

Temple University
of the
Commonwealth System of Higher Education
Philadelphia, Pennsylvania
Statement of Appropriations Earned

For The Fiscal Year Ended June 30, 2008



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Temple University
Statement of Appropriations Earned
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Introductory Section

January 28, 2010

The Honorable Edward Rendell and
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dr. Ann Weaver Hart
President
Temple University
Philadelphia, Pennsylvania 19122

Dear Governor Rendell and Dr. Hart:

Enclosed is the independent auditor's report for the statement of appropriations earned for Temple University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2008. You will note that our opinion is dated January 5, 2010, which is the date that our audit work closed.

Sincerely,

JACK WAGNER
Auditor General

Temple University
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2008

Introductory Section

Temple University

Temple University of the Commonwealth System of Higher Education was founded in 1884. It was organized as a non-sectarian college in 1888 under the nonprofit corporation laws of the Commonwealth of Pennsylvania as the Temple College of Philadelphia. The Temple University Commonwealth Act (P.L. 843, No. 355) designated Temple University as a state-related institution in the Commonwealth System of Higher Education. While preserving Temple University's independent, nonprofit corporate character, the Commonwealth Act established it as an instrumentality of the Commonwealth.

Temple University's mission is to provide superior educational opportunities for academically talented and highly motivated students, without regard to their status or station in life. Temple University offers degree programs in 32 certificate areas, 2 associate degree areas, and 131 bachelor's degree areas, 120 master's degree areas, 56 doctoral degree areas, and 8 first professional degree areas.¹ For the 2007-2008 academic year, Temple University awarded 13 certificates, 18 associate's degrees, 5,068 bachelor's degrees, 1,376 master's degrees, 414 doctoral degrees, and 818 first professional degrees.²

Temple University is situated on eight campuses located within the greater Philadelphia area and consists of 17 schools and colleges and 4 professional schools. The main campus, the academic center of the university, occupies 105 acres in north central Philadelphia.

The Health Sciences Center is home to the College of Health Professions and the Schools of Dentistry, Medicine, and Pharmacy. The School of Podiatric Medicine, located in Center City, also has teaching, research, and healthcare facilities at the Health Sciences Center.³

The Ambler Campus is located on 186 acres in Montgomery County, Pennsylvania. Students there can begin more than 100 undergraduate programs and complete 21 degree programs in areas such as business, education, communications, horticulture, landscape architecture, and the liberal arts. Eight master's degree programs can be completed at Ambler.⁴

The Tyler School of Art was relocated from Elkins Park in Montgomery County to a new facility on main campus in 2008. The school offers students the opportunity to study the arts within small learning communities and, at the same time, provides the advantages afforded

¹ www.temple.edu/about/index.htm, accessed June 16, 2009.

² <http://www.temple.edu/ir/factbook/2008%20Fall%20Student%20Profile%20-%20Final.pdf>, accessed June 16, 2009.

³ www.temple.edu/about/hsc.htm, accessed June 16, 2009.

⁴ www.temple.edu/ambler/ac_programs/index.htm, accessed June 16, 2009.

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Introductory Section

by a large comprehensive research institution. The Tyler curriculum encompasses programs in the fine arts, crafts, design, art history, art education, and architecture.⁵

Temple University has three types of transfer agreements with various regional community colleges, including dual admission, core-to-core, and program-to-program agreements. The university has dual admission partnerships with the following community colleges:

- Bucks County Community College
- Community College of Philadelphia
- Delaware County Community College
- Harrisburg Area Community College
- Montgomery County Community College
- Burlington County College

In addition, Temple University has campuses abroad in London, Rome, and Japan. It also sponsors higher education programs in France, Ghana, Great Britain, Italy, China, Spain, Greece, Israel, and Japan.⁶

Temple University also includes the following entities:

- Good Samaritan Insurance Co. Ltd. – created as a for-profit, wholly owned subsidiary in 1989, located in Bermuda, to address the university’s malpractice insurance needs.
- Temple Educational Support Services Ltd. – a for-profit corporation that conducts educational operations of the university’s Japan campus.

Control of Temple University is vested in a 36-member board of trustees. Additionally, there are nine honorary life trustees and three ex-officio trustees who are non-voting members of the board. The ex-officio trustees include the Governor of the Commonwealth of Pennsylvania, the Mayor of the city of Philadelphia, and the Secretary of Education for the Pennsylvania Department of Education.

⁵ www.temple.edu/tyler/abouttyler.html, accessed June 16, 2009.

⁶ www.temple.edu/about/index.htm, accessed June 16, 2009.

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All state-related universities receive appropriations from the Commonwealth. As such, according to Act 12A of 2007, Temple University received appropriations totaling \$172,917,000 for the fiscal year ended June 30, 2008.

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Financial Section

Independent Auditor's Report

The Honorable Edward Rendell and
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dr. Ann Weaver Hart
President
Temple University
Philadelphia, Pennsylvania 19122

Dear Governor Rendell and Dr. Hart:

We have audited the accompanying statement of appropriations earned of Temple University for the fiscal year ended June 30, 2008. The statement of appropriations earned is the responsibility of the university's management. Our responsibility is to express an opinion on the statement of appropriations earned based on our audit.

We conducted our audit in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States, which includes auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance that the statement of appropriations earned is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of appropriations earned. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of appropriations earned. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present the non-preferred appropriations earned pursuant to the legislative requirements prescribed in Act 12A of 2007, as described in Note 3, and is not intended to be a complete presentation of the university's financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

The Honorable Edward Rendell
Dr. Ann Weaver Hart
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In our opinion, the accompanying statement of appropriations earned presents fairly, in all material respects, the earned appropriations of Temple University for the fiscal year ended June 30, 2008, pursuant to Act 12A of 2007, in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

JACK WAGNER
Auditor General

January 5, 2010

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Financial Section

Temple University
Statement of Appropriations Earned
June 30, 2008

	Educational and General	Recruitment and Retention of Disadvantaged Students
Computation of Eligible Costs:		
Unrestricted Educational and General Expenses:		
Instruction	\$235,943,580	
Research	8,231,357	
Public Service	1,602,000	
Academic Support	61,310,326	
Student Services	30,795,380	
Institutional Support	114,483,316	
Operations and maintenance and plant funds	90,646,186	
Student Aid	<u>30,957,196</u>	<u>\$28,255,685</u>
Total Unrestricted Educational and General Expenses:	<u>\$573,969,341</u>	<u>\$28,255,685</u>
Computation of Appropriation Earned:		
Eligible Costs	<u>\$573,969,341</u>	<u>\$28,255,685</u>
Maximum appropriation per Act 12A of 2007 (Note 3)	<u>\$172,475,000</u>	<u>\$ 442,000</u>
Appropriation Earned:		
Lesser of Eligible Costs or Maximum Appropriation	<u>\$172,475,000</u>	<u>\$ 442,000</u>

Notes to the Statement of Appropriations Earned are an integral part of this report.

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Financial Section

Notes to the Financial Statement

1. Reporting Entity

Temple University was founded in 1884 and became a member of the Commonwealth System of Higher Education as a state-related university in 1966. As such, the principal organization is incorporated under the non-profit laws of the Commonwealth.

2. Summary of Significant Accounting Policies

Temple University follows the recommendations for accounting and reporting included in the Audit Guide for Not-for-Profit Organizations issued by the American Institute of Certified Public Accountants and in the Financial Accounting and Reporting Manual published by the National Association of College and University Business Officers.

Basis of Accounting. The accounts of Temple University are maintained according to the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." The statement requires that net assets, revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted: net assets not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Expenses are shown as decreases in unrestricted net assets.

Temporarily restricted: net assets subject to donor-imposed restrictions that can be fulfilled by actions of the university in accordance with those stipulations, or by the passage of time. Contributions and income from endowments for which restrictions have been met in the same fiscal year as their receipt are combined and reported with unrestricted revenues. The university classifies contributions to acquire long-lived assets as temporarily restricted net assets. The release of restrictions occurs as acquisition or construction cost is placed in service.

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Permanently restricted: net assets subject to donor-imposed stipulations that they be maintained permanently by the university. Generally, donors of these assets permit the use of all or part of the income earned on these assets.

The annual appropriations from the Commonwealth are classified as unrestricted net assets.

Accrual Basis. The Statement of Appropriations Earned has been prepared on the accrual basis of accounting. Under this system, revenues are recorded when earned and expenses are recognized when incurred.

3. Basis for Reporting Appropriations Earned

Act 12A of 2007 provided appropriations of \$172,917,000 for educational and general expenses and the recruitment and retention of disadvantaged students to Temple University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2008.

The appropriations are made on the basis of cost incurred; however, transfers between categories may be made if the amount transferred does not exceed the amounts appropriated to the original category. Reimbursable costs for applicable programs include certain direct and indirect education and general expenditures, and transfers. The respective appropriations are considered earned when reimbursable costs equal or exceed the amounts appropriated by the Commonwealth in each category. The Temple University appropriations were allocated as follows:

Category	Amount
Educational and General	\$172,475,000
Recruitment and Retention of Disadvantaged Students	442,000
Total	<u>\$172,917,000</u>

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Financial Section

4. Enrollment Statistics

Temple University provided educational services to 27,679 full-time and 7,365 part-time students during the fall term of 2007. Approximately 71.2 percent of these students, or 24,940, were Pennsylvania residents.⁷

⁷ <http://www.temple.edu/ir/factbook/working%20-%20ods%20docs/2007%20Fall%20Student%20Profile%20-Final.pdf>, accessed June 16, 2009.

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Audit Adjustments

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Audit Adjustments

Temple University's annual appropriations from the Pennsylvania General Assembly provide the Auditor General with the right, in respect to the monies appropriated by the Commonwealth, to audit and disallow expenditures made for purposes inconsistent with the appropriation. Testing of Temple University expenditures for the fiscal year ended June 30, 2008, consisted of selecting a sample of 89 transactions totaling \$102,342,294 to determine if expenditures were incurred to support the stated purpose of the appropriations.

June 30, 2008, Audit Adjustments

No exceptions were noted in the sample of 89 transactions totaling \$102,342,294.

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Audit Report Distribution List

Audit Report Distribution List

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Temple University
Dr. Ann Weaver Hart
President

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This report is a matter of public record and is accessible at www.auditorgen.state.pa.us or by contacting the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. Telephone: 717-787-1381.