G E N E R A T I O N S :

A C A M P A I G N F O R T H E

N O T R E D A M E S T U D E N T

## A COMPREHENSIVE SELF-STUDY

of academic and capital needs and priorities was published by Notre Dame in the spring of 1993 — this in the context of the University’s place in higher education on the eve of a new millennium. That study, called “Colloquy for the Year 2000,” defined Notre Dame’s aspirations through the eyes of its faculty, students and administration and, thus, shaped the development of the GENERATIONS Campaign, the largest and most successful fund-raising drive in Notre Dame’s history. And while the Colloquy cast a broad beam on a wide array of University priorities, it remained thematically focused on the University’s first order of business: the education of its students.

The full name of this drive, “GENERATIONS: A Campaign for the Notre Dame Student,” reflected this focus and indicated the University’s intention to prepare for a future likely to be radically different from the past.

The results of the GENERATIONS Campaign tell the tale ... \$1,061,000,000 raised in total ... best ever for Notre Dame ... \$600 million more than the last campaign ... \$294 million over goal ... first Catholic institution of higher education to surpass the \$1 billion mark ... the 12th private institution to do so ... and only the second university without a medical school

to exceed \$1 billion (Princeton University being the other).

Alumni of the University participated in the Campaign at a rate of 74 percent (number of alumni giving or pledging during the life of the Campaign), two points higher than the 72 percent participation rate enjoyed in the Strategic Moment Campaign. Nearly half of the Campaign’s total revenues were derived from alumni, as over \$525 million was contributed.



There were 186 gifts in excess of \$1 million, yet the University enjoyed broad-based support as GENERATIONS produced 106,000 donors. Private foundations, corporations, various organizations and friends all played a role in the successful completion of the Campaign.

Buoyed by a strong economy, the GENERATIONS Campaign certainly had a strong impact on University fund raising. A more critical question, though, pertains to the impact on the institution itself: How will students benefit from the GENERATIONS Campaign?

Designed as a comprehensive campaign, GENERATIONS has changed Notre Dame in numerous ways. Contributions affected everything from student affordability (scholarships) to student life (Rolfs Sports Recreation Center); from faculty excellence (100 new endowed chairs or directorships) to faculty teaching (John A. Kaneb Center for Teaching and Learning); from library academic resources (115 new endowed collections) to improved library space (Carey estate gift for initial renovation); from new research and scholarship (the Keck Center for Transgene Research and the Keough Institute for Irish Studies) to renovations and restorations and exciting new buildings (the renovation of the Main Building and the creation of the Eck Center).

Importantly, the GENERATIONS Campaign also served to undergird the Catholic character of the University. By strengthening established programs (Institute for Church Life and the Center for

Social Concerns), encouraging the development of new initiatives (Alliance for Catholic Education, Center for Ethics and Culture, Erasmus Institute) and for the first time gathering activities of Campus Ministry under one roof (Coleman-Morse Center), the Campaign enhanced the Catholic values and intellectual traditions of the University.

A fund-raising staple for any university or major charity, the capital campaign is intended to catalyze the institution by supporting its priorities and enabling the enterprise to solve problems and achieve excellence. GENERATIONS displayed an uncanny momentum from beginning to end while achieving what a capital drive should achieve — speeding progress on central priorities, in this case, priorities that distinguish Notre Dame from other institutions.

In the end, our students find themselves at an improved Notre Dame. They have generations of Notre Dame supporters to thank for that — and a campaign that carried this same name.

Designed as a  
comprehensive campaign,  
GENERATIONS  
has changed Notre Dame  
in numerous ways.



For more information,  
please see the GENERATIONS FINAL REPORT at  
<http://givingtond.nd.edu/UNDGenerations.pdf>



**REV. TIMOTHY R. SCULLY, C.S.C.**  
EXECUTIVE VICE PRESIDENT

F I N A N C I A L R E V I E W

## IN EARLY MAY 2001,

the University formally dedicated the new Coleman Family Center for Campus Ministry and the James and Leah Rae Morse Center for Academic Services. Not only was this 67,000-square-foot, Collegiate Gothic facility the most significant capital project completed during the year, but it wonderfully symbolizes what is represented in this Annual Report about our commitment to student life and learning and the opportunities that await students at Notre Dame.

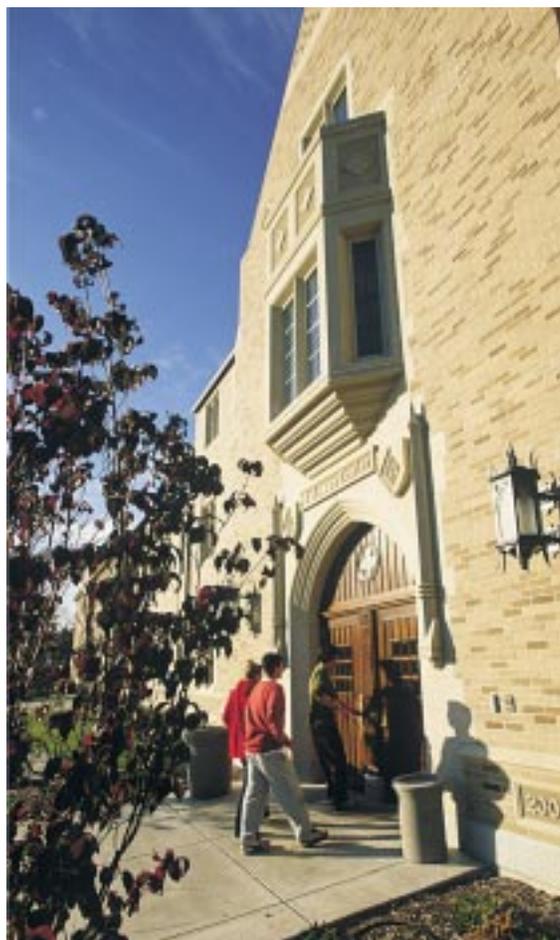
In the Coleman-Morse Center one will find Campus Ministry, the First Year of Studies program, Academic Services for Student-Athletes, a satellite office of the Center for Social Concerns, classrooms, rehearsal space for campus choirs, tutoring space, study rooms, a chapel, a computer cluster and a student lounge. Scholarship, service, faith and community — the hallmarks of the complete educational experience described in these pages — all are at home within these walls.

I am fond of the response by a distinguished Notre Dame professor when asked what he saw as the greatest challenge of a Notre Dame faculty

member: He said it “is being worthy of our students.” His response, unexpected but well put, delivered an important reminder.

Indeed, this challenge extends beyond faculty to the entire University community, as we strive together to deliver a total student experience that is truly exceptional. Meeting the challenge of course starts with making available faculty and programs which are nothing short of outstanding. First-rate facilities are also necessary — classrooms, laboratories, residence halls and study and social spaces. Support services and infrastructure are needed both in academic and administrative areas, from tutoring to the administration of financial aid, from library collections to computing technology. In essence, the University is running a small city, complete with security and fire protection and a power plant and serving 20,000 meals per day.

The needs are diverse and require plenty of resources to meet them. Faculty must not only be compensated competitively but also provided with the resources necessary to pursue their aspirations as teachers and researchers. The University must appropriately maintain and modernize the existing physical plant while also budgeting for the



operation of new facilities. To remain competitive in the financial aid arena, efforts to reduce the loan component of aid packages and to increase assistance available to international students continue.

As the University has endeavored to limit tuition increases, with the increase in student charges budgeted for the 2001-02 academic year at 4.9 percent, the lowest rate in decades, spending from endowment and other invested assets has allowed the University to meet its goals. Over the past five years, endowment spending per unit has increased at an average annual rate of 16.8 percent. Going forward, however, expected market returns are much more modest than actual returns realized in recent years, meaning that increases in endowment spending by necessity must moderate to preserve inter-generational equity.

In anticipation of a changed economic environment, many administrative areas heightened



efforts in the past year to implement best practices in management and to operate more efficiently and cost-effectively.

The financial issues we face are common throughout higher education, so we continue to exchange ideas in benchmarking exercises with other institutions. We continuously invite our counterparts at respected peer institutions to critique our operations and seek the counsel of outside advisers. In addition, we have restructured our capital planning processes to assure current and future needs are integrated and building projects are consistent with a master plan that will preserve the functionality and beauty of our campus.

Longer-term planning is becoming a reality, as much work was done in the past year to give structure to a strategic planning process that will involve much of the campus community in fiscal 2002. It is hoped this process will help focus our aspirations and thus guide effective resource



To be truly worthy of our students ...  
we must provide excellent stewardship  
over financial resources and in all the  
many things we do that supplement  
and enhance our core mission  
of educating students.

# FISCAL 2001 RESULTS

Notre Dame's financial strength has been evidenced for many years by the University's inclusion among the small group of large, private colleges and universities to carry a long-term debt rating of Aaa from Moody's Investors Service. The University's overall financial position remains solid despite the decline in financial markets during fiscal 2001. Unrestricted revenues, excluding investment returns, increased \$33.9 million over fiscal 2000. Grants and contracts revenue provided the largest percentage increase at 27.7 percent, demonstrating the University's growing commitment to research.

Total assets decreased 6.8 percent, or \$311.8 million, in fiscal 2001, due primarily to a \$309.7 million decline in the investment portfolio. The University's asset base at year end was \$4.28 billion. When compared to fiscal 1999, however, total assets have increased 31.9 percent, or \$1.04 billion, as the record returns achieved by the endowment pool in fiscal 2000 have been diminished but not erased by the market correction.

Financial markets similarly affected the University's net assets. The decline in the market value of the endowment led to reductions of \$128.1 million in unrestricted net assets and \$226.3 million in temporarily restricted net assets. Permanently restricted net assets, however, increased by \$51.0 million as a result of contributions.



allocation decisions, as well as allow the University to develop clear fund-raising goals for the future.

To be truly worthy of our students, and of the other constituencies we serve — from trustees, to generous benefactors like those who made the Coleman-Morse Center a reality, to parents who entrust their children to the University for four years or longer —

we must provide excellent stewardship over financial resources and in all the many things we do that supplement and enhance our core mission of educating students.

One of the most satisfying experiences of my first year as executive vice president has been the opportunity to meet with many of my colleagues among the Notre Dame staff and learn about their important contribu-

tions. From accountants to cooks, from architects to cleaning crews, I have been



deeply inspired by their dedication to our important mission.

We are blessed to be here, and our students will continue to benefit from our common commitment.



S U M M A R Y O F

*Financial Results*

[ I N T H O U S A N D S ]

	Years ended June 30	
	2001	2000
Assets	\$4,281,978	\$4,593,818
Net assets	\$3,833,202	\$4,136,623
Increase/(Decrease) in net assets	\$(303,421)	\$1,315,452
Market value of endowment and funds functioning as endowment	\$2,883,606	\$3,142,973
Bonds and notes payable	\$202,352	\$204,447
Revenues	\$182,860	\$1,759,597
Expenses	\$486,281	\$444,145
Capital expenditures	\$56,471	\$51,060

*Revenues*

[ I N T H O U S A N D S ]

	Years ended June 30	
	2001	2000
Tuition and fees, net of scholarships and fellowships	\$ 166,264	\$ 159,908
Grants and contracts	43,783	34,296
Contributions		
Unrestricted	16,073	21,290
Temporarily restricted	38,841	61,986
Permanently restricted	53,343	63,199
Investment income		
Unrestricted	28,780	23,769
Temporarily restricted	24,806	19,600
Permanently restricted	1,737	1,998
Net gain/(loss) on investments		
Unrestricted	(165,120)	576,735
Temporarily restricted	(170,897)	662,466
Permanently restricted	(537)	1,458
Auxiliary enterprises	128,689	109,069
Other sources	17,098	23,823
Total	<u>\$ 182,860</u>	<u>\$ 1,759,597</u>



E N D O W M E N T R E V I E W

**SCOTT C. MALPASS**  
VICE PRESIDENT FOR FINANCE  
AND CHIEF INVESTMENT OFFICER

## FROM LIBRARIES AND ACADEMIC PROGRAMS

to endowed chairs and financial aid, the Notre Dame Endowment continues to play a vital role in funding the University's advancement. The Endowment, the 18th largest in American

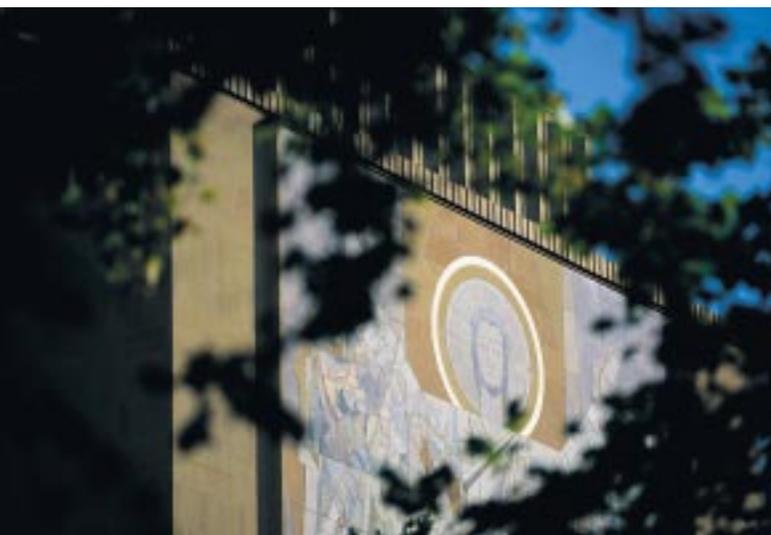
higher education and the largest at a Catholic institution, distributed over \$90 million for the benefit of endowed programs in fiscal 2001. As global economic difficulties and financial market corrections took full hold during the year, the market value of the Endowment fell to \$2.88 billion at June 30, 2001, compared to \$3.14 billion at the end of fiscal 2000.

After a record return of 57.9 percent in fiscal 2000, the Endowment pool return was

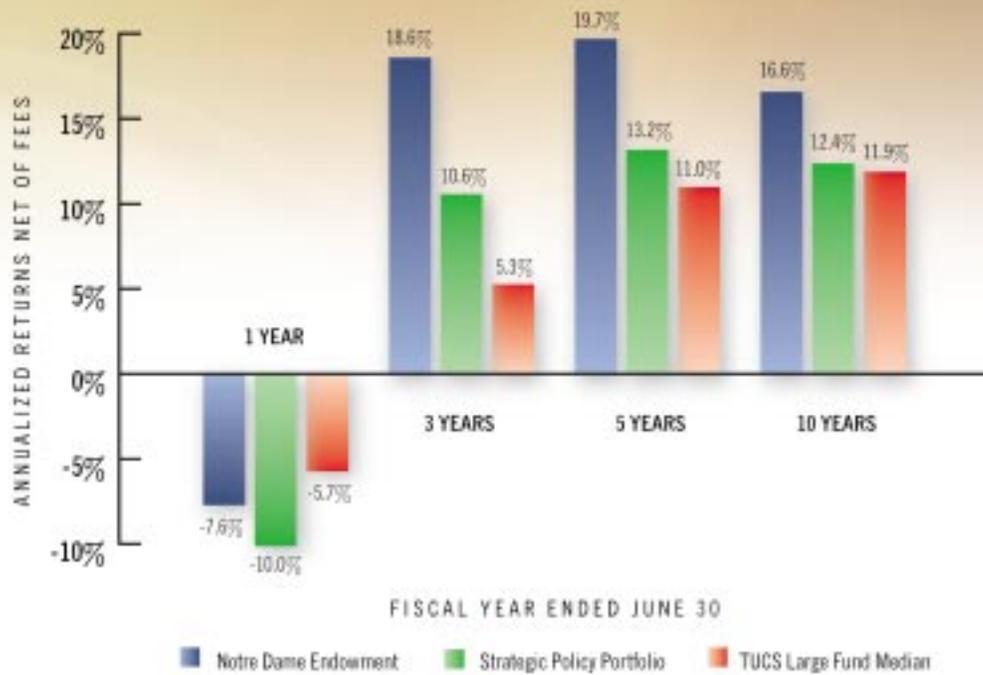
(7.6) percent for this fiscal year, net of investment management fees, compared to (5.7) percent for the Trust Universe Comparison Service (TUCS) Large Fund Median of institutional investors larger than \$1 billion, and compared to (10.0) percent for the Strategic Policy Portfolio, an internal benchmark consisting of a weighted average of various indices representative of the Endowment portfolio. Widely-followed equity market indices like the S&P 500 and NASDAQ declined on the order of 15 and 45 percent, respectively.

Major asset classes contributing positive returns to the Endowment were opportunistic equities, fixed income, real estate and inflation hedge. After leading the Endowment's performance in fiscal 2000 with a 385 percent return net of fees and expenses, the venture capital portfolio was down almost 4 percent this past year. In today's environment entrepreneurs need advice and guidance from experienced investors that

have the requisite skill to add tangible value to their companies. The established top-tier managers that comprise Notre Dame's portfolio have successfully invested through down markets and bring such value to their companies.



## Endowment Performance Profile



The foundation of the University’s investment management program continues to be a long-term focus, a commitment to active management, emphasis on less-efficient niches in capital markets and a well-diversified, equity-oriented portfolio, all of which has resulted in investment performance during the past decade that consistently ranked among the best in higher education.

As with investment policies, spending policies are consistent with a long time horizon. As I cautioned last year, “even when investment returns are extraordinary, a disciplined approach to endowment spending is necessary.” While investment gains were substantial in the latter half of the 1990s, spending increased considerably but prudently, with reinvestment of significant portions of the return helping the Endowment to grow rapidly since 1995. When the base from which spending is made grows, funding can increase annually regardless of prevailing market conditions, albeit in a more conservative fashion during periods of market dislocation.

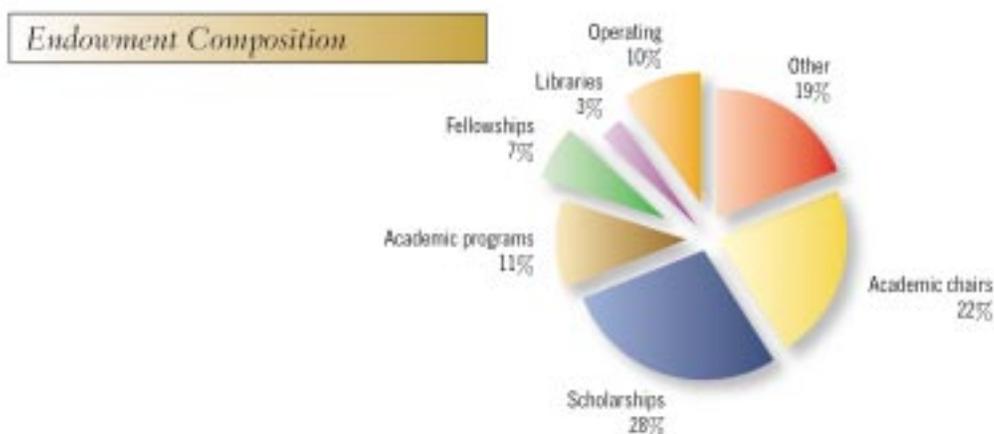
**The Opportunistic Equities asset class** gained 2.5 percent net of fees for the year, substantially outperforming its benchmark, which returned (10.5) percent. This asset class includes investments in distressed securities, event arbitrage strategies, equity long/short strategies and certain sector strategies that are expected to outperform the broader equity markets over a one- to three-year horizon on a risk-adjusted basis. These strategies are designed to enhance diversification, reduce systematic risk in the overall portfolio and take advantage of short-term inefficiencies in particular investment strategies, sectors or regions of world markets. Notre Dame’s reputation in the alternative investments community allows the University to draw on a vast network for the origination of unique opportunistic investment ideas.

# ENDOWMENT INVESTMENT AND SPENDING POLICIES

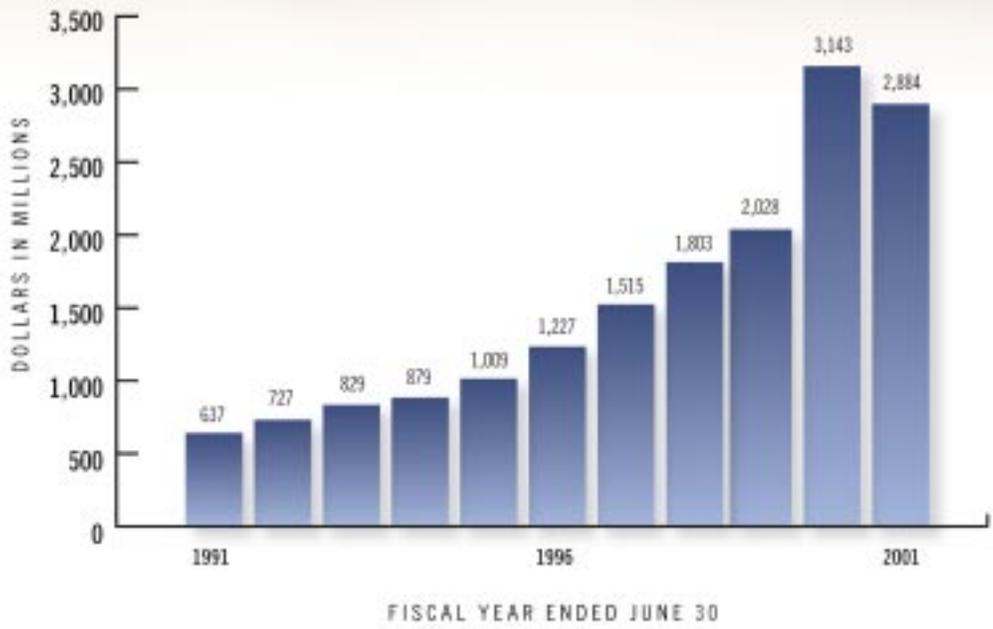
The investment philosophy of the Endowment is active management of a highly-diversified portfolio by external investment firms worldwide, monitored by the University's internal professional staff with oversight by the Investment and Finance Committee of the Board of Trustees. To maximize long-term returns, investments favor stock and other equity asset classes, such as venture capital, real estate and opportunistic equities, which serve to diversify common stock holdings. Targets and ranges are established by Board policy.

<i>Asset Class</i>	<i>Strategic Target</i>	<i>Tactical Range</i>	<i>June 30, 2001 Actual %</i>
<b>Domestic Equities</b>	<b>22.5%</b>	<b>20 to 40%</b>	<b>22.5%</b>
<b>International/Global Equities</b>	<b>20.0%</b>	<b>15 to 30%</b>	<b>18.0%</b>
<b>Opportunistic Equities</b>	<b>12.5%</b>	<b>10 to 25%</b>	<b>14.1%</b>
<b>Private Equity</b>	<b>22.5%</b>	<b>15 to 30%</b>	<b>24.3%</b>
<b>Fixed Income</b>	<b>12.5%</b>	<b>10 to 20%</b>	<b>12.9%</b>
<b>Inflation Hedge</b>	<b>5.0%</b>	<b>3 to 10%</b>	<b>4.0%</b>
<b>Real Estate</b>	<b>5.0%</b>	<b>0 to 15%</b>	<b>4.2%</b>

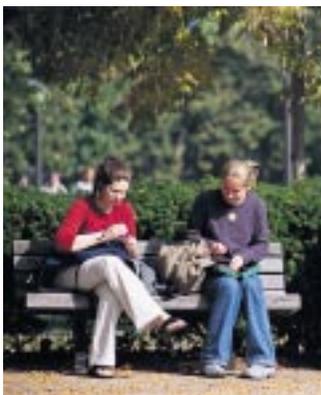
The University's spending policy is to distribute a steadily growing real dollar amount of support to endowed programs each year. Preserving inter-generational equity by appropriately balancing current spending needs and reinvestment for the future will remain a long-term challenge that is regularly monitored.



*Endowment Growth 1991-2001*



Financial aid remains the largest portion of the Endowment, and financial aid at Notre Dame continues to be almost exclusively endowment based. This approach has allowed the University to significantly improve its financial aid — the full demonstrated financial need of all students is now met — without the high level of tuition discounting that is common in higher education. During the past fiscal year, Notre Dame granted \$33.9 million in undergraduate scholarships to 38 percent of the student body, up from 23 percent six years



ago. During that same six-year period, the dollar amount of the average University administered scholarship increased 59 percent. While we are pleased with these results, one of our

goals is to improve financial aid packages with more grant money and less debt.

In summary, we have stayed the course in the face of a challenging investment climate, confident that our long-term thinking and highly-diversified portfolio serve the University well in all types of markets. To preserve Notre Dame's institutional ability to further improve its academic standing while keeping student charges in check, we must maintain sound investment and spending policies. Notre Dame must also continue to increase the Endowment through new giving and, as much as ever, rely on its generous alumni and other benefactors, for whose devotion to our important mission at Notre Dame we are always grateful.



**“When current students** meet 50-year alumni, it is clear that they have been shaped in similar ways by their experiences at the University. ... Notre Dame men and women, while wonderfully diverse in many ways, are alike in some of the things that matter most: in their love for the world of ideas, in their commitment to service, in their deep faith and in their devotion to the University. We have a saying at the University: ‘Wherever you go, Notre Dame is always with you.’ Our graduates have taken the best of Notre Dame with them to become leaders in their communities, the Church and **our world.**”

— REV. MARK L. POORMAN, C.S.C., VICE PRESIDENT FOR STUDENT AFFAIRS



S T A T E M E N T S O F

*Financial Position*

[ I N T H O U S A N D S ]

	As of June 30	
	2001	2000
<b>ASSETS</b>		
Cash and cash equivalents	\$ 57,726	\$ 70,420
Accounts receivable	23,338	20,280
Deferred charges and other assets	11,732	13,577
Contributions receivable	89,188	107,176
Notes receivable, principally for student loans	32,351	31,815
Investments	3,412,964	3,722,625
Land, buildings and equipment, net of accumulated depreciation	654,679	627,925
<b>TOTAL ASSETS</b>	<b>\$ 4,281,978</b>	<b>\$ 4,593,818</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 22,506	\$ 30,000
Deferred revenue	31,424	31,739
Deposits and other liabilities	57,212	48,870
Amounts payable under life income agreements	23,787	25,786
Bonds and notes payable	202,352	204,447
Pension and other accrued retirement benefits	86,658	92,313
Government advances for student loans	24,837	24,040
<b>TOTAL LIABILITIES</b>	<b>448,776</b>	<b>457,195</b>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	149,316	199,007
Designated for specific purposes	214,359	231,982
Invested in land, buildings and equipment	452,327	429,146
Funds functioning as endowment	1,118,236	1,202,220
<b>TOTAL UNRESTRICTED</b>	<b>1,934,238</b>	<b>2,062,355</b>
Temporarily restricted	1,232,501	1,458,770
Permanently restricted	666,463	615,498
<b>TOTAL NET ASSETS</b>	<b>3,833,202</b>	<b>4,136,623</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,281,978</b>	<b>\$ 4,593,818</b>

*See accompanying notes to financial statements.*

**S T A T E M E N T S   O F**

*Unrestricted Revenues, Expenses and Other Changes in Unrestricted Net Assets*

[ I N T H O U S A N D S ]

	Years ended June 30	
	<b>2001</b>	<b>2000</b>
<b>REVENUES AND OTHER ADDITIONS</b>		
Tuition and fees	\$ 232,610	\$ 217,919
Less: Tuition scholarships and fellowships	(66,346)	(58,011)
<b>NET TUITION AND FEES</b>	<b>166,264</b>	<b>159,908</b>
Grants and contracts	43,783	34,296
Contributions	16,073	21,290
Investment income	28,780	23,769
Net gain/(loss) on investments	(165,120)	576,735
Sales and services of auxiliary enterprises	128,689	109,069
Other sources	21,898	23,275
<b>TOTAL REVENUES</b>	<b>240,367</b>	<b>948,342</b>
Net assets released from restrictions	117,797	116,007
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<b>358,164</b>	<b>1,064,349</b>
<b>EXPENSES</b>		
Instruction	169,480	154,404
Research	35,916	30,302
Public service	20,824	20,767
Academic support	34,330	31,266
Student activities and services	22,029	20,675
General administration and support	84,639	79,687
Auxiliary enterprises	119,063	107,044
<b>TOTAL EXPENSES</b>	<b>486,281</b>	<b>444,145</b>
<b>INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>\$ (128,117)</b>	<b>\$ 620,204</b>

*See accompanying notes to financial statements.*

**S T A T E M E N T S O F**

*Changes in Net Assets*

[ I N T H O U S A N D S ]

	Years ended June 30	
	<b>2001</b>	<b>2000</b>
<b>UNRESTRICTED NET ASSETS</b>		
Revenues	\$ 240,367	\$ 948,342
Net assets released from restrictions	117,797	116,007
Expenses	(486,281)	(444,145)
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(128,117)</b>	<b>620,204</b>
	<hr/>	<hr/>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	38,841	61,986
Investment income	24,806	19,600
Net gain/(loss) on investments	(170,897)	662,466
Actuarial loss on life income obligations	(1,222)	(287)
Net assets released from restrictions	(117,797)	(116,007)
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>(226,269)</b>	<b>627,758</b>
	<hr/>	<hr/>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	53,343	63,199
Investment income	1,737	1,998
Net gain/(loss) on investments	(537)	1,458
Actuarial gain/(loss) on life income obligations	(3,578)	835
	<hr/>	<hr/>
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>50,965</b>	<b>67,490</b>
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<b>(303,421)</b>	<b>1,315,452</b>
	<hr/>	<hr/>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>4,136,623</b>	<b>2,821,171</b>
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,833,202</b>	<b>\$ 4,136,623</b>
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*See accompanying notes to financial statements.*

S T A T E M E N T S O F

*Cash Flows*

[ I N T H O U S A N D S ]

	Years ended June 30	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in net assets	\$ (303,421)	\$ 1,315,452
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	31,297	22,743
Changes in operating assets and liabilities:		
Accounts receivable	(3,058)	(395)
Deferred charges and other assets	1,845	(506)
Contributions receivable	19,942	(24,165)
Accounts payable	(7,494)	9,117
Deferred revenue	(315)	1,922
Deposits and other liabilities	8,342	9,145
Amounts payable under life income agreements	(1,999)	3,737
Pension and other accrued retirement benefits	(5,655)	7,531
Contributions for investments and physical facilities	(90,471)	(91,106)
Investment income restricted for reinvestment	(1,737)	(1,998)
Net (gain)/loss on investments	336,554	(1,240,659)
Other, net	17,592	13,792
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1,422	24,610
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments, net	(47,838)	(57,858)
Purchases of land, buildings and equipment	(56,471)	(51,060)
Student loans granted	(4,372)	(3,961)
Student loans repaid	3,352	2,664
Change in other notes receivable	303	56
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	(105,026)	(110,159)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received restricted for:		
Investments	67,182	77,863
Physical facilities	23,289	13,243
Investment income restricted for reinvestment	1,737	1,998
Proceeds from bonds issued	-	10,000
Repayment of bonds and notes	(2,095)	(9,784)
Government advances for student loans	797	970
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	90,910	94,290
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(12,694)	8,741
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	70,420	61,679
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 57,726	\$ 70,420

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The University of Notre Dame du Lac is a private, coeducational, national Catholic research university. The accompanying financial statements include the assets and operations of certain other entities which are owned and operated by the University of Notre Dame du Lac. The University of Notre Dame du Lac and entities included herein are referred to individually and collectively as the “University.”

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the reporting principles of not-for-profit accounting as defined by Statement of Financial Accounting Standards (SFAS) 116 “Accounting for Contributions Received and Contributions Made,” and SFAS 117 “Financial Statements of Not-for-Profit Organizations.” SFAS 116 requires unconditional promises to give be recorded as receivables and revenue within the appropriate net asset category. SFAS 117 establishes standards for general purpose external financial statements of not-for-profit organizations, including a statement of financial position, a statement of changes in net assets and a statement of cash flows.

The accompanying financial statements have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted Net Assets* — Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the University’s mission.

*Temporarily Restricted Net Assets* — Net assets subject to specific, donor-imposed restrictions that must be met by actions of the University and/or passage of time. Such assets normally fund specific expenditures of an operating or capital nature.

*Permanently Restricted Net Assets* — Net assets subject to a donor-imposed restriction requiring they be maintained permanently by the University. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general University purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in net assets consistent with the restrictions placed on their use by either the donor or by law. Expirations of temporary restrictions on net assets, that is, the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions and reclassified from temporarily restricted net assets to unrestricted net assets.

Revenues associated with research and other contracts and grants are recognized when related costs are incurred. Indirect cost recovery by the University on U.S. government contracts and grants is based upon a pre-determined negotiated rate and is recorded as unrestricted revenue.

**CHANGE IN ACCOUNTING**

On July 1, 2000, the University adopted SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended by SFAS Nos. 137 and 138, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as “derivatives”), and for hedging activities. SFAS No. 133 requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The University follows a policy of recognizing all its derivative instruments at fair market value and does not apply hedge accounting treatment to those transactions. The adoption of this statement did not have a material effect on the University’s statement of financial position, or the related statements of unrestricted revenues, expenses and other changes in unrestricted net assets, changes in net assets and cash flows.

**CONTRIBUTIONS**

Contributions include unconditional promises to give that are recognized as revenues — either temporarily restricted or permanently restricted — in the period such commitments are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received in future years are discounted at a U.S. Treasury rate commensurate with the payment plan.

Amortization of the discount is recorded as additional contribution revenue. Allowance is made for uncollectible contributions based upon management's expectations regarding collection of outstanding promises to give and the University's collection experience.

#### **AUXILIARY ENTERPRISES**

The University's auxiliary enterprises exist primarily to furnish goods and services to students, faculty and staff. Managed as essentially self-supporting activities, the University's auxiliaries consist principally of residence halls, dining halls, intercollegiate athletics and college stores. Auxiliary enterprise revenues and fully costed expenses are reported as changes in unrestricted net assets.

#### **CASH AND CASH EQUIVALENTS**

Resources invested in money market funds and short-term investments with maturities at date of purchase of three months or less are classified as cash equivalents, except that any such investments purchased by external investment managers are classified as investments.

#### **INVESTMENTS**

##### *Valuation*

Investments are stated at fair value and are recorded on the trade or contract date. The estimated fair value of investments is based on quoted market prices, except for certain investments for which quoted market prices are not available.

The estimated fair value of limited partnership and similar interests is based on valuations provided by the external investment managers as of March 31, adjusted for cash receipts, cash disbursements and securities distributions through June 30. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the limited partnership investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

The value of forward foreign currency exchange contracts is estimated using available market quotations obtained from banks and foreign exchange dealers. The change in market value of all foreign currency exchange contracts is recorded as unrealized gain or loss on foreign currency contracts in the statement of unrestricted revenues, expenses and other changes in unrestricted net assets. The fair value of these contracts is reported on a net-by-counterparty basis in the statement of financial position where management believes a legal right of offset exists under an enforceable netting agreement.

Open futures and options contracts are valued at the closing exchange quotations on the last business day of the year. Brokerage commissions on open positions are accrued as a liability of the University in full upon the initiation of such open positions. Upon entering into futures contracts, the University is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contracts are traded. New contracts and changes in margin requirements resulting from changes in the fair value of the instruments are funded each business day. Market quotations for all other types of traded financial instruments are obtained from various sources including the major securities exchanges and dealers.

##### *Off-Balance Sheet Risk*

The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of financial position and is not represented by the contract or notional amounts of the instruments.

The University bears risks upon entering into foreign currency exchange contracts from the potential inability of counterparties to meet the terms of their contracts; these risks are generally limited to the amount of unrealized gain, if any, at date of default. The University's risks may also arise from the unanticipated movements in the value of any foreign currency relative to the U.S. dollar. To reduce the impact of changing foreign currency exchange rates on the U.S. dollar value of its international equity holdings, the University utilizes a dynamic currency overlay strategy. While operating within specified risk parameters, the currency overlay manager is expected to outperform a specified hedged benchmark by actively managing individual currency risks utilizing forward foreign currency exchange contracts.

### Endowment

The University has adopted an endowment spending policy that attempts to meet three objectives: (1) provide a predictable, stable stream of earnings to fund participants; (2) ensure the purchasing power of this revenue stream does not decline over time; and (3) ensure the purchasing power of the endowment assets do not decline over time. Under this policy as approved by the Board of Trustees, investment income, as well as a prudent portion of realized and unrealized gains, may be expended for the operational needs of fund participants.

### LAND, BUILDINGS AND EQUIPMENT

Institutional properties are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, averaging 15 years for land improvements, 25-50 years for buildings and 5-25 years for equipment.

The University does not capitalize the cost of library books, nor the cost or fair value of its art collection. The latter is held for exhibition and educational purposes only and not for financial gain.

### LIFE INCOME AGREEMENTS

The University's life income agreements consist of irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the actuarial value, accretion of the discount and other changes affecting the estimates of future benefits.

### USE OF ESTIMATES

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

### TAX STATUS

The University is a qualified tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

## NOTE 2. ACCOUNTS AND NOTES RECEIVABLE

At June 30, 2001, accounts and notes receivable are stated net of allowances of \$1,531,000 and \$1,151,000, respectively. At June 30, 2000, these amounts were \$1,415,000 and \$1,131,000, respectively.

Notes receivable are principally amounts due from students under U.S. government sponsored loan programs which are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

## NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30 (in thousands):

	2001	2000
Unconditional promises expected to be collected in:		
Less than one year	\$ 29,192	\$ 40,812
One year to five years	80,663	92,493
More than five years	9,836	12,242
	<u>119,691</u>	<u>145,547</u>
Less:		
Unamortized discount	20,813	26,727
Allowance for uncollectible amounts	9,690	11,644
	<u>30,503</u>	<u>38,371</u>
	<u>\$ 89,188</u>	<u>\$ 107,176</u>

Contributions receivable are distributed between net asset classifications as follows at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Temporarily restricted	\$ 37,393	\$ 55,431
Permanently restricted	51,795	51,745
	<u>\$ 89,188</u>	<u>\$ 107,176</u>

#### NOTE 4. INVESTMENTS

Investments are summarized as follows at June 30 (in thousands):

	<u>2001</u>		<u>2000</u>	
	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
Short-term investments	\$ 296,704	\$ 300,588	\$ 281,831	\$ 288,613
Fixed income securities	325,058	328,673	333,051	330,395
Equity securities	1,487,269	1,521,201	1,214,855	1,494,668
Limited partnerships and similar interests	967,069	1,201,750	833,453	1,526,492
Other investments	60,719	60,752	79,203	82,457
	<u>\$ 3,136,819</u>	<u>\$ 3,412,964</u>	<u>\$ 2,742,393</u>	<u>\$ 3,722,625</u>

The University is obligated under certain investment contracts to periodically advance additional funding up to contractual levels. At June 30, 2001, such amounts approximated \$550 million.

#### POOLED INVESTMENTS AND ENDOWMENT

Investments totaling \$3.23 billion at June 30, 2001, and \$3.53 billion at June 30, 2000, are pooled on a market value basis with each participating fund owning units in the pool. Additions or withdrawals are based on the market value of the pooled investments. The value per unit was \$1,719 and \$1,903 at June 30, 2001, and 2000, respectively.

Investment return for the years ended June 30, 2001, and 2000, is comprised of the following (in thousands):

	<u>2001</u>	<u>2000</u>
Investment income (net of investment advisory fees)	\$ 49,304	\$ 39,391
Realized gain	345,050	655,808
Unrealized gain/(loss)	(689,712)	594,025
Total investment return	<u>\$ (295,358)</u>	<u>\$ 1,289,224</u>

The fair value of endowment and funds functioning as endowment is summarized as follows at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Unrestricted	\$ 1,118,236	\$ 1,202,220
Temporarily restricted	1,116,679	1,345,243
Permanently restricted	648,691	595,510
	<u>\$ 2,883,606</u>	<u>\$ 3,142,973</u>

**NOTE 5. LAND, BUILDINGS AND EQUIPMENT**

The following is a summary of land, buildings and equipment at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Land and land improvements	\$ 50,440	\$ 49,587
Buildings	598,626	576,410
Equipment	168,514	210,920
Construction in progress	42,933	37,813
	<u>860,513</u>	<u>874,730</u>
Less accumulated depreciation	205,834	246,805
	<u>\$ 654,679</u>	<u>\$ 627,925</u>

Depreciation expense was \$31,297,000 and \$22,743,000 for the years ended June 30, 2001, and 2000, respectively.

The University has commitments to expend approximately \$14.5 million to complete various construction projects as of June 30, 2001.

**NOTE 6. BONDS AND NOTES PAYABLE**

Bonds and notes payable consist of the following at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
St. Joseph County, Indiana		
Educational Facilities Revenue Bonds:		
Series 2000, bearing interest at a variable rate (2.65 percent currently) through 2030	\$ 10,000	\$ 10,000
Series 1998, bearing interest at a variable rate (2.65 percent currently) through 2033	43,000	43,000
Series 1997, bearing interest at 4.25 percent to 5.25 percent through 2027	30,915	31,510
Series 1996, bearing interest at 5.5 percent to 6.5 percent through 2026	30,000	30,000
Indiana Educational Facilities Authority Revenue Bonds:		
Series 1997, bearing interest at 4.25 percent to 5.25 percent through 2025	23,130	23,200
Series 1995, bearing interest at a variable rate (2.55 percent currently) through 2025	26,500	26,500
Series 1994, bearing interest at 5.5 percent to 6.65 percent through 2019	29,865	30,665
Series 1992, bearing interest at 5.4 percent to 6 percent through 2023	6,425	6,900
Notre Dame du Lac Dormitory Refunding and Construction Bonds bearing interest at 3 percent through 2018	1,570	1,685
Mortgage notes payable, bearing interest at 3 percent through 2019	947	987
	<u>\$ 202,352</u>	<u>\$ 204,447</u>

The mortgage notes and Dormitory Refunding and Construction Bonds are collateralized by the facilities to which they relate. The Indiana and St. Joseph County Educational Facilities Authority Revenue Bonds represent general obligations of the University and are not collateralized by the related facilities.

The aggregate scheduled maturities of the bonds and notes payable are as follows (in thousands):

2002	\$ 2,176
2003	2,358
2004	2,049
2005	2,205
2006	2,246
2007 and thereafter	<u>191,318</u>
	<u>\$ 202,352</u>

Interest paid on the bonds and notes was \$10,071,000 and \$10,148,000 for the years ended June 30, 2001, and 2000, respectively.

The current fair value of the University's bond and note obligations approximates the aggregate carrying value at June 30, 2001.

#### NOTE 7. RETIREMENT PROGRAMS

The University offers retirement and postretirement benefits to its employees. The retirement benefits include both a defined contribution plan and a defined benefit plan.

Faculty and certain administrative employees who have completed one year of full-time service at the University are eligible to participate in the defined contribution plan. Participating staff in the defined contribution plan have the option of directing their contributions and the University's contributions on their behalf to Teachers Insurance and Annuity Association, Fidelity Investments or the Vanguard Group. Participating staff are immediately vested in the plan. The University's share of the cost of these benefits was \$11,941,000 and \$10,901,000 for the years ended June 30, 2001, and 2000, respectively.

Retirement benefits are provided for other employees under a defined benefit, trustee retirement plan administered by the University. The defined benefit plan is funded by annual contributions made by the University to the Employee's Retirement Fund. The University's contributions meet ERISA minimum requirements. The plan assets and their related actuarially determined benefit obligation are included in investments and pension and other accrued retirement benefits, respectively, on the Statements of Financial Position as of June 30, 2001, and 2000.

The postretirement benefits offered by the University consist principally of medical and life insurance for retirees and their spouses. Employees are eligible for the postretirement benefits if they retire after attaining specified age and service requirements while employed by the University. The plan is funded as claims are paid.

The University determines the amortization of any prior service cost relating to the projected benefit obligation and accumulated postretirement benefit obligation (APBO) using a straight-line amortization of the cost over the average remaining service period of employees expected to receive the benefits under the respective plan.

The following tables set forth the funded status of the defined benefit plan and postretirement benefits as well as the components of net periodic benefit cost and the weighted-average assumptions at June 30 (in thousands):

	<i>Pension Benefits</i>		<i>Postretirement Benefits</i>	
	2001	2000	2001	2000
<b>CHANGE IN BENEFIT OBLIGATION</b>				
Benefit obligation at beginning of year	\$ 60,712	\$ 61,292	\$ 23,198	\$ 22,003
Service cost	2,897	2,854	977	1,034
Interest cost	4,799	4,448	1,679	1,697
Plan amendment	-	29	-	-
Actuarial (gain)/loss	3,669	(4,948)	(194)	(1,092)
Benefit payments	(3,066)	(2,963)	(659)	(444)
Benefit obligation at end of year	69,011	60,712	25,001	23,198
<b>CHANGE IN PLAN ASSETS</b>				
Fair value of plan assets at beginning of year	73,975	70,379	-	-
Actual return on plan assets	(5,367)	6,559	-	-
Employer contributions	-	-	659	444
Benefit payments	(3,066)	(2,963)	(659)	(444)
Fair value of plan assets at end of year	65,542	73,975	-	-
Funded status	(3,469)	13,263	(25,001)	(23,198)
Unrecognized net (gain)/loss	(478)	(16,673)	181	374
Unrecognized prior service costs	659	902	-	-
Unrecognized net transition (asset)/obligation	(398)	(796)	7,390	8,006
Accrued benefit cost	\$ (3,686)	\$ (3,304)	\$ (17,430)	\$ (14,818)
<b>COMPONENTS OF NET PERIODIC BENEFIT COST</b>				
Service cost	\$ 2,897	\$ 2,854	\$ 977	\$ 1,034
Interest cost	4,799	4,448	1,679	1,697
Expected return on plan assets	(6,512)	(6,115)	-	-
Amortization of:				
Unrecognized net (gain)/loss	(646)	(327)	-	11
Unrecognized prior service cost	243	392	-	-
Unrecognized net (asset)/obligation	(398)	(398)	616	616
Net periodic benefit cost	\$ 383	\$ 854	\$ 3,272	\$ 3,358
<b>WEIGHTED-AVERAGE ASSUMPTIONS</b>				
Discount rate	7.50%	8.00%	7.50%	8.00%
Expected return on plan assets	9.00%	9.00%		
Rate of compensation increase	5.00%	5.50%		

The assumed health care cost trend rate used in measuring the APBO was 8 percent at June 30, 2000, and 7.5 percent at June 30, 2001, grading down to 5 percent in 2005. A one-percentage-point increase or decrease in the assumed health care cost trend rates would have affected the total of service and interest cost and APBO by approximately \$411,000 and \$3,313,000, respectively.

**NOTE 8 . RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Contributions and earnings for operating purposes	\$ 45,270	\$ 40,775
Contributions for the acquisition of buildings and equipment	60,036	61,499
Life income funds	10,516	11,253
Funds functioning as endowment	1,116,679	1,345,243
	<u>\$ 1,232,501</u>	<u>\$ 1,458,770</u>

Permanently restricted net assets consist of the following at June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Endowment funds	\$ 648,691	\$ 595,510
Student loan funds	7,324	7,601
Life income funds	10,448	12,387
	<u>\$ 666,463</u>	<u>\$ 615,498</u>

**NOTE 9 . CONTINGENCIES**

The University is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the University believes that eventual liability, if any, will not have a material effect on the University's financial position.

All funds expended in conjunction with government grants and contracts are subject to audit by government agencies. In the opinion of management, any liability resulting from these audits will not have a material effect on the University's financial position.

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R E P O R T   O F

*Independent Accountants*

Board of Trustees  
University of Notre Dame du Lac  
Notre Dame, Indiana

In our opinion, the accompanying statements of financial position and the related statements of unrestricted revenues, expenses and other changes in unrestricted net assets, changes in net assets and cash flows present fairly, in all material respects, the financial position of the University of Notre Dame du Lac (the "University") at June 30, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

Chicago, Illinois  
October 4, 2001

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\* June 30, 2001

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Arthur J. Decio  
Elkhart, Indiana

Anthony F. Earley  
Garden City, New York

Rev. Carl F. Ebey, C.S.C.  
Notre Dame, Indiana

Philip J. Faccenda  
South Bend, Indiana

Charles K. Fischer Sr.  
Fort Worth, Texas

Sr. Alice Gallin, O.S.U.  
New Rochelle, New York

Roland D. Grimm  
Key West, Florida

Edmond R. Haggar  
Dallas, Texas

J. M. Haggar Jr.  
Addison, Texas

Bernard J. Hank Jr.  
Moline, Illinois

Philip M. Hawley  
Los Angeles, California

Rev. Theodore M. Hesburgh, C.S.C.  
Notre Dame, Indiana

Rev. Edmund P. Joyce, C.S.C.  
Notre Dame, Indiana

Donald R. Keough  
Atlanta, Georgia

George N. Leighton  
Chicago, Illinois

Ignacio E. Lozano Jr.  
Los Angeles, California

Andrew J. McKenna  
Morton Grove, Illinois

Newton N. Minow  
Chicago, Illinois

Timothy O'Meara  
Notre Dame, Indiana

Rosemary Park  
Los Angeles, California

Martha E. Peterson  
Madison, Wisconsin

Ernestine M. Raclin  
South Bend, Indiana

John M. Regan Jr.  
Ocean Ridge, Florida

John A. Schneider  
Greenwich, Connecticut

Rev. Richard V. Warner, C.S.C.  
Notre Dame, Indiana

Robert K. Wilmouth  
Chicago, Illinois

\* *June 30, 2001*

NOTRE DAME, OUR MOTHER  
TENDER, STRONG AND TRUE  
PROUDLY IN THE HEAVENS  
GLEAMS THY GOLD AND BLUE.  
GLORY'S MANTLE CLOAKS THEE  
GOLDEN IS THY FAME  
AND OUR HEARTS FOREVER  
PRAISE THEE, NOTRE DAME.  
AND OUR HEARTS FOREVER  
LOVE THEE, NOTRE DAME.

— NOTRE DAME ALMA MATER



