

**Cost Accounting Standards Board
Disclosure Statement (CASB DS-2)**

For

**Temple University of the
Commonwealth System of Higher
Education**

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COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

GENERAL INSTRUCTIONS

1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement refer to Section 9903.202 of Chapter 99. of Title 48 CFR (48 CFR 9903).

2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a central or group office and are allocated to one or more segments performing under Federally sponsored agreements.

3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.

4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.

5. The Statement must be signed by an authorized signatory of the reporting unit.

6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code, which describes the segment's (reporting unit's) cost accounting practices.

7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.

COST ACCOUNTING STANDARDS BOARD
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GENERAL INSTRUCTIONS

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of the Government (Also see 48 CFR 9903.202-3).

10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.

11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number__" and "Effective Date __" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items, which have been changed.

ATTACHMENT - Blank Continuation Sheet

COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS

COVER SHEET AND CERTIFICATION

0.1	Educational Institution (a) Name (b) Street Address (c) City, State and ZIP Code (d) Division or Campus of (if applicable)	Temple University-Group Segment 1805 N. Broad Street (038-17) Philadelphia, Pennsylvania 19122-6094 Temple University of the Commonwealth System of Higher Education
0.2	Reporting Unit is: (Mark one.) A. <input checked="" type="checkbox"/> Independently Administered Public Institution B. <input type="checkbox"/> Independently Administered Nonprofit Institution C. <input type="checkbox"/> Administered as Part of a Public System D. <input type="checkbox"/> Administered as Part of a Nonprofit System E. <input type="checkbox"/> Other (Specify)	
0.3	Official to Contact Concerning this Statement: (a) Name and Title (b) Phone Number (include area code and extension)	Timothy C. O'Rourke Associate Vice President and Controller (215) 204-7366
0.4	Statement Type and Effective Date: A. (Mark type of submission. If a revision, enter number) (a) <input checked="" type="checkbox"/> Original Statement (b) <input type="checkbox"/> Amended Statement; Revision No. _____ B. Effective Date of this. Statement: (Specify) <u>July 1, 1997</u>	
0.5	Statement Submitted To (Provide office name, location and telephone number, include area code and extension): A. Cognizant Federal Agency: B. Cognizant Federal Auditor:	Department of Health & Human Services <u>Washington D. C. 20201</u> <u>(202) 401-2751</u> <u>Department of Health & Human Services</u> <u>Regional Inspector General for Audit</u> <u>P.O. Box 13716</u> <u>Philadelphia, Pennsylvania 19101</u>

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.

Date of Certification: June 30, 1997

(Signature)

Martin S. Dorph

(Print or Type Name)

Vice President, Chief Financial Officer & Treasurer
(Title)

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE
IS PRESCRIBED IN
18 U.S.C. § 1001

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	<u>PART I - GENERAL INFORMATION</u>
	NAME OF REPORTING UNIT Temple University – Group Segment

Item No.	Item Description
	Part I
1.1.0	<p><u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input checked="" type="checkbox"/> Accrual B. <input type="checkbox"/> Modified Accrual Basis ^{1/} C. <input checked="" type="checkbox"/> Cash Basis Y. <input type="checkbox"/> Other ^{1/}</p>
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.) B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.) C. <input checked="" type="checkbox"/> Combination of A and B</p>
1.3.0	<p><u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. ^{1/} B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers. ^{1/} C. <input checked="" type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. ^{1/} D. <input checked="" type="checkbox"/> Combination of A, B or C ^{1/} E. <input type="checkbox"/> Determinable by other means. ^{1/}</p> <p>^{1/} Describe on a Continuation Sheet.</p>

<p style="text-align: center;">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>		<p style="text-align: center;"><u>PART I - GENERAL INFORMATION</u></p>
		<p style="text-align: center;">NAME OF REPORTING UNIT Temple University – Group Segment</p>
Item No.	Item Description	
1.3.1	<p>Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)</p>	
1.4.0	<p><u>Cost Accounting Period:</u> <u>7/1" to 6/30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</p>	
1.5.0	<p><u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.</p> <p>None</p>	
	<p><u>1/ Describe on a Continuation Sheet.</u></p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT		CONTINUATION SHEET Part I - General Information
REQUIRED BY PUBLIC LA W 100-679 EDUCATIONAL INSTITUTIONS		NAME OF REPORTING UNIT Temple University – Group Segment
ITEM NO.	DESCRIPTION	
1.1.0	Description of Your Cost Accounting System	
	<p>Temple University's cost accounting system is maintained by an integrated financial accounting system. The financial records of the University are maintained in accordance with the standards prescribed by the Financial Accounting Standards Board (F ASB). Except for compensated absences, the University uses an accrual basis for recording expenses charged to federal agreements.</p>	
1.2.0	Integration of Cost Accounting with Financial Accounting.	
	<p>The Cost Accounting system is integrated with the financial accounting system except for the following:</p> <ol style="list-style-type: none"> 1. In Fiscal Year 1997 the University adopted an equipment capitalization threshold of \$2,500 in accordance with an agreement with our cognizant agency. Those assets under the threshold will continue to be depreciated in the Financial Accounting System, but will be excluded from depreciation or use allowance in the Facilities and Administrative Rate Proposal. 2. Memorandum records are used to separate Departmental Administration and certain Student Services from Instruction and Departmental Research. 3. Memorandum records are also used to develop cost sharing information. 4. Memorandum records are also used to determine the departmental administration cost of faculty. 5. Memorandum records are used for Service Center billing systems. 6. Memorandum records are used in a calculation that separates allowable administrative expenses from direct instruction and departmental research. 7. Memorandum records are used to develop the allocation of Operation and Maintenance cost to individual buildings. 	
1.3.0	Unallowable Costs	
	<p>A. Specifically Identified and Recorded Separately in the Formal Financial Accounting Records.</p> <p>Expressly unallowable costs as defined by OMB Circular A-21. Section J. are identified and accumulated in the formal accounting records of the University using designated center or account codes, or a combination thereof.</p>	

COSTACCOUNT_GSTANDARDSBOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LA W 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET Part I - General Information Continuation Sheet NAME OF REPORTING UNIT Temple University – Group Segment
ITEM NO.	DESCRIPTION	
1.3.1	<p>B. Identified in Separately Maintained Accounting Records or Work Papers.</p> <p>OMB Circular A-21, Section J, identifies specific activities that are unallowable and which must be excluded during the preparation of the University's facilities and administrative rate proposal. Many of these activities are necessary for the operation of an educational institution and are supported by the University's operations and recognized in the accounting records. These types of unallowable activities, such as fund raising, are excluded in their entirety by classifying them with the other unallowable expenses in Other Institutional Activities. These adjustments are made as part of the facilities and administrative rate determination study. Appropriate accounting records and supporting documents are maintained for audit and review purposes.</p> <p>C. Use of Less Formal Accounting Techniques</p> <p>During the preparation of the facilities and administration rate proposal, the formal accounting records are further reviewed to ensure that all unallowable costs, have been properly identified.</p> <p>Treatment of Unallowable Costs Cost Pools</p> <p>The costs of unallowable activities (e.g., fund-raising), are not charged to any sponsored agreement as either a direct or indirect cost. These costs are either treated as part of Other Institutional Activities for determining facilities and administration rates, or included in an administrative pool which is not allocated to sponsored agreements.</p> <p>Unallowable expenses of allowable indirect activities (e.g., housing furnished to officers of the institution) are excluded from indirect cost pools.</p> <p>The limitation on administrative cost reimbursement described in OMB Circular A-21, Section G.7.a. (the 26% cap) does not affect the allocation of administrative costs in the University's cost accounting system; however, it does affect the indirect cost reimbursement rates applied to sponsored agreements.</p> <p>Costs which are normally included in an indirect allocation base will remain in that base for rate calculations and allocations, without regard to their allowability on sponsored agreements.</p> <p>End of Part 1</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII- CENTRAL SYSTEM OR GROUP EXPENSES
		NAME OF REPORTING UNIT Temple University – Group Segement
Item No.	Item Description	
	<p style="text-align: center;">DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE</p> <p style="text-align: center;">Instructions for Part VII</p> <p style="text-align: center;">This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p style="text-align: center;">The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p>	
7.1.0	<p><u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower tier group offices serviced by the reporting unit.</p>	
7.2.0	<p><u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <p>A. The services provided to segments of the university or university system (including hospitals, FFRPC's, GOCO facilities, etc.), in brief.</p> <p>B. How the costs of the services are identified and accumulated.</p> <p>C. The basis used to allocate the accumulated costs to the benefiting segments.</p> <p>D. Any costs that are transferred from a segment 1Q. the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.</p> <p>E. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT		CONTINUATION SHEET Part VII - Central System or Group Expenses - Continuation Sheet.
REQUIRED BY PUBLIC LA W 100-679 <u>EDUCATIONAL INSTITUTIONS</u>		NAME OF REPORTING UNIT Temple University – Group Segment
ITEM NO.	DESCRIPTION	
7.1.0	<p>Organizational Structure</p> <p>Temple University is a public comprehensive research university located principally in Philadelphia Pennsylvania. Through June 30, 1996, Temple University Hospital (TUH) was an unincorporated division of Temple University. Effective June 30, 1996 a corporate reorganization was completed which ultimately resulted in the asset, liabilities, obligations and activities of TUH being transferred from the University to Temple University Hospital, Inc. a Pennsylvania not-for-profit corporation. The sole member of TUH is the Temple University Health System, Inc. (TUHS), a Pennsylvania not-for-profit corporation of which the University is the sole member. TUHS is the sole member of several other not-for-profit corporations. The cost accounting practices of the TUHS are not included in the disclosure statement of Temple University. At present none of the TUHS entities is required to file a disclosure statement. Temple University owns Temple Educational Support Services (TESS) a for-profit company operating in Japan. The cost accounting practices of TESS are not included in this disclosure statement. TESS is not required to file a disclosure statement. The Sugarloaf Club Inc., a for-profit conference facility, is also owned by the University. The cost accounting practices of Sugar loaf are not included in this disclosure statement. Sugarloaf is not required to file a disclosure statement.</p>	
7.2.0	<p>Cost Accumulation and Allocation</p> <p>A. The University distributes certain costs to the Temple University Health System, TESS and Sugarloaf. These costs include maintenance, utilities, security, patient care related, insurances, benefits, executive and other administration, environmental health and safety, rent for shared facilities, telecommunications and other costs. These costs are distributed as a direct pass through based upon specific identification or percentage of effort or allocated based upon percentage of budget, square footage, number of employees or participants or other methods appropriate to the circumstances.</p> <p>B. The University identifies and accumulates costs of these services are identified and accumulated by either a separate cost center or, in the case of maintenance, through a job order system.</p> <p>C. See A above</p> <p>D. None</p> <p>E. The University has a management fee arrangement with TESS, the amount of which is based on the gross tuition revenues of TESS.</p> <p>End of Part VII</p>	