

# LIVING UNIVERSITY

2301 Crown Centre Drive, Suite A, Charlotte, NC 28227-7705

OFFICE OF THE PRESIDENT

May 1, 2011

Dear friends, supporters and students of Living University,

Greetings again, from beautiful Charlotte, NC! In just two weeks LU will finish its fourth year. The graduation ceremony will begin at 11 a.m. on Monday, May 16. If you can, please join us and enjoy the fruits of four years of loving labor by everyone involved — friends, supporters, students, faculty and staff. On behalf of the university community thank you for your continuing loving support and involvement in building God's very own institution of higher learning. Please celebrate with us.

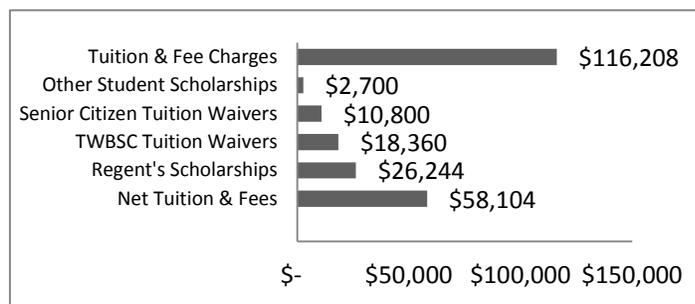
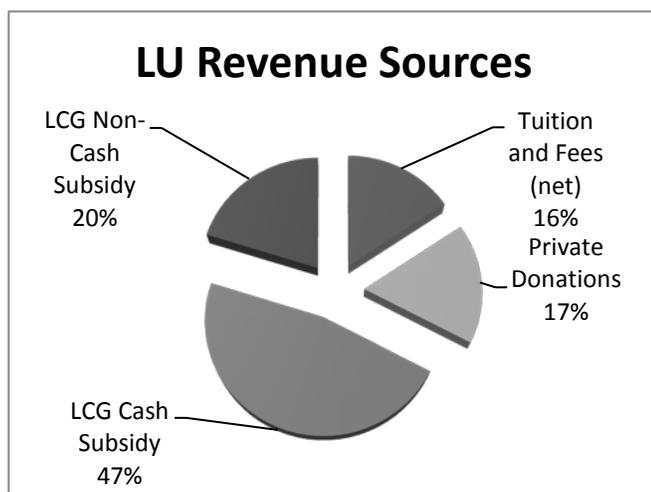
It has been my intent to bring you up-to-date about the University and to inform you of its economic health and funding. I hope you will take the time to read this material and reflect on it. Your continued help and support, particularly your prayers, are vital for the success of LU. As God stated to Zerubbabel: "Not by might nor by power, but by My Spirit," Says the Lord of hosts" (Zachariah 4:6). And so it is with Living University and the great end time Work of God of which it is a part. Its continued success is the result of it remaining God's university and all of us maintaining patient, faithful reliance on Him in all things.

As you know, at Living University we seek to carry out our mission with the highest standards of openness, integrity and accountability. We endeavor to provide our friends, supporters, students and members of the interested public with timely information that is complete, accurate, and clear. Accordingly, on our website the University publishes its audited financial statement, annual report and IRS Form 990. To view these documents visit [www.livinguniv.com](http://www.livinguniv.com), select About Us, and then select Disclosures. If you are not able to view these documents online and would like a copy I will send one to you on request.

Our independent auditor is Cherry, Bekaert & Holland, L.L.P. in Charlotte. Their *Report of Independent Auditors* for Living University for the fiscal year 2010, which ended June 30, 2010, shows that the University's unrestricted net assets for the year were \$72,093 even though it began the year with net assets of \$7,093. This was a growth of \$65,000. Prudent planning calls for the University to build its unrestricted cash reserves sufficient to operate for at least four to six months in case of unforeseen contingencies. Its task over time is to increase this reserve to about \$150,000 with most of it cash that can be wisely invested.

Funding for Living University comes from three sources—the Living Church of God, tuition and fees, and private donations. LU receives no funds from the government although Living University is tax exempt under section 501(c)(3) of the Internal Revenue Code.

The Living Church of God is the principal sponsor and supporter of the University providing about 67% of the University's revenue in fiscal 2010. The Church provides a cash subsidy on a monthly basis adequate to support current personnel compensation and basic academic and support services. In addition the Church provides a non-cash subsidy including space for University operations in the LCG headquarters building, studio time for recording of lectures, accounting and information technology services, and the like.



In fiscal 2010, student tuition and fees accounted for about 16% of LU revenues or \$58,104. This is reported under national accounting rules as net tuition and fees for student financial aid has to be deducted as contra-revenue (a deduction from gross revenue resulting in net revenue). The chart at the left shows you that 50% of tuition charges are applied for student financial aid.

Private gifts and donations accounted for 17% of the University's revenue. These important gifts permit the University to expand its services and develop new programs. The University uses most of these funds to strengthen itself for licensure by the State of North Carolina (we now operate under a special exemption permit for religious education) and formal accreditation by a U.S. government recognized accrediting agency.

To the right is a summary of the University operating revenue and expenditure budget for the current fiscal year (to end June 30, 2011). Note that 73% of expenditures go directly for providing educational (instruction, academic support and the library) and student services. Presently, LU has two full-time faculty members and several part-time.

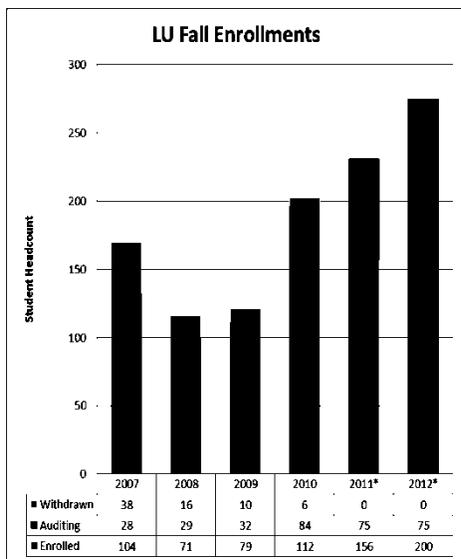
Institutional Management and Support refers to all costs of the board, management, institutional advancement, legal services and fiscal operations. Operation and maintenance includes all costs having to do with providing physical facilities.

To improve its economic health and sustainability the University definitely needs to enroll more online students. Small classes are ideal but a class of fifteen is often far more challenging to students and faculty than a class of two or three and certainly more cost effective.

To operate efficiently the University needs a total student headcount of not less than 225 students taking courses for credit. What has amazed our faculty is that so few of our enrolled students withdraw from classes. The attrition rate was 4.0% for fall 2010 and 4.4% for spring 2011.

One of the reasons for offering certificate and diploma programs is to encourage people to deepen themselves in biblical understanding in small manageable segments. These focus on the theological base for leadership, teaching, and ministry within a local church, particularly related to volunteer and bi-vocational (serving part-time) service. These are the University's most popular for-credit programs.

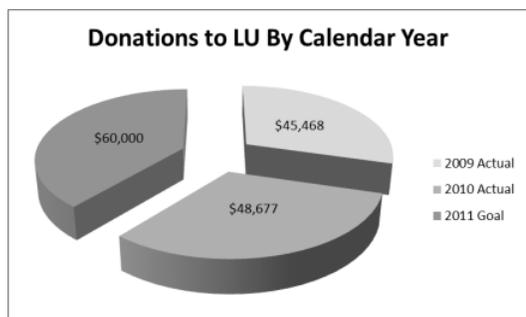
Operating Budget 2010-11		
Current Revenues	Amount	% of Total
Tuition and fees (net)	\$ 58,104	16%
Cash Subsidy from the Living Church of God, Inc.	175,500	47%
Non-Cash Support from the Living Church of God, Inc.	75,000	20%
Other gifts and bequests	63,000	17%
<b>Total Current Revenues</b>	<b>\$ 371,604</b>	<b>100%</b>
Current Operating Expenditures		
Instruction	\$ 133,559	40%
Academic Support	75,000	23%
Library	14,166	4%
Student Services	20,900	6%
Institutional Management and Support	63,450	19%
Operations and Maintenance	25,000	8%
<b>Total Current Expenditures</b>	<b>\$ 332,075</b>	<b>100%</b>
Equipment (includes library books)	18,500	
Undistributed Reserve	21,029	
<b>Total Expenditures</b>	<b>\$ 371,604</b>	



At the left is a chart showing Living University fall enrollments for its first four years and projections for fall 2011 and fall 2012. The fall 2010 increase primarily reflects the offering of THL 135 (Life, Ministry and Teachings of Jesus) for free (by tuition waiver) to people who had successfully completed all 24 lessons of the *Tomorrow's World Bible Study Course*. About 9,000 people have completed the *TW Bible Study Course* and by doing so have demonstrated their desire to learn more of God and His way of life. The THL 135 course was a next step in that process.

To further stimulate enrollment and to strengthen biblical study, LU will introduce a Certificate in Biblical Studies and offer a free online academic edition of the *TW Bible Study Course* as THL 110ab beginning with the fall 2011 semester in August. These strategies are to stimulate enrollment in online theology courses and leverage existing resources, but far more importantly to utilize LU as an additional front line resource in our collective effort to preach the Gospel of the Kingdom, stimulate people to learn more of original Christianity and help build God's Church.

As I mentioned above, in fiscal 2010, private donations account for 17% of the University's revenue. If 1,000 of our friends like you would donate \$10 a month to Living University it would provide \$120,000 a year to grow the institution. Most of our donors give from \$3 to \$100 a month. A few give over \$900 a month. We appreciate these vitally needed gifts and we thank our donor friends for their kindness and making an important difference at Living University. If you have not joined us in this effort before we hope you will do so. For accurate processing, when you donate to LU please make your check or money order payable to Living University.



Enclosed is an important message from Dr. Roderick C. Meredith, the founder of LU and the presiding evangelist of the Living Church of God. In this brochure he explains the University's fundamental purpose and he shares his vision for Living University.

Please join us in asking God to continue to bless the institution. Remember, "More things are bought through prayer than this world dreams of"— Alfred, Lord Tennyson.

Thank you for your continued support.

Michael P. Germano, Ed.D., J.D.  
President and Chief Executive Officer