

FINANCES
Most Recently Completed Fiscal Year

INSTRUCTIONS

Data are to be reported only for the member theological school in a manner that fully reflects the complete operation of the institution. If the school will not have audited figures in time for submission of this form by the deadline, **it may use unaudited data**. You no longer need to submit an audit with the ARF, although the Commission might elect to request a copy at a later date. The instructions provide guidelines to use when figures need to be estimated or prorated.

As approved at the June 1998 Biennial Meeting, dues are assessed on the basis of total expenditures, less scholarship and fellowship expenses, as reported by member schools in the prior year. Total expenditures are defined as the amount reported on line 12 of Form 2, Part B of the ATS Finance Annual Report Form. Scholarship and fellowship expense is the amount reported on line 10 of Form 2, Part B of the ATS Finance Annual Report Form. Because the form itself requests information about expenditures from the previous fiscal year, current dues are calculated on the basis of expenditures two years prior (i.e., 2010-11 dues are calculated on expenditures made during the 2008-09 academic year and were reported on the fall 2009 Annual Report Forms).

The Finance forms have been revised to comply with U.S. Financial Accounting Standards Board (FASB) Statements Nos. 116 and 117. For applying the requirements of FASB 116 and 117, **the following definitions should be used in completing the form:**

Temporarily restricted: Assets that have a donor-imposed restriction that permits the recipient organization to use or expend the donated assets as specified and that is satisfied either by passage of time or by actions of the organization. Canadian schools should report all restricted activities in this column.

Permanently restricted: Assets that have a donor-imposed restriction that stipulates resources be maintained permanently but permits the organization to use or expend part or all of the income derived from the donated assets (permanent endowment funds). No amounts should be reported in this column by Canadian schools.

Unrestricted: All other assets fall into this category. Any assets that historically were board designated would appear in this net asset classification; only donors can restrict assets.

For entities that have not yet complied with the standards and for Canadian schools, adjustments should be made to conform with the Finance forms as noted in the instructions. Explanations should be attached to note differences.

All data should be reported in whole dollars only; omit cents. For any item on the report where exact data do not exist, please give estimates. Items are cited by column and line numbers.

Note: ATS may make financial data public with individual school identity. The objective is to enable schools to utilize and benefit from all financial data. If a school does not wish to have its financial data made public, a statement to this effect should be attached to the completed form or returned data.

BEFORE RETURNING THIS FORM, please check the following:

FORM 1: Statement of Financial Position (Independent Schools)

- Line 10 (Total Assets) MUST equal line 24 (Total Liabilities and Net Assets).
- Line 23 (Total Net Assets) MUST equal line 16, column D (Net Assets, End of Year, Total Column) of Form 2: Statement of Activities (All Schools), Part B: Expenditure and Losses.

FORM 2: Statement of Activities (All Schools), Part A: Revenues, Gains and Other Support

- Line 13 (Net Assets Released from Restrictions) Columns A, B, and C MUST equal **zero**.

FORM 2: Statement of Activities (All Schools), Part B: Expenditure and Losses

- Line 13 (Change in Net Assets) is calculated by subtracting FORM 2B, Line 12 (Total expenditures and losses) from Line 14 (Total Revenues, gains and other support) of FORM 2: Statement of Activities (All Schools), Part A: Revenues, Gains, and Other Support.
- Line 14 (Net Assets, Beginning of Year) should equal the **previous year's** FORM 2: Statement of Activities (All Schools), Part B: Expenditure and Losses line 16 (Net Assets, End of Year).
- Line 16, column D (Net Assets, End of Year, Total Column) MUST equal Line 23 (Total net assets) of FORM 1: Statement of Financial Position (Independent Schools).

FORM 1: STATEMENT OF FINANCIAL POSITION

NOTE: There are two versions of FORM 1, Page 1. Use the version of Form 1 that best suits your institution, and ignore the alternate Form 1.

Form 1: Statement of Financial Position (Independent Schools). This form should be completed by all schools that are **not** integrally related to larger institutions. Complete all applicable areas for your school. The information provided should be focused on the organization as a whole rather than particular funds.

Form 1.U: Statement of Financial Position (Theological Schools Integrally Related to Larger Institutions). This form should be used when Form 1 is not applicable. The questions in Parts A and B should be completed, and the balances for the requested items should be completed as they relate to the **theological school only**.

Categorization of assets and liabilities should follow audited financial disclosure, with special attention given to the following:

Line 4 Contributions receivable: Amounts due to the school for voluntary nonreciprocal transfers of cash or other assets. Only legally enforceable promises are recorded as receivable. Intentions should not be recorded.

Lines 5 and 9 Investments: Investments should be recorded in accordance with the provisions of FASB No. 124.

Line 10 Total Assets: Form 1: Statement of Financial Position (Independent Schools) Lines 10 and 24 **MUST be equal**.

Line 13 Deferred revenue: Care should be exercised when completing this information. Due to revenue recognition changes related to FASB No. 116, most amounts previously reported as deferred revenue will now be temporarily restricted net assets. Grant revenues are recognized when the promise is received, and amounts should be released from restriction when the expenditure for the grant purpose is incurred.

Line 23 Total Net Assets: MUST equal Form 2: Statement of Activities (All Schools), Part B: Expenditures and Losses, line 16, column D.

Line 24 Total Liabilities and Net Assets: Form 1: Statement of Financial Position (Independent Schools). Lines 10 and 24 **MUST be equal**.

FORM 2: STATEMENT OF ACTIVITIES (ALL SCHOOLS)

PART A: REVENUES, GAINS, AND OTHER SUPPORT

See above for the definitions of temporarily restricted (*column B*), permanently restricted (*column C*) and unrestricted (*column A*). *Column D, Total* will total the unrestricted, temporarily restricted, and permanently restricted revenues from columns A, B, and C.

Line 1. Tuition and fees: Report all tuition and fees (including student activity fees) assessed against students for educational purposes. Include tuition and fee remissions or exemptions even if there is no intention of collecting from the student. The amounts of such remissions or waivers should also be reported as expenditures in Part B of Form 2 and classified as either scholarships or staff benefits depending upon the appropriate expenditure category to which the personnel relate. (Charges for room, board, and other services rendered by auxiliary enterprises are not reported here—they are reported on line 11.)

Line 2. This line is reserved for future use. No amounts should be reported.

Line 3. Government grants, contracts, and appropriations: Include all amounts received by the institution through acts of a legislative body plus grants and contracts received from governmental agencies that are for specific research projects, training programs, and similar activities for which amounts are received or expenditures are reimbursable under the terms of a government grant or contract.

Line 4. Contributions from religious organizations: Report revenues from all religious organizations, including national denominational offices, regional units of denominations such as provinces and dioceses, and local churches. Report all unrestricted revenues in column (A), revenues with temporary restrictions in column (B), and revenues with permanent restrictions in column (C). The entire contribution should be recognized as revenue when received regardless of when funds were expended.

Line 5. Contributions from individuals and others: Report revenues from individuals and others for which no legal consideration is involved plus private contracts for specific services provided to the funder as stipulation for receipt of funds. Responses to annual appeals to members of churches or religious orders should be reported here as contributions from individuals. Include only those contributions that are directly related to instruction, research, public service, or other institutional purposes.

Line 6. Value of contributed services: Report the estimated dollar amount of contributed services on line 6. These services follow NACUBO standards and are included for comparability to other schools' Educational and General expenditures.

The gross value of personnel services should be determined by relating them to equivalent salaries and wages for similarly ranked personnel at the same or similar institutions, including the normal staff benefits such as group insurance and retirement provisions. The net value of such services would then be determined by subtracting the amount for living costs, maintenance, and personal expenditures incurred by the institution that are related to the contributing personnel and have no counterpart in a lay employee relationship.

Contributed services also should be recognized according to FASB No. 116 if the services provided create or enhance nonfinancial assets or are provided by individuals possessing the required specialized skills and would normally be purchased if not donated such as accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftspersons. The value of contributed service will also need to be reported as an expenditure under the appropriate function in Part B of Form 2, Unrestricted Expenditures.

Line 7. Investment income: Report the unrestricted income of permanently restricted funds that have no restrictions as to how the income should be spent as unrestricted investment income. Report the temporarily restricted income of permanently restricted funds that have donor imposed restrictions as temporarily restricted investment income. Do **not** include capital gains or losses.

Line 8. Net realized gains on long-term investments: Include only realized gains as appropriate.

Line 9. Net unrealized appreciation (depreciation): Report the unrealized appreciation (depreciation) of investments, unrestricted, temporarily restricted, or permanently restricted, according to governmental law and donor-imposed restrictions.

Line 10. Other sources: Include all revenues not reported elsewhere. Attach explanation of detail if more than 10 percent of total revenues, gains, and other support. Examples might include scholarly publications including university press, miscellaneous rentals and sales, expired term endowments, and terminated annuity or life income agreements, if not material. Include revenues resulting from the sales and services of internal service departments to persons or agencies external to the institution (e.g., the sale of computer time).

Line 11. Auxiliary enterprises: Report all revenues generated by or collected from the auxiliary/ancillary enterprise operations of the institution that exist to furnish a service to students, faculty, or staff. These enterprises charge a fee that is directly related to, although not necessarily equal to, the cost of the service. Auxiliary/ancillary enterprises are managed as essentially self-supporting activities. Examples are residence halls, food services, student health services, student unions, and book stores.

Line 12. This line is reserved for future use. No amounts should be reported.

Line 13. Net assets released from restrictions: Once expenditures have been made in accordance with the donor's restriction, a release from this restriction is shown as a reduction in temporarily or permanently restricted net assets and an increase in unrestricted net assets. The net of this transfer should always equal zero.

Line 14. Total revenues, gains, and other support: Report the sum of lines 1 through 13 inclusive.

FORM 2: STATEMENT OF ACTIVITIES (ALL SCHOOLS)

PART B: EXPENDITURES AND LOSSES/CHANGE IN NET ASSETS

Unrestricted Expenditures and Losses: The costs incurred for goods and services used in the conduct of the institution's operations. They include all expenditures of the organization including plant and expenditures made to satisfy donor-imposed restrictions.

Note: All expenditures should be recorded in the unrestricted column. No expenditures should be shown in the temporarily or permanently restricted columns. Any satisfaction of restrictions is recorded as a transfer to the unrestricted column on line 13. The total unrestricted expenditures from column (A) should automatically transfer to column D.

Line 1. Instruction: This line contains only the audit category of instruction and should include expenditures of the college, schools, departments, and other instructional divisions of the institution and expenditures for departmental research and public service that are not separately budgeted elsewhere. Include expenditures for both credit and noncredit activities.

Line 2. Research: This category includes all funds expended for activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. Do not report nonresearch sponsored programs (e.g., training programs).

Line 3. Public service: Report all funds budgeted specifically for church and community service and expended for activities established primarily to provide services beneficial to groups external to the institution. Exclude instructional activities, such as noncredit instructional offerings, which should be included in line 1. In line 3 include conferences, general advisory services, consulting, and similar noninstructional services to the community. Include public broadcasting services that are operated outside the context of instructional programs. Any broadcasting services conducted primarily in support of instruction would be categorized under auxiliary/ancillary enterprises.

Line 4. Library: This category includes all estimated and true expenditures for organized activities that directly support the operation of the ATS member institution's main library, branches, faculty and departmental libraries. See the instructions for Form 2, Part A, line 6, Value of Contributed Services. The total library expenditures should match the total expenditures reported on the ATS Library form.

Line 5. Academic support: Academic support should be reported net of Library expenditures.

Line 6. Student services: Report funds expended for activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, spiritual, cultural, and social development outside the context of the formal instructional program.

U.S. schools should **exclude** admissions and registrar activities and should report these separately on line 7. Examples of expenditures to be included on line 6 are career guidance, counseling, financial aid administration, and student health services except when operated as a self-supporting auxiliary enterprise.

Line 7. Admissions: Report funds expended for admissions and registrar activities. Exclude student counseling that should be included on line 6. Admissions has been identified as a separate item of expenditure because U.S. schools normally include this function under Student Services while Canadian schools include it under Institutional Support.

Line 8. Institutional support: Report expenditures for the day-to-day operational support for the institution, **excluding** expenditures for physical plant operations. Canadian schools should **exclude** admissions and registrar activities and should report these separately on line 7 Admissions. Include expenditures for general administrative services; executive direction and planning; legal and fiscal operations; and public relations, development, and all fundraising activities charged to current funds.

Line 9. Operation and maintenance of plant: Report all estimated and actual expenditures for operations established to provide service and maintenance related to grounds and facilities used for educational and general purposes. Also include expenditures for utilities, fire protection, property insurance, and similar items.

Line 10. Scholarships and fellowships: Report all expenditures given in the form of outright grants and trainee stipends to individuals enrolled in formal course work, either for credit or noncredit. Aid to students in the form of tuition or fee remissions should be included. **Exclude** the remissions that are granted because of faculty or staff status; charge these to staff benefits. Do not report College Work-Study Program expenses here; report these expenses where the student served (e.g., dining hall, line 13; faculty support, line 1).

Line 11. Auxiliary enterprises: This category includes those essentially self-supporting operations of the institution that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to, although not necessarily equal to, the cost of the service. Examples are residence halls, food services, student health services, student unions, and book stores.

Line 12. Total expenditures and losses: The program automatically calculates this figure.

Line 13. Change in net assets: Enter here the difference between total revenues, gains and other support, and total expenses and losses. The changes in net assets is a useful measure to determine whether an organization is maintaining its net assets, drawing upon resources received in past periods, or adding resources that can be used to support future periods. That measure provides information that can be useful in assessing an organization's ability to continue to provide satisfactory levels of service.

Line 13 is calculated by subtracting Form 2B, line 12 (Total Expenditures and Losses) from Line 14 (Total Revenues, Gains and Other Support) of Form 2A: Statement of Activities (All Schools), (Revenues, Gains, and Other Support).

Line 14. Net assets, beginning of year: Enter the balance for each asset classification at the beginning of the fiscal year. Line 14 should equal the previous reporting year's Form 2, Part B, Line 16D.

Note: Line 14 is not applicable to theological schools integrally related to larger institutions.

Line 15. Other changes to net assets: Include any adjustments to net assets not reported elsewhere. These might include extraordinary items, prior period adjustments, etc. If there are any figures reported in this area, please attach an explanation.

Line 16. Net assets, end of year: The program automatically totals lines 13–15. These amounts should agree with Form 1, lines 20 to 23.

Note: Line 16 is not applicable to theological schools integrally related to larger institutions.

Line 17. Deferred maintenance cost is the cost associated with performing the needed repairs and capital renewal projects to keep existing facilities safe and functional. ATS is requesting schools to estimate the current cost of performing deferred maintenance. Many schools have determined these costs through facilities studies; others will need to estimate costs more roughly. Some studies of academic facilities suggest that a typical building requires an expenditure of 2 percent replacement value per year to maintain and renew the facility. The school could use this figure to estimate deferred maintenance costs, if no other data are available. Schools that are part of colleges or universities should report the estimated deferred maintenance cost of buildings designated for use by the theological school.

FORM 3: IT

General Infrastructure is defined as all IT-related costs that are not specifically related to providing instruction in the classroom. Assume these are IT costs associated with running your organization, such as finance, development, student services, and administration.

General Instruction is defined as the costs associated with instruction at the institution and would include educational software/hardware and IT personnel support for faculty, library, and other instructional services.

Online and distance education are IT costs associated with education provided electronically to students who are not present in person at the main campus or extension sites.

Instructions:

- 1. Hardware/Software Costs:** Identify how hardware, software, and licensing are obtained. If provided by a larger entity (university, diocese), provide actual or estimated expenditures for each area. If leased hardware and software, provide an estimate of the amount that is for hardware and amount that is for software.

2. **IT Staffing Costs:** Identify the total cost of IT personnel by category of how the IT personnel are obtained (either seminary personnel, consultant services, or provided by a larger entity). If provided by a larger entity, provide actual or estimated expenditures. Expenditures for personnel should be for **total compensation** (salary + benefits as defined in the Salary form).
3. **IT Costs by Category:** Identify the total IT costs by IT category. If costs are not specifically tracked by these broad categories, provide amounts in the broad categories based upon estimated proportions.

ARF PROGRAM NOTES

Gray shaded fields: For accredited institutions; the Admissions, Completions, and Enrollment forms may have gray fields. The gray fields represent degree program areas that are not applicable to the member school and the program will skip over these fields during data entry. As there are always exceptions, data entry is possible within these fields; however an explanation should be entered in the comments field of the relevant form. Some forms require explanations and the form cannot be saved without entering comments.

Blue shaded fields: The blue shaded fields represent fields for which data entry is not allowed. These fields, such as Total fields are calculated or contain amounts that are brought forward from another part of the form—the type in these fields is navy blue.

Totals: Column and row totals are generated automatically during data input—the type in these fields is navy blue. Some forms require certain totals to match other forms' totals or totals on other pages. There is a small tolerance for differences in the totals to account for differences in rounding.

Decimals: Most fields on ATS forms require whole numbers. If decimals are entered in these fields, the program will round to the nearest whole number.

Comments: A comments field is included on each of the Annual Report Forms. The field is accessed by clicking the Comments button located in the upper left corner between the Print and Close buttons. Some forms will require explanations be entered in the comments in order to continue. The text color on the comments button changes to red when comments are entered.