



**Temple University
of the
Commonwealth System of Higher Education
Philadelphia, Pennsylvania
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2007**

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Introductory Section



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

September 29, 2008

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

and

**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, 2007. You will note that our opinion is dated August 27, 2008, which is the date that our fieldwork closed.

Sincerely,

A handwritten signature in cursive script that reads "Jack Wagner".

**JACK WAGNER
Auditor General**

Introductory Section

Temple University of the Commonwealth System of Higher Education

Temple University of the Commonwealth System of Higher Education was founded in 1884. Temple 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 as a state-related institution in the Commonwealth System of Higher Education. While preserving Temple's independent, nonprofit corporate character, the Commonwealth Act established Temple as an instrumentality of the Commonwealth.

The mission of Temple is to provide superior educational opportunities for academically talented and highly motivated students, without regard to their status or station in life. Temple offers degree programs in 2 associates degree areas, and 125 bachelors degree areas, 113 masters degree areas, 52 doctoral degree areas, and 8 first professional degree areas.¹ For the 2006-2007 academic year, Temple University awarded 30 associates degrees, 4,888 bachelors degrees, 1,446 masters degrees, 402 doctoral degrees, and 807 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 four professional schools. The Main Campus, the academic center of Temple, occupies 105 acres in north central Philadelphia. There are approximately 25,733 undergraduates and 9,311 graduate and professional school students at Temple.³

The Health Sciences Center is situated on 20 acres approximately two miles north of the main campus. The School of Medicine, Dentistry, Pharmacy, and Health Professions are located on this campus. This location also includes Temple University Hospital and various research buildings.⁴

The Ambler Campus is located on 186 acres in Montgomery County, Pennsylvania. Students can start almost every undergraduate program at the Ambler Campus. Majors that can be completed at the Ambler Campus include Business, Communications and Theater, Criminal Justice, Education, and Psychology. Additionally, Pre-Allied Health students can complete the first two years of the program at the Ambler Campus. The Department of Landscape Architecture and Horticulture is also located on the Ambler Campus.

The Tyler School of Art is located on 12 acres in the Elkins Park section of Montgomery County. It is an accredited member of the National Association of Schools of Art and Design, National Architectural Accrediting Board, and the Middle States Association of Colleges and Schools.⁵ The school offers educational programs in fine arts, crafts, design, art education, art history, and architecture. Temple also has a center city campus that offers

¹ www.temple.edu/about/index.htm 3/20/2008.

² Temple University Fall 2007 Student Profile Factbook 9/5/2008.

³ Temple University Fall 2007 Student Profile Factbook 9/5/2008.

⁴ www.temple.edu/about/hsc.htm 3/20/2008.

⁵ www.temple.edu/tyler/accreditation.html 9/5/2008.

Introductory Section

a variety of continuing education courses to professional and other students seeking credit and non-credit courses.

Temple has entered into partnerships with the following regional community colleges: Bucks County Community College, Community College of Philadelphia, Delaware County Community College, Harrisburg Area Community College, Montgomery County Community College, and Northampton Community College. In addition, Temple has campuses abroad in London, Rome, and Japan. Temple also sponsors higher education programs in Brazil, China, France, Germany, Ghana, India, Italy, Jamaica, Mexico, Spain, and the United Kingdom.

Temple 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 thirteen honorary life trustees and three ex-officio trustees who are non-voting members of the board.

All state-related universities receive appropriations from the Commonwealth. As such, according to Act 12A of 2006, Temple received appropriations totaling \$169,535,000 for the fiscal year ended June 30, 2007.

Financial Section



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018

JACK WAGNER
AUDITOR GENERAL

Independent Auditor's Report

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

and

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 of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2007. 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*, 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 pursuant to the legislative requirements prescribed in Act 12A of 2006, as described in Note 3, and is not intended to be a complete presentation of Temple University of the Commonwealth System of Higher Education's financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying statement of appropriations earned presents fairly, in all material respects, the earned appropriations of Temple University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2007, on the basis of accounting described in Note 3.

This report is intended solely for the information of the Commonwealth of Pennsylvania and Temple University of the Commonwealth System of Higher Education and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Wagner", with a stylized flourish at the end.

JACK WAGNER
Auditor General

August 27, 2008

Financial Section

**Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned**

For The Fiscal Year Ended June 30, 2007

	Educational and General	Recruitment and Retention of Disadvantaged Students
Computation of Eligible Costs:		
Unrestricted Educational and General Expenses:		
Instruction	\$221,098,920	
Research	6,043,172	
Public Service	2,227,000	
Academic Support	56,994,699	
Student Services	28,817,957	
Institutional Support	109,356,073	
Operations and maintenance and plant funds	87,811,340	
Student Aid	<u>28,600,630</u>	<u>\$25,964,622</u>
Total Unrestricted Educational and General Expenses:	<u>\$540,949,791</u>	<u>\$25,964,622</u>
Computation of Appropriation Earned:		
Eligible Costs	<u>\$540,949,791</u>	<u>\$25,964,622</u>
Maximum appropriation per Act 12 A of 2006 (Note 3)	<u>\$169,093,000</u>	<u>\$ 442,000</u>
Appropriation Earned:		
Lesser of Eligible Costs or Maximum Appropriation	<u>\$169,093,000</u>	<u>\$ 442,000</u>

Notes to financial statements are an integral part of this report.

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 (SFAS) 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.

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.

Financial Section

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

The Statement of Appropriations Earned has been prepared in accordance with the requirements of Act 12A of 2006. Reimbursable costs for applicable programs included 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 appropriations are made on the basis of costs incurred; however transfers between categories may be made if the amount transferred does not exceed the amounts appropriated to the original category.

Act 12 A of 2006 provided appropriations of \$169,535,000 to Temple University for the fiscal year ended June 30, 2007. The appropriations were allocated as follows:

<u>Category</u>	<u>Amount</u>
Educational and General	\$169,093,000
Recruitment and Retention of Disadvantaged Students	442,000
Total	<u>\$169,535,000</u>

4. Enrollment Statistics

Temple University provided educational services to 27,062 full-time and 8,537 part-time students during the fall term of 2006 at all of its campuses. Approximately 68.3 percent, or 24,324 of these students, were Pennsylvania residents.⁶

⁶ Temple University Fall 2006 Student Profile Factbook.

Audit Adjustments

Audit Adjustments

Temple University's annual appropriations from the Pennsylvania General Assembly provides 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, 2007, consisted of selecting a sample of 100 transactions totaling \$50,766,789 to determine if expenditures were incurred to support the stated purpose of the appropriations.

June 30, 2007. Audit Adjustments

No exceptions were noted in the sample of 100 transactions totaling \$50,766,789.

Audit Report Distribution List

This report was initially distributed to the following:

Commonwealth of Pennsylvania

The Honorable Edward G. Rendell
Governor

The Honorable James J. Rhoades
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Senate of Pennsylvania

The Honorable Raphael J. Musto
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Senate Education Committee
Senate of Pennsylvania

The Honorable James R. Roebuck, Jr.
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Temple University
Dr. Ann Weaver Hart
President

Board of Trustees

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our Web site at www.auditorgen.state.pa.us.

