

LIVING UNIVERSITY

ANNUAL REPORT FOR 2008-2009

A YEAR OF OPPORTUNITY FOR GROWTH,
EXPANSION AND SERVICE

2301 CROWN CENTRE DRIVE

SUITE A

CHARLOTTE, NC 28227

ANNUAL REPORT FOR 2008-2009

A YEAR OF OPPORTUNITY FOR GROWTH, EXPANSION AND SERVICE

INTRODUCTION

The Living Church of God founded Living University on February 27, 2007, in response to its growing need for university-educated personnel and to further edify its world-wide membership and their families. On August 15, 2007, Living University opened its virtual doors enrolling more than 150 students from 18 countries. Through its e-learning program the university began serving students in Africa, the Americas, Asia, Australia/Oceania and Europe. By doing so it made the entire world its campus.

The University held its first commencement exercises on May 19, 2008, where the Certificate of New Testament Studies was conferred on its first six graduates. It has been a year of exceptional opportunity for growth, expansion and service to the people of God all around the globe. This annual report by the President of the University summarizes the successes and challenges of Living University's first year of operation.

INSTRUCTIONAL PROGRAM

One student successfully completed the requirements of the certificate in New Testament Studies and graduated in May 2009 bringing the total of Living University graduates to seven. For each course the University received student feedback and proceeded to make adjustments for their reoffering. As set forth in the University Catalog all certificate, diploma, and degree programs focus on theology and the Bible. Instructional program offerings expanded to include five undergraduate certificates (Christian Leadership, Church History, New Testament Studies, Old Testament Studies and Biblical Archaeology) and one post-baccalaureate certificate (Advanced Certificate in Ministry). In its first two years the University has developed and offered seventeen online theology courses as follows:

THL 111 Biblical Writing Basics	THL 250 Introduction to Biblical Doctrines
THL 114 Biblical Principles of Health and Wellness	THL 320 Introduction to Church History
THL 135 Life, Ministry, and Teachings of Jesus	THL 332 The Biblical Text
THL 136 Acts and the Writings of Paul	THL 421 History of Christianity I
THL 150a Introduction to Biblical Communication	THL 422 History of Christianity II
THL 200 Principles of Christian Living	THL 473 Archaeology and the Old Testament
THL 211 Old Testament Survey I	THL 474 Archaeology and the New Testament
THL 212 Old Testament Survey II	THL 476 Archaeology of Jerusalem
THL 226 Christian Leadership	

Each time a course is offered it undergoes faculty review in an updating process to improve course delivery and student learning.

LICENSURE AND ACCREDITATION

LICENSURE

To operate in the State of North Carolina a college or university must either be licensed by the state or be granted a formal exemption by the state on the basis of religious education. Degree program(s) of study offered by Living University have been declared exempt from the requirements for licensure under provisions of North Carolina General Statutes Section (G.S.) 116-15(d) for exemption from licensure with respect to religious education. Exemption from licensure is not based upon any assessment of program quality under established licensing standards.

ACCREDITATION

Accreditation is a means of assuring the public that an institution meets accepted standards of quality and integrity. It developed in the United States early in the 20th century and has continued to be one of the cornerstones of North America's unparalleled achievement in higher educational quality and diversity. The University is not accredited by any agency recognized by the U.S. Department of Education. The University Strategic Long-Range Plan calls for the University to achieve accreditation as institutional resources permit; however, the University makes no assurances or guarantees that it will be successful in achieving accreditation.

Living University identifies three recognized agencies as appropriate for its accreditation plans. These are SACS (Southern Association of Colleges and Schools), DETC (Distance Education and Training Council), and ABHE (Association for Biblical Higher Education).

There are basically three categories of accrediting agencies: regional, national, and specialized/programmatic.

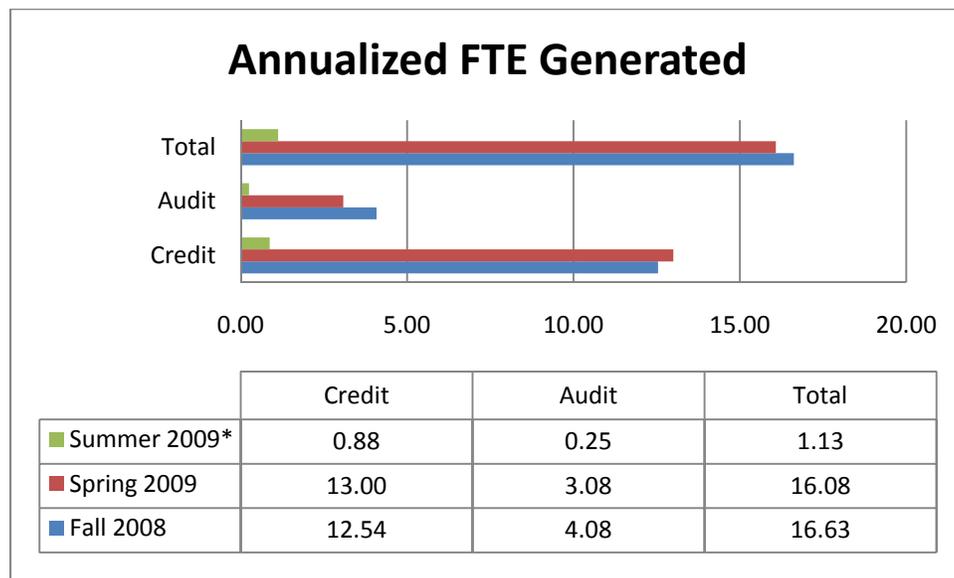
- REGIONAL accrediting agencies, such as SACS, accredit, as the name implies, higher educational institutions of all types within a given geographic region. They feature generic standards, accommodate a wide variety of institutional missions, and usually require substantial institutional resources.
- NATIONAL accrediting agencies, such as ABHE and DETC, accredit special purpose institutions (e.g., those with specific vocational, professional, or religious/theological missions).
- SPECIALIZED/PROGRAMMATIC agencies accredit programs and/or free standing professional schools, typically departments or subunits of larger institutions.

The approach undertaken by Living University is planning and organizing in a way that it would meet the requirements of all three agencies. While there are similarities in the standards of SACS, ABHE, and DETC, and to some degree the licensure standards of the State of North Carolina, each has a unique approach. For example, North Carolina requires an absolute minimum of four faculty members and a professional librarian for licensure. SACS requires the number of full-time faculty members to be adequate to support the mission of the institution. ABHE requires a full-time faculty member for each major offered. DETC requires an institution to have a sufficient number of qualified instructors/faculty to give individualized instructional service to each student.

ENROLLMENT MANAGEMENT

Enrollment for 2008-2009 was encouraging. In the University's first year over 150 new students registered for classes with a 50% attrition rate in its initial of operation. Many people did not realize that taking university courses requires a major time commitment. Some got caught up in the excitement of being a part of a new and exciting venture. In the second year of operation over a hundred students enrolled and attrition decreased.

As normally defined, one annualized FTE is 24 semester credit hours. In the chart below is the FTE earned for fall, spring, and summer terms. The total earned FTE for the year was 33.8.



*This represents one course.

Driving enrollments was the University's unique Open Learning Program. The Open Learning Program is for individuals who sought to enroll in one or more single courses, but do not intend to pursue a certificate, diploma or degree. Students enrolled online through the University website at www.livinguniv.com. They were able to register as non-matriculated students in lower division courses (those numbered 100-299) and in selected upper division online courses offered by the University. Open Learning Program students are permitted to accumulate twenty-four (24) semester hours before having to meet regular admissions requirements. A non-matriculated student can apply a maximum of twenty-four semester hours earned through the Open Learning Program to a baccalaureate degree, eighteen to an associate degree, and fifteen to a diploma or certificate. Grades earned through the Open Learning Program become part of a student's permanent academic record.

The purpose of the Open Learning Program is to make available theology and other coursework in a distance learning format to persons not seeking completion of a credential (a certificate, diploma, or degree). Enrollments are accepted on a non-credit basis or audit for those who are not interested in academic credit but who are studying for personal satisfaction.

STUDENT RETENTION

As stated above many people did not fully consider the cost of time and effort when they enrolled. As a result the attrition was about 50%. Steps were taken to inform students of the requirements of various courses by posting a prospectus for some courses offered in the schedule of classes together with a sample lesson. Most courses offered for the fall 2008 semester had this information made available to prospective students. Moreover, to be effective in courses students have to have specific listening, writing, reading and study skills.

As the vast majority of Living University students were mature adults some experienced difficulty in mastering content. Nevertheless, the University has retained its goal of achieving a student retention rate of 80% in its courses. Certain students were counseled to enroll in THL 111 (Biblical Writing Basics) in the fall 2008 semester to further develop their writing skills.

It has not yet been practicable to institute placement tests for students in reading, writing and mathematics. Once the placement tests are in place the University will be in a better position to counsel students into courses commensurate with their skill level.

FACULTY

Core faculty members for the second year were primarily former Ambassador College/University graduates, faculty members and administrators. This created a common understanding of the nature of the work to be done and facilitated the development of theology courses. A Vice President for Academic and Student Affairs, effective July 1, 2009, was appointed. This gives the University two full-time faculty members.

STUDENT FINANCIAL AID

The LU Regents Scholarship Program was the only LU financial aid program available to Living University students. The University will have to await accreditation to qualify for participation in federal and state financial aid programs. Many low income LCG families will benefit from the federal Pell Grant Program.

Both coworkers and members of the Living Church of God received a 50% tuition reduction for courses taken in the fall and spring semesters. This required staff to verify for auditing purposes coworker and member status. To eliminate that step the tuition rate was reduced by 50% and the 50% tuition reduction eliminated. This simplified processing and reduced administrative costs. To clear up any latent ambiguity, to comply with auditing verification of eligibility, and to inform donors and employees of taxation obligation a new processing procedure has been put in place.

COMPUTING AND INFORMATION TECHNOLOGY

Living University is an online institution whether for onsite or distance learning students. Without the support of the LCG Information Technology Department the University could not function. The IT staff has maintained and improved ATutor as an instructional delivery system for the University.

The University uses ATutor as its online instructional delivery system. ATutor is an open source web-based Learning Content Management System (LCMS/LMS) and social networking environment designed with accessibility and adaptability. ATutor is developed and maintained by the Adaptive Technology Resource Centre (ATRC) at the University of Toronto.

ATutor has worked well in delivering Living University courses. The IT department added features to this software to address specific internal needs of the University and its faculty. There are some weaknesses in ATutor, it is not perfect, but it must always be remembered this is an instructional delivery system not an admissions/registration/reporting system. The plan is to utilize ATutor for at least five years to maximize cost effectiveness.

The University does not have a management information system in place. IT attempted to ease the difficulties the University experienced in this matter by adding some features to A-Tutor and several embellishments to the University website to enable online admissions, registration and student accounts. During this year it has become clear that a management information system for a college and university will have to be set in place in the 2009-2010 academic year. To that end the University has sought to find a hosted solution meeting LU's unique needs.

LIBRARY SERVICES

NC State licensure requires the employment of a full-time librarian. Both DETC and SACS require adequate library resources to support the program but these are subjective issues. Highlights of the year are:

- Plans were approved to provide sufficient library space for university operations for the foreseeable future. The new library space should be available for occupancy by January 1.
- The University installed EZproxy and proceeded to provide users with remote access to the Biblical Archaeology Archive to support the theology program. This step facilitated the offering of the archaeology of Jerusalem course in the summer session.
- A part-time Interim Director of Library Services began work in January.
- The estate of Anthony Alfieri made a major gift of historical and theological books to the library.
- An online catalog system became a reality making it possible for LCG international offices to place their collections online in the Library of Congress system if they so desire as participating libraries.
- A Living University Library Policies and Procedures Handbook was prepared and published in electronic format.

LEGAL AND RISK MANAGEMENT

The IRS granted the University tax-exempt status.

The University of North Carolina system granted authorization to Living University to offer courses and grant degrees.

INSTITUTIONAL ADVANCEMENT

The university did not have an annual fund drive in 2008-2009 as it awaited the IRS determination on tax exempt status.

BUDGET, BUSINESS AND FINANCE

The independent auditing firm of Cherry, Bekaert & Holland completed their audit for 2008-2008 and reported their findings and issued audited statements on October 5, 2009. The Statement of Activities did not sufficiently breakout expenses by categories to provide the detail necessary for effective reporting or assessment. The University has developed an expanded set of general ledger, revenue, and expenditure account codes that should provide the basis for reporting in a more comprehensive collegiate format.

Statement of Activities

	2008	2009	Difference 2009 to 2008
Support and operating revenues:			
Tuition and fees, net of tuition discounts	\$ 53,299	\$ 32,470	\$ (20,829)
Contributions – LCG Cash Subsidy	\$ 125,755	\$ 125,791	\$ 36
Contributions – LCG In-Kind Subsidy	\$ 28,613	\$ 64,210	\$ 15,597
Other income	\$ 537	\$ 357	\$ (180)
Total support and operating revenues	<u>\$ 209,077</u>	<u>\$ 223,979</u>	<u>\$ 14,902</u>
Expenses			
Educational services			
Instruction	\$ 4,994	\$ 106,869	\$ 101,875
Library	\$ 1,516	\$ 10,583	\$ 9,067
Support Services			
Institutional support	\$ 174,778	\$ 111,279	\$ (63,499)
Operations and Maintenance	\$ 13,834	\$ 14,187	\$ 353
Loss on disposal of fixed asset	\$ -	\$ 641	\$ 641
Total expenses	<u>\$ 195,122</u>	<u>\$ 243,559</u>	<u>\$ 48,437</u>
Change in net assets			
Unrestricted net assets, beginning of year	<u>\$ 13,955</u>	<u>\$ 28,282</u>	<u>\$ 14,327</u>
Unrestricted net assets, end of year	<u>\$ 28,282</u>	<u>\$ 8,702</u>	<u>\$ (19,580)</u>

The University was not able to make up the tuition shortfall of \$20,829 over 2007 which resulted in a net loss of \$19,580 for the year. Apparently the newness of LU courses wore off as people realized university courses take a greater commitment than personal Bible study. As has been pointed out before, the University is undercapitalized.

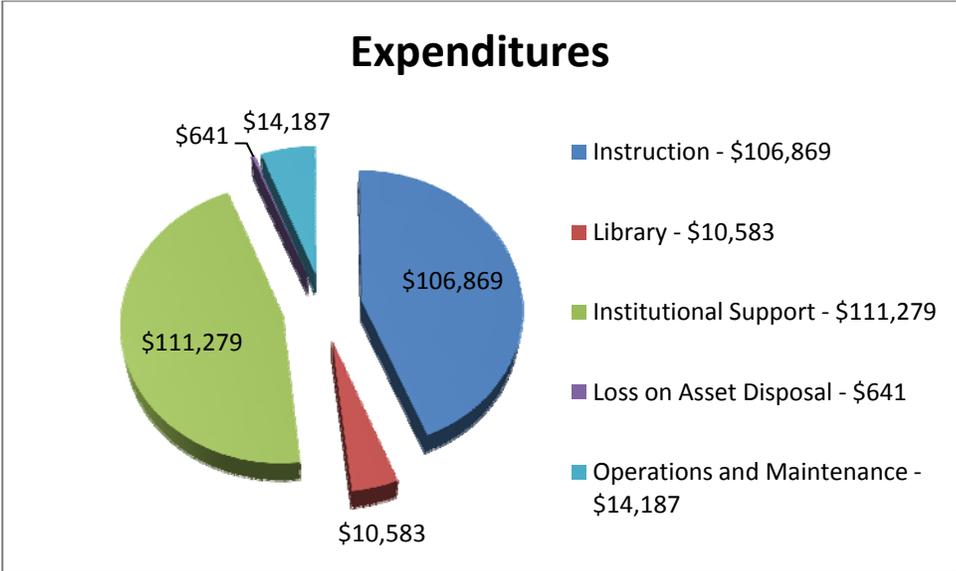
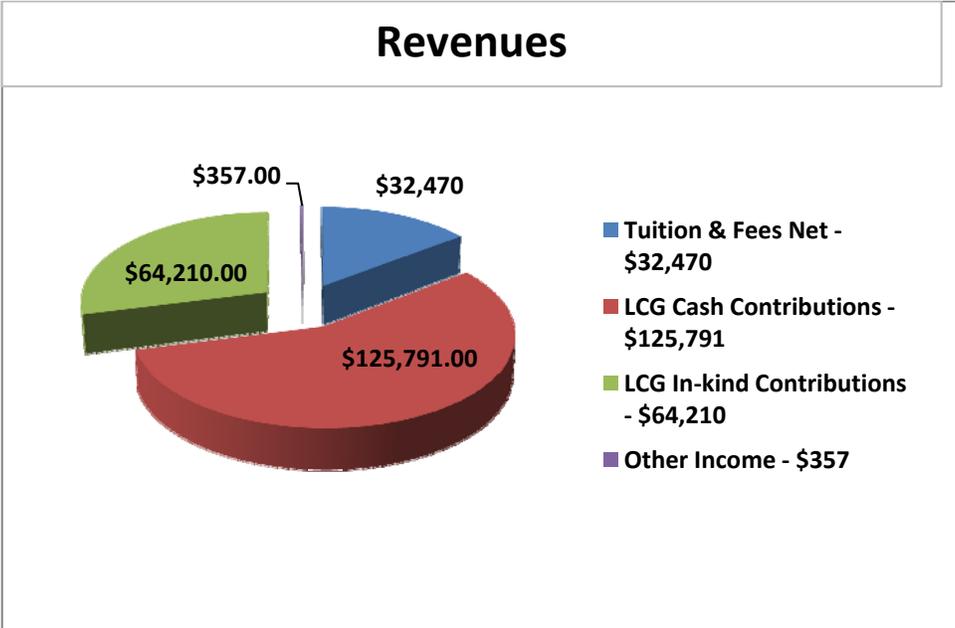
For the institution to be fiscally sound it needs an annual LCG cash subsidy of \$225,000 per year (\$200,000 for general operations and \$25,000 for capital expenditures) through 2012-2013 as outlined in the pre-formation feasibility study and strategic plans.

The expenditures per FTE for 2008-2009 were \$7,206 and the expenditures per semester hour were \$300.

	<i>Total Cost</i>	<i>Cost for Student</i>	<i>Shortfall</i>
Expenditures per FTE	\$ 7,206	\$ 1,428	\$ 6,906
Expenditures per credit hour	\$ 300	\$ 59.50	\$240.50

While the total expenditures per FTE student at Living University were \$7,206 for 2008-2009, the comparative cost of North Carolina’s largest community college, headquartered in Charlotte, was \$12,669 per FTE student for 2007-2008.

Below are charts showing the sources of revenue and expenditures for fiscal 08-09.



INSTITUTIONAL EFFECTIVENESS AND PLANNING

Normally the individual assigned responsibility for Institutional Research and Planning has responsibility for serving as the licensure and accreditation liaison, for oversight of the long-range plan, and for institutional assessment matters. Presently the President fulfills this role. A copy of the current Strategic Long-Range Plan is available for viewing on the University website.

UNIVERSITY RELATIONS

At the annual fall festival sites the University provided copies of its first catalog to all members of the Living Church of God residing in the United States. The catalog is available in PDF format online. It is updated quarterly.

ADMINISTRATION

Dr. Scott D. Winnail was appointed Vice President of Academic and Student Affairs effective July 1, 2009. Dr. Winnail brings a dozen years of university classroom teaching experience, as well as committee, curriculum development, academic advising, professional writing and grants and contract work to his new post with Living University. Dr. Winnail served as a faculty member at the University of Wyoming (UW), in the area of Health Education and Public Health, most recently (1998-2005, tenured).

His areas of research and publication have included: school health and coordinated school health programs, community development, community-based needs assessment, program evaluation, physical activity and nutrition, and parental involvement. Additionally, Dr. Winnail worked closely with State Departments of Health and Education, many other state health organizations in Wyoming, Alabama, and South Carolina. He was also very active in school health initiatives at the national level.

FACILITIES AND MASTER PLAN

The University occupies space in the Living Church of God international headquarters building. As an online institution in its second year the physical quarters needed to operate have been minimal. Steps were taken to provide additional library space and an office for the Vice President of Academic and Student Affairs. The Strategic Long Range Plan includes a section on the campus master plan.

Respectfully submitted,

November 1, 2009

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