



THE UNIVERSITY OF
TOLEDO
1872

AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Trustees
University of Toledo
2801 W. Brancroft Street
Toledo, Ohio 43606-3390

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The University of Toledo is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 31, 2012

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Independent Auditor's Report

To the Board of Trustees
University of Toledo

We have audited the accompanying basic financial statements of University of Toledo and its discretely presented component units as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of UT Clinical Faculty, Inc. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of University of Toledo and its discretely presented component units as of June 30, 2011 and 2010 and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 14, 2011 on our consideration of University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended June 30, 2011. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

To the Board of Trustees
University of Toledo

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis presented on pages 4 through 16 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

October 14, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2011 with comparative information for the years ended June 30, 2010 and 2009. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.

ABOUT THE UNIVERSITY OF TOLEDO

The University is a leading research institution in the state of Ohio with over 23,000 students, 1,500 instructional faculty, and 4,300 staff members. The University is comprised of thirteen colleges: Business & Innovation; Education, Health Science, & Human Services; Engineering; Graduate Studies, Libraries, & Learning Systems; Law; Literature, Languages, & Social Science; Medicine & Life Sciences; Science & Mathematics; Nursing, Pharmacy & Pharmaceutical Sciences; Adult & Lifelong Learning; Visual & Performing Arts; and the Honors College. The University offers more than 250 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to more than 11,500 inpatient admissions and more than 215,000 outpatient clinic visits including 32,500 emergency visits. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University is currently governed by a 13-voting member board of trustees created through the combination of the previous existing boards of the University of Toledo and Medical University of Ohio. The board will eventually be reduced to nine members; as current members' terms expire only one new trustee will be appointed for every two that depart. The trustees are appointed by the Governor with the advice and consent of the State Senate for staggered nine-year terms. Two student non-voting members, who are appointed for two-year terms, also serve on the Board.

The following financial statements reflect all assets, liabilities, and net assets of the University and discretely present its legally separate entities including the University of Toledo Foundation (Foundation) and the University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF). The Foundation's primary function is fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation. UTP-CF provides administrative support, billing, and collection services for physician services at the University.

ABOUT THE FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. In addition to this MD&A section, the audited financial statements include a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amends GASB Statement No. 14, the Foundation and UTP-CF are discretely presented as component units of the University.

FINANCIAL HIGHLIGHTS AND KEY TRENDS

The University’s overall financial position improved in 2011 due to improved non-operating activities, including recoveries in the financial markets. Total unrestricted and restricted net assets increased \$66.1 million, to \$303.3 million at June 30, 2011 as a result. The following sections provide additional details on the University’s 2011 financial results and a look ahead at significant economic conditions that are expected to affect the University in the future.

Statements of Net Assets

The Statement of Net Assets is the University’s balance sheet. It reports all financial and capital resources and presents the difference between assets and liabilities as net assets. Liabilities whose maturities are less than one year and assets available to pay those liabilities are classified as current. Other assets and liabilities with maturities greater than one year are classified as non-current. Net assets are displayed in the following categories:

- Invested in capital assets, net of related debt (presents the University’s equity in capital assets)
- Restricted – non-expendable (net assets available for investment purpose only and cannot be expended)
- Restricted – expendable (net assets available for use based on externally imposed restrictions)
- Unrestricted (net assets available to the University for any lawful purpose of the institution)

Summary of Statements of Net Assets

(in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets			
Cash and temporary investments	\$95,462	\$81,566	\$64,379
Current receivables, inventories, and prepaid expenses	110,522	125,787	131,766
Total current assets	205,984	207,353	196,145
Endowment and loan investments	51,647	43,220	39,486
Long-term investments	146,562	85,499	63,274
Capital assets, net of accumulated depreciation	617,033	609,803	572,650
Other non-current assets	63,023	98,990	64,264
Total non-current assets	878,265	837,512	739,674
Total assets	1,084,249	1,044,865	935,819
Liabilities			
Accounts payable and accrued expenses	71,297	74,501	66,291
Other current liabilities	71,135	101,326	67,008
Total current liabilities	142,432	175,827	133,299
Bonds, notes, and leases	304,087	285,541	266,065
Other long-term liabilities	4,964	18,154	15,605
Total non-current liabilities	309,051	303,695	281,670
Total liabilities	451,483	479,522	414,969
Net assets			
Invested in capital assets, net of related debt	329,461	328,092	314,908
Restricted – non-expendable net assets	13,669	13,661	13,661
Restricted - expendable net assets	132,198	101,999	87,000
Unrestricted net assets	157,438	121,592	105,281
Total net assets	\$632,766	\$565,344	\$520,850

2010-2011 Results

Current Assets

Currents Assets remained constant in 2011 due to increased collection activity resulting in a decrease of Accounts Receivable of \$14 million and an increase of Cash and Cash Equivalents of \$14 million.

Non-current Assets

Total non-current assets increased from \$838 million in 2010 to \$878 million in 2011, an increase in assets of \$40 million, due to the improvement in the investment markets as well as an increase in Capital Assets, financed primarily by bond proceeds and State of Ohio funds. Major capital projects completed or underway include:

- Center for Biosphere Restoration Research (Bowman-Oddy Laboratories and Wolfe Hall Renovations): The \$7.9 million project is currently under construction. The project involves the full renovation of approximately 21,000 GSF in the south wing of Bowman-Oddy Laboratories to create research labs, support space, and offices for the Center for Biosphere Restoration Research (CBRR). The CBRR will house the research teams of thirteen faculty members from UT's Department of Environmental Sciences. The project also involves the renovation of approximately 9,500 NASF on the first floor of Wolfe Hall for instructional labs, support space and departmental offices that are being displaced by the creation of the CBRR in Bowman-Oddy. The project is partially funded by a \$3.6 million grant from the National Science Foundation. It is being done as a construction reform demonstration project for the State of Ohio, using the construction manager at risk delivery methodology. Project will be complete in early 2012.
- Center for Performing Arts Renovations: The \$2.3 million project involved an addition to and renovation of the Center for Performing Arts, which was built in 1976 and contained 65,000 GSF. The building is the home of the Department of Music and the Department of Theater and Film. The addition provides for expansion and improvements to the orchestra/band and chorus practice rooms. Renovations include improvements to areas involved in instruction, practice and performance - including the recital hall, digital video lab, digital music lab, scene shop, studio theater, dressing and green rooms, design classroom, music practice rooms, building lobby and departmental offices. Work was completed in the summer of 2011, and the renovated building was ready for occupancy at the start of the fall semester 2011.
- Carter Hall Renovations: The \$1.7 million project involved installation of heating, ventilating, air conditioning and related electrical systems modifications associated with the addition of air conditioning to the existing Carter Hall East and West Dormitory at the University of Toledo. Air conditioning will include student rooms, ancillary areas as well as the open eating area.
- Planetarium: The \$0.3 million project involved installation of new seating, carpet, painting, electrical, computer, and sound system upgrades.

- Electrical Upgrades: The \$1.9 million project involved new generator, distribution panels, transformers, and uninterrupted power source (UPS), and addition space for redundant unit of generator and UPS.

Liabilities

Current liabilities decreased by \$33 million in 2011 related to the debt restructuring that included \$32 million Bond Anticipation Notes issued June 2010 and due in June 2011.

Non-current liabilities increased by \$5 million in 2011 driven by the restructuring of debt noted above netted against the treatment of swap arrangements related to the restructuring.

2009-2010 Results

Current Assets

Currents Assets increased in 2010 by \$11 million to \$207 million as a result of the improvement in overall operations and the improvements in the investment markets.

Non-current Assets

Total non-current assets increased from \$740 million in 2009 to \$838 million in 2010, an increase in assets of \$98 million, due to the improvement in the investment markets as well as an increase in Capital Assets of \$38 million, financed primarily by bond proceeds and State of Ohio funds. Major capital projects completed or underway included:

- Pharmacy Building: A \$26-million state of art facility for the College of Pharmacy was opened in fall 2010 on the Health Science Campus. The facility includes laboratories, lecture halls and offices to provide more space for the College of Pharmacy and offers students hands-on experience in an integrated medical community. The two-story building features modern professional development amenities and high-tech laboratory space. The modular design with movable laboratory elements enhances efficiency and flexibility in the new building, making it one of the most complete and clinically advanced facilities in the region.
- Indoor Practice Facility: In conjunction with the “Building Champions Campaign”, the University has completed an indoor practice facility adjacent to Savage Hall at a cost of \$11 million. The facility includes a football practice field, a basketball and volleyball practice court, and an indoor track designed to improve the competitive environment for the University’s student-athletes. The facility supports all 15 varsity sports as well as other campus groups.
- Savage & Associates Complex for Business Learning and Engagement: The \$15 million complex completed during the year provides the College of Business Administration faculty, staff, and students a cutting-edge learning environment with the latest educational technology and efficiency. The facility is the home to the College’s academic programs and various outreach programs. The complex features ten state of the art classrooms, five action learning labs, offices, lounges, breakout rooms, conference

rooms, a board room, and provides wireless technology, video conferencing, the latest technology in visual equipment and distance learning.

Liabilities

Current liabilities increased by \$43 million in 2010 related to \$32 million Bond Anticipation Notes issued June 2010, due June 2011, as well as higher deferred revenues related to increased enrollments.

Non-current liabilities increased by \$22 million in 2010 driven by the issuance of debt.

Statements of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets is the University's income statement. It reports the detailed revenues and expenses presented in a net revenue (expense) format. Revenues and expenses are classified as operating, non-operating, and other changes, and subtotals are presented for net operating income (loss), income (loss) before other changes, and increase (decrease) in net assets. Tuition revenue is shown net of financial aid, and depreciation is provided for capital assets.

In accordance with GASB Statement No. 35, appropriations received from the State of Ohio and certain federal and state grants and contracts are presented as non-operating revenue; therefore, the University will typically reflect a net operating loss. However, the University and other public institutions have traditionally relied on these funds to support functional operations of the institution.

2010-2011 Results

In 2011, the University had operating revenues of \$629 million, a decrease of \$5 million while operating expenses decreased \$4 million over the previous year as a result of spending controls, resulting in the operating loss relatively constant from the previous fiscal year. Positive results were experienced from much higher non-operating research activity and a turnaround in the investment markets, culminating in an increase in net assets of \$67 million.

Summary of Revenues, Expenses, and Changes in Fund Balance			
<i>(in thousands)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:			
Hospital	\$252,246	\$251,580	\$246,917
Tuition and fees, net	205,973	200,052	188,983
Grants and contracts	69,941	77,440	64,037
Auxiliary	65,056	70,882	70,543
Other operating revenues	36,242	34,451	34,216
Total operating revenue	\$629,458	634,405	604,696

Operating expenses:			
Salaries, wages, and benefits	458,812	456,458	458,609
Supplies	94,548	93,343	94,472
Outside purchased services	64,699	73,830	72,744
Depreciation	47,527	45,426	43,256
Other operating expenses	107,917	108,488	106,687
Total operating expenses	773,503	777,545	775,768
Operating Loss	(\$144,045)	(143,140)	(171,072)
Non-operating revenues (expenses):			
State share of instruction and grants & contracts	176,880	166,689	152,743
Investment income	32,229	16,890	(31,959)
Interest on debt	(12,178)	(12,968)	(14,470)
Change in value of Derivative Instrument	(1,358)	(1,115)	(1,792)
Other non-operating revenues	409	1,218	9,429
Total non-operating revenues	195,982	170,714	113,951
Other changes			
Capital appropriations	13,842	15,934	21,044
Other changes	1643	987	5,284
Total other changes	15,485	16,921	26,328
Increase (decrease) in net assets	\$67,422	44,494	(30,793)
Net assets - beginning of the year	\$565,344	520,850	551,643
Net assets - end of the year	\$632,766	\$565,344	\$520,850

Operating Revenues

Operating revenues decreased by \$5 million in 2011. Net tuition and fees increased by \$6 million as a result of lower enrollment offset by rate increases in undergraduate and graduate programs while scholarship expenses remained relatively stable. The University increased undergraduate tuition rates by 3.5% in fiscal 2011. The University's credit hour FTE enrollment by term was as follows:

Term	FY 2011	FY 2010	FY 2009
Fall	19,589	19,622	18,769
Spring	17,855	18,583	17,577
Summer	4,321	4,532	4,344

Grant Revenue classified as operating decreased by \$7 million related to lower activity in sponsored programs from state and private sources. Auxiliary Enterprises Revenue declined by \$6 million due to reduction in book sales, meal plans, and new customer sales for rocket wireless.

Operating Expenses

Total operating expenses decreased by \$4 million to \$774 million in 2011. Outside Purchased Services and Occupancy declined by \$9 million and \$3 million, respectively in 2011. This was offset by increases in spending directly related to salary and benefits and depreciation, which increased by \$4 million and \$2 million, respectively.

Non-operating Revenue and Expense

Total non-operating revenues and expenses resulted in net revenue of \$196 million in 2011, an increase of \$25 million from 2010. The majority of it was due to investment gain of \$32 million in 2011 versus a \$17 million gain in 2010. Non-operating grant related activity increased in 2011 by \$6 million, while State Share of Instruction (SSI) and the American Recovery and Reinvestment Act (ARRA) Stimulus and Interest on Debt remained stable.

Other Changes

Other changes resulted in an increase in assets of \$15 million during 2011, primarily a result of state funded capital appropriations.

2009-2010 Results

In 2010, the University had operating revenues of \$634 million, an increase of \$30 million while operating expenses only increased \$2 million over the previous year as result of spending controls, resulting in an improvement of operating results of \$28 million. Positive results were also experienced from much higher non-operating research activity and a turnaround in the investment markets, culminating in an Increase in net assets of \$44 million as compared to a net decrease of \$31 million in 2009.

Summary of Change in Net Assets			
<i>(in thousands)</i>			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Assets beginning of year	\$565,344	\$520,850	\$551,643
Increase (decrease) before derivatives	68,780	45,609	(29,001)
Decrease related to derivatives	(1,358)	(1,115)	(1,792)
Total change in net assets	67,422	44,494	(30,793)
Net Assets end of year	\$632,766	\$565,344	\$520,850

Statements of Cash Flows

The **Statement of Cash Flows** presents the sources and uses of cash in the following categories:

- Operating activities
- Non-capital financing activities
- Capital and related financing activities
- Investing activities

Cash flows associated with the University's expendable net assets appear in the operating and non-capital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

Summary of Cash Flows			
<i>(in thousands)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net cash flows from operating activities	(\$67,566)	(\$63,386)	(\$97,828)
Net cash flows from non-capital financing activities	181,014	157,737	164,072
Net cash flows from capital and related financing activities	(54,691)	(35,684)	(83,263)
Net cash flows from investing activities	(44,861)	(41,480)	60,694
Net increase in cash	\$13,896	\$17,187	\$43,675

2010-2011 Results

Total University cash and cash equivalents increased by \$14 million in 2011. The University had net cash used in operating activities of \$68 million before adding in state share of instruction and gifts, grants and contracts of \$181 million, included in non-capital financing activity, which resulted in a net increase of cash related to traditional operations of \$113 million. Total net cash flows from capital and related financing activities were \$55 million primarily due to debt activity and restructuring during 2011. Principal Paid on Capital Debt increased by \$86 million which was offset in part by an increase in Proceeds from Debt Issuance of \$40 million. Net cash outflow to investments resulted in a reduction of \$45 million in 2011, as positive operations allowed movement of cash to interest earning investments.

2009-2010 Results

Total University cash and cash equivalents increased by \$17 million in 2010. The University had net cash used in operating activities of \$63 million before adding in state share of instruction and gifts grants and contracts of \$158 million, included in non-capital financing activity, which resulted in a net increase of cash related to traditional operations of \$95 million. Total net cash flows from capital and related financing activities was \$36 million including funds expended on capital assets which netted to a \$68 million outflow during 2010, a \$12 million increase over 2009, related to the large capital projects completed during 2010. There was also net cash inflow

of \$29 million on debt and related interest in 2010, a result of issuance of additional debt in 2010. Net cash outflow to investments resulted in a reduction of \$41 million in 2010, as positive operations allowed movement of cash to interest earning investments.

ECONOMIC FACTORS

Higher Education

The nation continued to slowly recover from its deepest recession in 50 years. During FY2010 and FY2011, stimulus funding received through the American Recovery and Reinvestment Act (ARRA) was helpful in the maintenance of financial stability. However, FY2012 and beyond the University faces the challenge of continuing to pursue its goals in the absence of this one-time funding. State budget remains challenged by relatively high unemployment, structural changes to federal health care programs, and other factors that will affect the economy into the future.

Taking a more business-like approach through strategic planning in facing the challenge, the University continues to efficiently manage resources and develop new approaches to meeting goals by taking advantage of technology through automation of processes, eliminating redundancy, and seeking to consolidate services. In so doing, the University has reduced or reallocated operating funds while continuing to plan for targeted investments to maintain competitiveness in academic offerings to student. This will continue to be increasingly important in order to adequately respond to the reductions in State support and increases in health care costs for employees and rising utility costs.

Beginning in FY2010, Ohio adopted a performance based funding metric as a means for allocating State operating support to its public universities. Specifically, the State Share of Instruction (SSI) formula for the university main campuses rewards institutions for successful course completions and degree completions based upon statewide average costs of instruction. The university main campus formula also includes a special student weight for at-risk students to recognize the challenges and costs involved in serving under-prepared undergraduates. In addition, the formula maintains funding for graduate and medical education, two important and distinctive elements of a university's mission, and makes the graduate education component more dynamic by basing its allocation on a number of success factors. The University also receives State appropriations for capital improvements every biennium. Capital funding allocations are based largely on student FTE's. The University has fully utilized its allocation for capital projects.

There can be no assurance that State appropriated funds for operating or capital improvement purposes will be made available in the amounts from time to time requested or required by the University. The General Assembly has the responsibility of determining such appropriations biennially. State income and budget constraints have compelled and may from time to time in the future compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular. In addition, subsidy appropriations (and other similar appropriations) are subject to subsequent limitation pursuant to a law, implemented by the Governor from time to time in the past, which provides in part that if the Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to

State agencies as will prevent their expenditures and incurred obligations from exceeding those revenue receipts and balances. The University will continue to monitor the national and State economies and take action as necessary.

Healthcare

The healthcare industry, in which UTMC operates, is subject to regulation by a number of governmental agencies, including those which administer the Medicare and Medicaid programs, federal, state, and local agencies responsible for administration of health planning programs and other federal, state, and local governmental agencies. Furthermore, federal, state, and local policies developed to regulate the manner in which health care is provided, administered, and paid for nationally and locally has an impact as well. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in governmental spending for such programs as well as changing health care policies.

UTMC is subject to, among other things, the following: the statutes and regulations governing the Medicare and Medicaid programs, as they may be changed from time to time; regulatory actions by the governmental agencies that administer and enforce the Medicare and Medicaid programs; changes in the form or amount of payment from non-governmental third party payors, such as private insurance plans and managed care entities; and actions by, among others, the Medicare peer review organization, the Ohio Department of Health, the Joint Commission and other accreditation bodies, and federal, state and local governmental authorities.

The following highlights some of the key provisions in the regulatory climate applicable to UTMC:

- ❑ **Health Care Reform:** The Patient Protection and Affordable Care Act (PPACA), once fully implemented, it is anticipated to significantly reform the entire health care industry over the next ten years resulting in providing health care coverage for 32 million uninsured individuals. The promulgation of substantial regulations will be necessary to interpret and implement PPACA. Thus, hospitals and healthcare systems like UTMC will be faced with ongoing regulatory and legislative change for a significant period of time.
- ❑ **Medicare/Medicaid Reimbursement:** A significant portion of the revenues of UTMC are derived from the Medicare and Medicaid programs. Most Medicare services are provided through a fixed rate per case program under reimbursements methods such as Inpatient Operating Costs, Outpatient Services, and Physician Payment. Medicaid is similar; however the State of Ohio determines the level of reimbursement for Medicaid services provided by Ohio health care entities. Ohio has reduced in the past, and may reduce in the future, the level of reimbursement received by providers for Medicaid-reimbursable services. The Hospital must budget and manage its resources to attempt to provide the reimbursed item or services within the payment amount for the services. The potential financial impact on the Hospital from Medicaid managed care entities is dependent not only on the level of reimbursement received by them, but on the ability of these entities to stay financially viable and to continue to meet their financial obligations to UTMC.

- Health Information Technology for Economic and Clinical Health (HITECH) Act: The HITECH Act provisions of the ARRA include incentives for certain health care providers, including hospitals, to implement and utilize Electronic Health Records (EHR) for meaningful users of HER in accordance with published standards. The financial incentives include percent compensation increases based upon the Medicare or Medicaid billings generated by the provider. The HITECH Act also provides for penalties such as reduction in the Medicare or Medicaid reimbursement to the provider if eligible providers are not a “meaningful user” of certified HER technology by 2015. Although UTMC is in the third phase of five phases of its EHR implementation, it is indeterminable whether it will be a meaningful user as that term is ultimately defined.

In the future, the following factors, among others, may affect the operations and financial performance of health care providers, including UTMC:

- Decreased usage of inpatient facilities from future medical and scientific advances, changes in third-party reimbursement programs, the increased use of HMOs in labor contracts, preventive medicine, improved occupational health and safety; and improved outpatient care.
- State legislation or other requirements could establish a rate-setting agency with statutory control over hospitals, hospital costs, and rates or could require hospitals to justify the appropriateness of existing medical services on the basis of national or state criteria.
- An inflationary economy and difficulties in increasing room charges and other fees, while at the same time maintaining the amount of quality of health services.
- Demand for services of hospital could be reduced if population residing in the service area declines or if UTMC is unable to compete with other health care providers. .
- Increased unemployment or other adverse economic conditions in the service area could increase the proportion of patients unable to pay fully for the cost of their care. In addition, increased unemployment caused by a general downturn in the economy of the service area or the State or by the closing of operations of one or more major employers in the area may result in the a loss of health insurance benefits for a portion of the UTMC patients.
- Employee strikes and other adverse labor actions could result in a substantial reduction in revenues without corresponding decreases in expenses.
- The possible inability to obtain future governmental approvals to undertake projects which UTMC deems necessary to remain competitive as to rates and charges and the quality and scope of care.
- The number of nurses and other qualified health care technicians and personnel available may not be sufficient to support a hospital’s operations. Shortages in nursing or other health care professionals may result in the need for increased compensation expenses to obtain or retain such personnel.
- Reductions in hospital utilization due to competition, physicians’ practice patterns of fewer inpatient admissions, shorter lengths of stay for those admitted, and third-party payor cost containment efforts of reviewing and questioning the need for the length of stay.
- The inability to obtain future governmental approvals to undertake projects which the hospital deems necessary to remain competitive as to rates and charges and the quality and scope of care.

UNIVERSITY INITIATIVES

The University is committed to identifying opportunities to expand investments in facilities and programs to strengthen the institution in its efforts to accomplish its mission of improving the human condition, advancing knowledge through excellence in learning, discovery, and engagement; and to serve as a diverse, student-centered public metropolitan research university. Current and future initiatives include:

- ❑ Science, Technology & Innovation Enterprises, Inc – perform the following kinds of economic development activities: develop a Research Institute to conduct applied research, continue investment and support of UT’s incubation and commercialization efforts through foundation and grant support, use prudent investment in UT spin-offs and other economic development opportunities to generate funds with which to sustain the broad range of UT’s economic development efforts and recruit and attract innovation enterprises to Toledo.
- ❑ School of Solar and Advanced Renewable Energy – As the renewable energy field is changing rapidly the University will be educating students for jobs not created yet and preparing them for a changing economy. The new school will consist of faculty members from multiple disciplines, including physics, chemistry, engineering and business. A group of deans and faculty members are working out the details, including the types of degrees the school will offer and the number of students it will accept.
- ❑ Minority Business Incubator - The University of Toledo, already instrumental in assisting the transformation of ideas into commercial businesses in the alternative energy and technology fields, is extending its expertise to other businesses with the establishment of a Minority Business Incubator. UT’s business incubators nurture entrepreneurial and economic development by providing office space and conference rooms, furniture, utilities, data package/broadband Internet, security, a mentoring program and a network of professional advisors.
- ❑ The Scott Park Campus of Energy and Innovation – The redesign of the Scott Park Campus will serve as a hands-on alternative energy laboratory used for teaching, research and demonstration, as well as to generate energy and reduce the University’s carbon footprint. In addition to the many educational opportunities, the Scott Park Campus of Energy and Innovation is expected to foster regional economic development through commercialization and business incubation efforts.

THE UNIVERSITY OF TOLEDO

Statements of Net Assets

June 30, 2011

(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$95,462	\$7	\$4,813
Accounts Receivable, net	98,438	235	13,933
Contributions Receivable, net		4,901	
Inventories	6,468		
Notes Receivable, net	1,799		
Other Assets	3,817	200	277
Total Current Assets	205,984	5,343	19,023
Non-Current Assets:			
Endowment and Loan Investments	51,647		
Notes Receivable, net	17,498		
Long-term Investments	146,562	169,195	694
Contributions Receivable, net		17,447	
Deferred Bond Issuance Costs	997		
Deferred outflow of resources – Derivatives	2,453		
Investments Held by Bond Trustee	5,684		
Capital Assets, net	617,033	5,689	396
Science, Technology & Innovation Enterprises, Inc.	7,493		
UT Medical Assurance Company Assets	28,898		
Charitable Remainder Trusts and Annuity Contracts		5,281	
Prepaid Rent		324	
Cash Surrender Value of Life Insurance Policies		1,456	
Total Non-Current Assets	878,265	199,392	1,090
Total Assets	\$1,084,249	\$204,735	\$20,113

See notes to financial statements

THE UNIVERSITY OF TOLEDO

Statements of Net Assets

June 30, 2011

(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Accounts Payable	\$28,726	\$928	\$5,145
Accrued Liabilities	42,571	210	7,479
Deferred Revenue	41,635		
Medical Professional Liability – Current Portion	200		
Deposits	560		
Compensated Absences - Current Portion	22,997		
Long-term Liabilities - Current Portion	5,743	10	
Total Current Liabilities	<u>142,432</u>	<u>1,148</u>	<u>12,624</u>
Non-Current Liabilities:			
Compensated Absences	6,360		
Medical Professional Liability – Long-Term Portion	2,941		
UT Medical Assurance Company Liabilities	9,622		
Fair Value of Derivative Investment	8,321		
Long-term Liabilities	281,807	4,073	
Total Non-Current Liabilities	<u>309,051</u>	<u>4,073</u>	
Total Liabilities	<u>451,483</u>	<u>5,221</u>	<u>12,624</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	329,461	3,633	
Restricted for:			
Non-expendable	13,669	73,458	
Expendable	132,198	113,686	
Unrestricted	157,438	8,737	7,489
Total Net Assets	<u>\$632,766</u>	<u>\$199,514</u>	<u>\$7,489</u>

See notes to financial statements

THE UNIVERSITY OF TOLEDO

Statements of Net Assets

June 30, 2010

(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$81,566	\$406	\$1,280
Accounts Receivable, net	112,778	169	17,238
Contributions Receivable, net		4,076	
Inventories	6,946		
Notes Receivable, net	2,040		
Other Assets	4,023	132	173
Total Current Assets	207,353	4,783	18,691
Non-Current Assets:			
Endowment and Loan Investments	43,220		
Notes Receivable, net	18,566		
Long-term Investments	85,499	135,014	753
Contributions Receivable, net		19,194	
Deferred Bond Issuance Costs	5,012		
Deferred outflow of resources – Derivatives	21,118		
Investments Held by Bond Trustee	19,842		
Capital Assets, net	609,803	6,163	395
Science, Technology & Innovation Enterprises, Inc.	9,361		
UT Medical Assurance Company Assets	25,091		
Charitable Remainder Trusts and Annuity Contracts		4,880	
Prepaid Rent		372	
Cash Surrender Value of Life Insurance Policies		1,413	
Total Non-Current Assets	837,512	167,036	1,148
Total Assets	\$1,044,865	\$171,819	\$19,839

See notes to financial statements

THE UNIVERSITY OF TOLEDO
Statements of Net Assets
June 30, 2010
(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Accounts Payable	\$36,604	\$932	\$5,132
Accrued Liabilities	37,897	136	7,688
Deferred Revenue	39,977		
Medical Professional Liability – Current Portion	1,000		
Deposits	608		
Compensated Absences - Current Portion	22,820		
Long-term Liabilities - Current Portion	36,921	6	
Total Current Liabilities	175,827	1,074	12,820
Non-Current Liabilities:			
Compensated Absences	6,244		
Medical Professional Liability – Long-Term Portion	1,415		
UT Medical Assurance Company Liabilities	10,494		
Fair Value of Derivative Investment	26,901		
Long-term Liabilities	258,640	3,925	
Total Non-Current Liabilities	303,694	3,925	
Total Liabilities	479,521	4,999	12,820
Net Assets			
Invested in Capital Assets, Net of Related Debt	328,092	5,140	
Restricted for:			
Non-expendable	13,661	67,735	
Expendable	101,999	93,097	
Unrestricted	121,592	848	7,019
Total Net Assets	\$565,344	\$166,820	\$7,019

See notes to financial statements

THE UNIVERSITY OF TOLEDO
Statements of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2011
(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Revenues			
Operating Revenues:			
Hospital	\$252,246		
Student Tuition and Fees, net of Student Aid of \$68,052	205,973		
Federal Grants and Contracts	43,708		
State Grants and Contracts	8,479		
Local Grants and Contracts	713		
Private Grants and Contracts	17,041		
Sales and Services	7,944		
Auxiliary Enterprises , net of Student Aid of \$4,866	65,056		
Other Patient Services Revenue			69,858
Contributions and Support		14,332	
Residency Reimbursement	5,677		
UT Medical Assurance Company Net Revenue	4,678		
Other Operating Revenues	17,943	90	4,204
Total Operating Revenues	<u>629,458</u>	<u>14,422</u>	<u>74,062</u>
Expenses			
Operating Expenses:			
Salaries and Wages	340,513		44,453
Benefits	118,299		6,364
Supplies	94,548		906
Travel and Entertainment	10,136		991
Information and Communication	18,114		265
Occupancy	17,268		481
Scholarship	30,074		
Outside Purchased Services	64,699		11,467
Provision for Doubtful Accounts	17,419		4,615
Support to University		11,947	
Fund Raising and Development		84	
Management		2,830	
Depreciation	47,527	43	92
Other	14,906	16	4,089
Total Operating Expenses	<u>773,503</u>	<u>14,920</u>	<u>73,723</u>
Operating Income (Loss)	<u>(\$144,045)</u>	<u>(\$498)</u>	<u>\$339</u>

THE UNIVERSITY OF TOLEDO
Statements of Revenues, Expenses, and Changes in Net Assets – Continued
Year Ended June 30, 2011
(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Operating Income (Loss)	(\$144,045)	(\$498)	\$339
Non-operating Revenues (Expenses)			
State Share of Instruction	106,667		
ARRA Stimulus	17,947		
Income After State Share of Instruction	(19,431)		
Federal Grants and Contracts	34,451		
State Grants and Contracts	12,591		
Gifts	5,224		
Investment Income	32,229	32,587	131
Interest ARRA Subsidy	1,047		
Interest on Debt	(12,178)		
Investment (loss): Change in Value of Derivative Instruments	(1,358)		
Other Non-operating Revenues	(638)	605	
Total Non-operating Revenue	71,368	33,192	131
Income before Other Changes	51,937	32,694	470
Other Changes			
Capital Appropriations	13,842		
Capital Grants, Gifts, and Contracts	1,717		
Addition to Permanent Endowment	1		
Asset Disposal	(75)		
Total Other Changes	15,485		
Increase in Net Assets	67,422	32,694	470
Net Assets			
Net Assets at Beginning of Year	565,344	166,820	7,019
Net Assets at End of Year	\$632,766	\$199,514	\$7,489

See notes to financial statements

THE UNIVERSITY OF TOLEDO
Statements of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010
(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Revenues			
Operating Revenues:			
Hospital	\$251,580		
Student Tuition and Fees, net of Student Aid of \$57,622	200,052		
Federal Grants and Contracts	41,719		
State Grants and Contracts	15,801		
Local Grants and Contracts	751		
Private Grants and Contracts	19,169		
Sales and Services	7,106		
Auxiliary Enterprises , net of Student Aid of \$4,129	70,882		
Other Patient Services Revenue			65,561
Contributions and Support		8,643	
Residency Reimbursement	4,862		
UT Medical Assurance Company Net Revenue	2,924		
Other Operating Revenues	19,559	380	7,541
Total Operating Revenues	<u>634,405</u>	<u>9,023</u>	<u>73,102</u>
Expenses			
Operating Expenses:			
Salaries and Wages	337,760		42,242
Benefits	118,698		5,425
Supplies	93,343		809
Travel and Entertainment	9,821		861
Information and Communication	19,323		286
Occupancy	20,206		442
Scholarship	28,497		
Outside Purchased Services	73,830		11,275
Provision for Doubtful Accounts	18,110		4,240
Support to University		10,850	
Fund Raising and Development		626	
Management		2,692	
Depreciation	45,426	100	72
Other	12,531	72	4,083
Total Operating Expenses	<u>777,545</u>	<u>14,340</u>	<u>69,735</u>
Operating Income (Loss)	<u>(\$143,140)</u>	<u>(\$5,317)</u>	<u>\$3,367</u>

THE UNIVERSITY OF TOLEDO
Statements of Revenues, Expenses, and Changes in Net Assets - Continued
Year Ended June 30, 2010
(Dollars in thousands)

	<u>University</u>	<u>UT Foundation</u>	<u>UT Physicians, CF, Inc.</u>
Operating Income (Loss)	(\$143,140)	(\$5,317)	\$3,367
Non-operating Revenues (Expenses)			
State Share of Instruction	106,980		
ARRA Stimulus	17,617		
Income After State Share of Instruction	(18,543)		
Federal Grants and Contracts	29,161		
State Grants and Contracts	11,816		
Gifts	1,115		
Investment Income	16,890	15,975	205
Interest ARRA Subsidy	545		
Interest on Debt	(13,513)		(1)
Investment (loss): Change in Value of Derivative Instruments	(1,115)		
Other Non-operating Revenues	1,216	1,546	
Total Non-operating Revenue	46,116	17,521	204
Income before Other Changes	27,573	12,204	3,571
Other Changes			
Capital Appropriations	15,934		
Capital Grants, Gifts, and Contracts	1,127		
Addition to Permanent Endowment	1		
Asset Disposal	(141)		
Total Other Changes	16,921		
Increase in Net Assets	44,494	12,204	3,571
Net Assets			
Net Assets at Beginning of Year	520,850	154,616	3,448
Net Assets at End of Year	<u>\$565,344</u>	<u>\$166,820</u>	<u>\$7,019</u>

See notes to financial statements

THE UNIVERSITY OF TOLEDO

Statements of Cash Flows

Year Ended June 30, 2011

(Dollars in thousands)

	2011	2010
Cash Flows from Operating Activities		
Tuition and Fees	\$ 206,411	\$ 202,949
Grants and Contracts	77,495	79,355
Hospital Revenues	254,289	251,888
Sales and Services of Educational Activities	8,869	8,777
Payments to Suppliers and Outside Purchased Services	(254,940)	(270,259)
Payments to Employees	(454,813)	(431,579)
Loans Issued to Students	(1,799)	(2,571)
Collection of Loans from Students	3,109	2,255
Auxiliary Enterprise Charges	65,515	70,907
Other	28,298	24,892
Net Cash Used in Operating Activities	(67,566)	(63,386)
Cash Flows from Non-capital Financing Activities		
State Share of Instruction	106,667	106,980
ARRA Stimulus	17,947	17,617
Student Direct Lending Receipts	179,857	170,536
Student Direct Lending Disbursements	(175,677)	(179,370)
Gifts, Grants, and Contracts	52,267	42,093
Agency Transactions	(47)	(119)
Net Cash Provided by Non-Capital Financing Activities	181,014	157,737
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(57,084)	(85,973)
Principal Paid on Capital Debt	(135,339)	(49,685)
Capital Appropriations	14,687	18,114
Proceeds from Debt Issuance	132,207	92,322
Capital Grants and Gifts	1,551	2,198
Interest Paid on Capital Debt	(10,713)	(12,660)
Net Cash Used In Capital and Related Financing Activities	(54,691)	(35,684)
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments		
Interest on Investments	1,418	(43)
Purchase of Investments	(46,279)	(41,437)
Net Cash Used by Investing Activities	(44,861)	(41,480)

THE UNIVERSITY OF TOLEDO
Statements of Cash Flows – Continued
Year Ended June 30, 2011

(Dollars in thousands)

	2011	2010
Net Increase in Cash	13,896	17,187
Cash and Cash Equivalents – Beginning of Year	81,566	64,379
Cash and Cash Equivalents – End of Year	\$ 95,462	\$ 81,566

	2011	2010
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (144,045)	\$ (143,140)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	47,527	45,426
Provision for Patient Bad Debt	17,419	18,110
(Increase) Decrease in Assets:		
Accounts Receivable, net	9,482	2,247
Inventories	477	123
Other Current Assets	(395)	(230)
Notes Receivable, net	1,310	656
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	(2,017)	8,600
Deferred Revenue	1,659	4,564
Compensated Absences	291	271
Medical Professional Liability Accrual	726	(13)
Net cash used in operating activities	\$ (67,566)	\$ (63,386)

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

On December 6, 2005, the Boards of Trustees of both the former University of Toledo (UT) and the former Medical University of Ohio (MUO) adopted resolutions in favor of a proposed combination of UT and MUO. On December 17, 2005, the Ohio Board of Regents adopted a resolution in support of the proposed combination. House Bill 478, signed on March 31, 2006 by then Governor Bob Taft, combined UT and MUO as one state university, effective July 1, 2006, and named the resulting entity the University of Toledo (the University). The University is one of several state-supported universities in Ohio. The University is a component unit of the State of Ohio and is discretely presented in the State of Ohio's Comprehensive Annual Financial Report.

The University is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501 (c) (3), and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University is currently governed by a 13-voting member board of trustees created through the combination of the previous existing boards of the two universities. The Board will eventually be reduced to nine members, as current members' terms expire, only one new trustee will be appointed for every two that depart. The trustees are appointed to by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The Board includes two student non-voting members that are appointed for two-year terms.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the GASB. The University is a public institution engaged in Business-type Activities. In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, the University presents Management's Discussion and Analysis; Statements of Net Assets; Statements of Revenue, Expenses, and Changes in Net Assets; Statements of Cash Flow; and Notes to the Financial Statements.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The University follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted nets assets are available, it is the University's practice to use restricted first.

Governmental Accounting Standards Board (GASB) Statement No. 39 *Determining Whether Certain Organizations are Component Units*, requires the University to reflect the Foundation and the University of Toledo Clinical Faculty, Inc. (UTCF), subsequently changed to University of Toledo Physicians, Clinical Faculty, Inc (UTP-CF), as discretely presented component units in the financial statements based on the significance of the relationships with the University. The Foundation and UTP-CF are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' or UTP-CF financial information in the University's financial reporting entity for these differences.

The Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately \$11,900 and \$10,800, during fiscal year 2011 and 2010, respectively, to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits with banks. All investments with maturities less than 90 days are considered cash and cash equivalents.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis.

Patient Revenue and Accounts Receivable

Patient accounts receivable and revenue are recorded at net realizable value when patient services are performed. The University has agreements with third-party payors that provide for payments to the University at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient's diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.
- Other Payors: The University has also entered into payments agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

Provision is made in the financial statements for the differences between the University's standard rate charged for services rendered and third-party reimbursements and for estimated settlements based on third-party reimbursement contracts. Retroactive settlements resulting from third-party audits of filed cost reports are reflected in the financial statements in the year of settlement. These provisions and settlements are included in deductions from patient service revenue. There is at least a reasonable possibility that recorded estimates will change in the near-term. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The University believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Revenue and Accounts Receivable (continued)

are provided under Medicaid and other Welfare programs. Certain payments received under these programs are less than the cost of providing the service.

A summary of charity and uncompensated care, at cost, is as follows:

	Year Ended 6/30/2011	Year Ended 6/30/2010
Traditional charity care	\$ 5,403	\$ 4,441
Unpaid costs of traditional Medicaid programs	3,167	3,937
Unpaid costs of other welfare programs	7,576	2,099
Total charity and uncompensated care	<u>\$ 16,146</u>	<u>\$ 10,477</u>

Capital Assets

Capital assets are stated at historical cost or fair value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with GASB. The University has a rare book collection and manuscript collection in the library that is not capitalized since it represents historical works of art that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

Deferred Issuance Cost

Deferred bond issuance costs for the General Receipts Bonds have been capitalized and are included on the Statements of Net Assets, and are being amortized over the life of the bonds on the straight-line method, which approximates the interest method.

Deferred Revenue

Summer term tuition and fees, and corresponding expenses relating to various sessions falling in the fiscal year are recognized in the fiscal year they occur. The portion of sessions falling into the next fiscal year are recorded as deferred revenue and prepaid expenses in the Statements of Net Assets and will be recognized in the following year.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets are classified into the three following categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets.

Restricted: Net assets subject to externally imposed constraints that they may be maintained permanently by the University, or net assets whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time. Restricted net assets are classified further as non-expendable and expendable. Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

Unrestricted: Net assets available to the University for any lawful purpose of the institution. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net assets to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and post employment benefits.

Compensatory Time

Compensatory time may be given in lieu of overtime pay to classified employees who work in excess of the regular schedule. The liability and expense for future payouts are recorded at year end.

Compensated Absences

University employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the Statements of Net Assets, and as a component of operating expense in the Statements of Revenues, Expenses, and Changes in Net Assets.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contracts

The University receives grants and contracts from Federal, State, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency. Federal funds are subject to an annual OMB Circular A-133 audit.

State Subsidies

The University receives student-based subsidy and other subsidies from the State. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Board of Regents.

In addition to subsidies, the State provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the State through issuance of State revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of State assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the University's Statement of Net Assets. State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

Capitalized Interest

Interest on construction projects is capitalized until substantial completion of the project.

Endowments

The University's and the Foundation's Board of Trustees established an investment policy for the endowment and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, (established at 4.0% for Fiscal Year 2011) of the three year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Rate Swap Agreements

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's 2010 fiscal year end. This Statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net assets, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as non-operating revenue (expense) as a component of investment income. See Note 7 for relevant disclosures.

Investments Held By Bond Trustee

Investments held by bond trustee represent funds held by a third party to pay for capital additions and improvements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2011, the carrying amount of the University's cash and cash equivalents for all funds is \$95,462 as compared to bank balances of \$106,007. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$250 is covered by federal deposit insurance. This reflects an increase in the basic limit on federal deposit insurance coverage from \$100 to \$250 per depositor originally set to expire June 30, 2010 and since extended permanently with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The remaining balances of cash and cash equivalents are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
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NOTE 3 – INVESTMENTS

University investments are categorized by the following: short-term investments, restricted investments, and long-term investments. Short-term investments are funds available for current operating expenses and capital projects with the vast majority of assets invested in fixed income instruments. Restricted investments include gifted endowment funds of the University held in an investment pool with gifted endowment funds of the Foundation. Long-term investments are considered institutional reserves emphasizing both capital preservation and long-term appreciation. The long-term investments consist of a mix of fixed income instruments and equities.

The Board approved revisions to the University's investment policy effective May 2011. The policy establishes investment objectives, strategies and measures for evaluation. The University's policy complies with the State of Ohio regulations provided by legislation.

The University's investment policy authorizes the investment of non-endowed funds in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Commercial paper
- Bankers acceptances
- Corporate bonds and stock
- Asset backed securities
- Mortgage pools and mortgage related securities
- Guaranteed investment contract

The University's investment policy authorizes the investment of endowed funds in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Corporate bonds and stocks
- Mortgages and collateralized mortgage obligations
- Alternative investments

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

The cost and fair values, exclusive of accrued interest, of investments at June 30, consisted of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 128,776	\$ 128,776	\$ 105,430	\$ 105,430
Corporate bonds and mortgage-backed	510	545	5,316	5,349
Corporate stock	112,780	135,389	99,050	93,576
Mutual funds – fixed income	7,466	8,002	13,334	13,985
Mutual funds – equity	1,563	1,737	1,459	1,353
Partnerships and hedge funds	6,970	7,611	7,154	7,048
U.S. Government	417	464	389	430
U.S. Government agency	13,302	13,220	10,926	10,859
Real estate	1,403	1,403	1,296	1,296
Total Investments	273,187	297,147	244,354	239,326
Less: Investments considered cash equivalents	93,254	93,254	90,764	90,764
Total investments less cash equivalents	\$ 179,933	\$ 203,893	\$ 153,590	\$ 148,562

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2011. At the present time, the University does not have formal policies addressing these types of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2011, the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Investment Maturities (in years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 464	\$	\$ 218	\$ 204	\$ 42
Government Agencies	13,220		48	98	13,074
Corporate Bonds	545		209	336	
Total	\$ 14,229	\$	\$ 475	\$ 638	\$ 13,116

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

As of June 30, 2010, the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Investment Maturities (in years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 430	\$	\$ 96	\$ 334	
US Government Agencies	10,859		1,324	538	\$8,997
Corporate Bonds	5,349		215	324	4,810
Total	\$ 16,638	\$	\$ 1,635	\$ 1,196	\$ 13,807

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments at June 30, 2011 are as follows:

Credit Rating (Moody's)	Total	US Government Agencies	US Government	Corporate Bonds
Aaa	\$ 13,707	\$ 13,220	\$ 464	\$ 23
Aa	164			164
A	358			358
Baa				
BBB				
Total	\$ 14,229	\$ 13,220	\$ 464	\$ 545

The credit ratings of the University's interest-bearing investments at June 30, 2010 are as follows:

Credit Rating (Moody's)	Total	US Government Agencies	US Government	Corporate Bonds
Aaa	\$ 11,289	\$ 10,859	\$ 430	\$
Aa	74			74
A	373			373
Baa	23			23
BBB	4,879			4,879
Total	\$ 16,638	\$ 10,859	\$ 430	\$ 5,349

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 5 percent or more in 2011 or 2010.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2011, the University had no exposure to foreign currency risk as it holds no securities denominated in foreign currencies.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment of \$1.4 million in real estate is not evidenced by securities that exist in physical or book entry form. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 3 – INVESTMENTS (continued)

The University of Toledo Foundation and Subsidiaries Investments

Investment securities are stated at fair value, some investments of the University of Toledo (University) and the University of Toledo Alumni Association (Alumni Association) are pooled with investments of the Foundation. The pooled investments are managed by the Foundation.

The following is the Foundation's portion of the pooled investments as of June 30, 2011. Not included in the following schedule are investments held in real estate in the amount of \$1,099.

	Market	Cost	Unrealized G/L
Cash equivalents	\$ 5,015	\$ 5,015	\$ -
Common stocks	103,823	90,095	13,728
Mutual funds - fixed income	26,229	24,794	1,435
Hedge funds	22,526	21,490	1,036
U.S. government and agency issues	4,417	4,143	274
Partnerships	3,809	2,985	824
Corporate bonds	2,277	2,186	91
Total pooled investments	\$ 168,096	\$ 150,708	\$ 17,388
Total unrealized appreciation			\$ 17,388
Less net unrealized loss for the year ended June 30, 2010			(6,493)
Unrealized gain for the year			23,881
Realized gain for the year			4,904
Total net unrealized and realized gain for the year ended June 30, 2011			\$ 28,785

The following is the Foundation's portion of the pooled investments as of June 30, 2010. Not included in the following schedule are investments held in real estate in the amount of \$1,062.

	Market	Cost	Unrealized G/L
Cash equivalents	\$ 2,057	\$ 2,057	\$ -
Common stocks	76,896	84,460	(7,564)
Mutual funds - fixed income	25,490	24,070	1,420
Hedge funds	20,099	21,258	(1,159)
U.S. government and agency issues	4,341	4,088	253
Partnerships	3,152	2,686	466
Corporate bonds	1,917	1,826	91
Total pooled investments	\$ 133,952	\$ 140,445	\$ (6,493)
Total unrealized appreciation			\$ (6,493)
Less net unrealized loss for the year ended June 30, 2009			(21,548)
Unrealized gain for the year			15,055
Realized gain for the year			(2,524)
Total net unrealized and realized gain for the year ended June 30, 2010			\$ 12,531

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 4 – ACCOUNTS AND NOTES RECEIVABLE

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2011 and 2010 respectively, are summarized as follows:

	2011	2010
Accounts receivable:		
Tuition and fees	\$ 8,789	\$ 9,961
Patient services	45,377	47,234
Sales and services	4,967	5,943
Auxiliary services	2,588	2,958
Grants and contracts	36,237	45,523
Interest receivable – endowments	32	31
Plant fund	448	1,128
Total accounts receivable - net of allowances	98,438	112,778
Notes receivable:		
Current	1,799	2,040
Non-current	17,498	18,566
Total notes receivable - net of allowances	19,297	20,606
Total accounts and notes receivables - net of allowances	\$ 117,735	\$ 133,384

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling \$12,683 and \$16,294 for fiscal years 2011 and 2010, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of \$760 as of June 30, 2011 and 2010, respectively.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 5 – CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2011:

	Balance 2010	Additions	Reallocation/ Reductions	Balance 2011
Capital assets, not being depreciated:				
Land and land improvements	\$ 22,363			\$ 22,363
Construction in progress	52,407	\$ 46,274	\$ (64,529)	34,152
Total capital assets, not being depreciated	74,770	46,274	(64,529)	56,515
Capital assets, being depreciated:				
Land improvements	11,712		96	11,808
Infrastructure	141,809		3,721	145,530
Buildings	834,764		55,565	890,329
Equipment	169,938	8,558	(10,148)	168,348
Total capital assets, being depreciated	1,158,223	8,558	49,234	1,216,015
Less accumulated depreciation:	623,190	47,527	(15,220)	655,497
Total capital assets, being depreciated, net	535,033	(38,969)	64,454	560,518
Capital Assets, net	\$ 609,803	\$7,305	\$ (75)	\$ 617,033

Capital assets consist of the following as of June 30, 2010:

	Balance 2009	Additions	Reallocation/ Reductions	Balance 2010
Capital assets, not being depreciated:				
Land and land improvements	\$ 22,363			\$ 22,363
Construction in progress	28,946	\$ 74,982	\$ (51,521)	52,407
Total capital assets, not being depreciated	51,309	74,982	(51,521)	74,770
Capital assets, being depreciated:				
Land improvements	11,594		118	11,712
Infrastructure	133,539	674	7,596	141,809
Buildings	797,279	669	36,816	834,764
Equipment	175,765	8,826	(14,653)	169,938
Total capital assets, being depreciated	1,118,177	10,169	29,877	1,158,223
Less accumulated depreciation:	596,836	45,445	(19,091)	623,190
Total capital assets, being depreciated, net	521,341	(35,276)	48,968	535,033
Capital Assets, net	\$ 572,650	\$39,706	\$ (2,553)	\$ 609,803

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 5 – CAPITAL ASSETS (continued)

Assets are classified as either for Academic or Hospital use. Academic assets are capitalized at a cost of \$50 or greater with the exception of equipment and computer software, which are capitalized at a cost of \$5 or greater. Academic asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

<u>Classification</u>	<u>Life</u>
Infrastructure	15 to 25 years
Buildings	40 years
Building Additions	15 to 40 years
Equipment	5 years
Computer Software	5 years

Hospital assets are capitalized with a cost of \$5 or greater for equipment, buildings, and building additions based on increase of capacity, life, or operating efficiency of a capital asset. Hospital asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

<u>Classification</u>	<u>Life</u>
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building Additions	5 to 40 years
Equipment	3 to 20 years

NOTE 6 – DEBT

On May 31, 2011 the University issued \$86,340 in General Receipts Bonds, Series 2011A through a direct placement with JPMorgan Chase Bank, N.A. Proceeds of the Series 2011A were used to retire the outstanding General Receipts Bond Anticipation Notes, Series 2010 at maturity on June 1, 2011, to refund the outstanding Series 2008B General Receipts Bonds redeemed on June 1, 2011, and to pay the costs of issuance of the Series 2011A Bonds. Series 2011A bears interest at 74% of the sum of one month LIBOR plus 1.3%.

On November 16, 2010 the University issued \$45,460 in General Receipts Bonds, Series 2010. Proceeds of the Series 2010 Bonds were used to fund the purchase of \$44,835 of outstanding General Receipts Bonds, Series 2005 that have been tendered for purchase, to pay a portion of the termination payments under interest rate hedges related to the Series 2005 Bonds, and to pay costs of issuance of the Bonds. The Series 2010 Bonds bear a fixed rate of interest with an average yield of 4.67%. The next scheduled principal redemption date on the series 2005 Bonds is currently July 1, 2029.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 6 – DEBT (continued)

On June 21, 2010 the University issued \$32,390 in General Receipts Bond Anticipation Notes (Series 2010). Proceeds of the Series 2010 Bond Anticipation Notes were used to fund the purchase of a portion of the Series 2007B Bonds and a portion of the Series 2005 Bonds at a specific price pursuant to a public tender offer. The Series 2007B and Series 2005 Bonds purchased by the University under the public tender offer were delivered to the respective trustees. The liability from the portion of those cancelled bonds have been removed.

On July 15, 2009 the University issued \$22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt) (Series 2009A) and \$37,430 in General Receipts Bonds, Series 2009B (Federally Taxable – Build America Bonds) (Series 2009B). Proceeds of the series 2009A Bonds will be used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds. Proceeds of the Series 2009B Bonds will be used to pay a portion of the costs of certain improvements to University facilities as well as the cost of issuance related to both series. The University elected the direct pay option when it issued the 2009B Series as Build America Bonds.

As a result, the University receives a direct payment from the federal government equal to 35 percent of the interest paid to bond holders. This interest subsidy is reflected in the schedule of principal and interest payable. Bonds maturing on or after June 1, 2020 are subject to redemption at the option of the University prior to their stated maturities, on any date on or after June 1, 2019, in whole or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date. In addition, the University has the right to redeem at par the Series 2009B Bonds if the federal subsidy is repealed.

On July 21, 2008 the University issued \$58,450 in General Receipts Bonds, Series 2008B (Series 2008B) and \$35,480 in General Receipts Bonds, Series 2008A (Series 2008A), to refund the Series 2008 Bond Anticipation Note. Additional proceeds were used to pay for related issuance cost. Series 2008B bears interest at a daily rate determined by the Remarketing Agent as the lowest rate of interest, which in the judgment of the Remarketing Agent would cause the Series 2008B Bonds to have a market value as of the date of determination equal to the principal amount thereof. The remarketing agent takes many factors into account when setting the rate including but not limited to market conditions, rates on comparable securities being traded and other financial market rates and indexes.

In conjunction with Series 2008B, JPMorgan Chase issued an irrevocable direct pay letter of credit. The original letter of credit agreement had been amended twice and was set to expire July 17, 2011. The Series 2008B incorporated a partial optional redemption in the amount of \$4,680 which was exercised by the University in June 2009 with the remaining balance of \$53,770 scheduled to be paid in full at maturity in 2032. With the redemption of the Series 2008B on June 1, 2011 the letter of credit was terminated.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 6 – DEBT (continued)

Series 2008A Bonds bear a fixed rate of interest with coupons ranging from 3% to 5% over the scheduled redemption period from June 1, 2009 through the final maturity of June 1, 2027. A financial guarantee insurance policy was issued concurrently with the delivery of the bonds by Assured Guaranty Corp. Bonds maturing on or after June 1, 2019 are subject to redemption at the option of the University prior to their stated maturities, on any date on or after June 1, 2018, in whole or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date.

The interest rate derivative agreements originally associated with the Series 2002 General Receipts Bonds remain in effect. In order to comply with State Law, the hedged amount over and above the value of the 2008B Variable Rate Bonds were matched with the un-hedged portions of the Series 2005 Variable Rate Bonds and 2010 Bond Anticipation Notes. With the redemption of the 2008B Variable Rate Bonds and the 2010 Bond Anticipation Notes the interest rate derivatives were matched with the Series 2011A Bonds. As a result the University has \$103,915 in outstanding variable rate debt and \$102,070 in outstanding interest rate swaps.

On April 26, 2007, the University issued \$49,900 in General Receipts Bonds, Series 2007B, (Series 2007B) to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate (APR) for each 35-day auction period. During fiscal year 2010 the University made two public tender offers for the 2007B Series Bonds. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2007B Bonds. The next scheduled principal redemption date on the series 2007B Bonds is currently June 1, 2031.

On April 17, 2007, the University entered into an interest rate swap agreement with JP Morgan Chase, with an effective date of April 26, 2007, in the notional amount of \$33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The University pays interest to the bondholders at the variable rate provided by the bonds. The swap agreement expires on June 1, 2036, the same maturity as the Series 2007B. The swap agreement may be terminated prior to its stated termination date under certain circumstances. Upon termination, a payment may be owed by the University to the swap counterparty or by the swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

The mark to market valuation of the swap agreement as of June 30, 2011 is a liability of \$4,980 compared to a liability of \$6,179 as of June 30, 2010. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DEBT (continued)

by the swap is calculated, and then discounted using the spot rates implied by the current yield curve.

On January 23, 2007 the University issued \$46,595 in General Receipts Bonds, Series 2007A, with an average interest rate of 4.43%, to advance refund the General Receipts Bonds Series 2001, with an average interest rate of 5.1% and current refund the General Receipt Bond Anticipation Notes Series 2006, with an interest rate of 4.25%. Proceeds of \$32,900 were deposited into an escrow fund with Bank of New York Trust Company, N.A. to satisfy scheduled payments of principal and interest of Series 2001. The Series 2001 outstanding obligation of \$31,900 is considered defeased and the liability from those bonds has been removed. The University has a cash flow savings of \$1,300 and an economic gain of \$1,300 from the advance refunding of Series 2001. Proceeds of \$13,655 were used to extinguish Series 2006 outstanding obligations of \$13,100 plus accrued interest.

On March 29, 2005, the University issued \$50,000 in General Receipts Bonds, Series 2005 (Series 2005), at a variable rate of interest, for the construction and equipping of certain major expansions, renovations, and improvements at HSC. These projects included but were not limited to an ambulatory care center, an orthopedics center, an outpatient surgical center, an upgrade to HSC clinical information system to provide for a fully digital environment, and miscellaneous routine capital expenditures. During fiscal year 2010 the University made two public tender offers for the 2005 Series Bonds. During fiscal year 2011 the University made an additional tender offer for the 2005 Series Bonds. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2005 Bonds.

On March 29, 2005, the University entered into an interest rate swap agreement with Lehman Brothers Special Financing, Inc., with an effective date of April 1, 2005, in the notional amount of \$33,465, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2005.

On October 3, 2008 Lehman Brothers Special Financing (LBSF), Inc. the University's counterparty on the swap agreement associated with the Series 2005 General Receipts Bonds issued by the Medical College of Ohio (Medical University of Ohio) filed for Chapter 11 Bankruptcy. Under the International Swaps and Derivatives Association (ISDA), Inc. Master Agreement, this filing qualified as a terminable event. The University terminated the agreement with LBSF effective November 8, 2008 and concurrently entered into a replacement agreement with Wells Fargo Bank as counterparty under the same terms as the original LBSF agreement.

Based on the swap agreement, the University owes interest calculated at an average fixed rate of 3.564% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 67% of one month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The University continues to pay interest to the

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DEBT (continued)

bondholders at the variable rate provided by the bonds. The swap agreement expires on July 1, 2030, the same maturity as the Series 2005. On November 5, 2010 the swap was terminated as part of the November 16, 2010 General Receipts Bonds, Series 2010 debt issuance.

On March 1, 2004, the University issued \$14,110 General Receipts Bonds, Series 2004 to refund and redeem the General Receipt Bonds, Series 1994 in the amount of \$13,200 with the remainder of the issue being used to fund the bond issuance cost and the call premium.

On December 1, 2002, the University entered into two different interest rate swap agreements with Bear Stearns & Co., Inc. and one with JPMorgan Chase (formerly Bank One N.A.) in the total notional amount of \$104,535 to hedge the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2002 Bonds. Based on the swap agreements, the University owes interest calculated at an average fixed rate of 4.35% to the counterparties to the swap agreements. In return, the counterparties owe the University interest at a variable rate based on two indices: (1) 67% of LIBOR rate on 42% of the notional amount; and (2) 71% of LIBOR on 58% of the notional amount. Only the net difference in interest payments is actually exchanged with the counterparties. In March of 2008 Bear Stearns was purchased by JPMorgan Chase on all stock transaction, as a result JPMorgan Chase is now the counterparty on the two former Bear Stearns swap agreements. However, the agreements remain governed by the original ISDA and CSA's entered into with Bear Stearns. These swap agreements were originally associated with the General Receipts Bonds, Series 2002 which were refinanced by the General Receipts Bonds, Series 2008A and Series 2008B.

The swaps maturing in 2032 were matched with the 2008B Bond maturing the same year. On June 1, 2011 the Series 2008B Bonds were redeemed and the swaps maturing on 2032 were matched with the 2011A Series Bond. The third swap maturing in 2020 was matched with General Receipts Notes, Series 2010. On June 1, 2011 the Series 2010 General Receipts Bond Anticipation Notes, were retired and the swap maturing on 2020 was matched with the 2011A Series Bond.

The swap agreements expire on June 1, 2020 and June 1, 2032 respectively but may be terminated prior to the stated termination date under certain circumstances. Upon termination, a payment may be owed by the University to the swap counterparty or by the swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

The combined mark to market valuation of the three swap agreements as of June 30, 2011 is a liability of \$12,421 compared to a liability of \$16,224 as of June 30, 2010. The swap agreements' fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, then discounted using the spot rates implied by the current yield curve.

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NOTE 6 – DEBT (continued)

On October 1, 1998, the University issued \$13,485 General Receipts Bonds, Series 1998. Of this amount, \$10,400, with an average interest rate of 4.8%, were used to advance-refund \$9,500 of outstanding Series 1992B Bonds with an average interest rate of 5.8%. The net proceeds of \$1,200 (after payment of issuance costs of \$146) were deposited with an escrow trustee for all future debt service payments on the Series 1992B Bonds. As a result, the Series 1992B Bonds are considered defeased and the liability for those bonds has been removed from bonds outstanding as of June 30, 2004.

In previous years, the University defeased various bonds by placing the proceeds of new bonds into irrevocable trusts to provide for all further debt service payments of the defeased bonds. Neither the outstanding indebtedness nor the related trust account assets are included in the University's financial statements. The outstanding balance on the defeased bonds as of June 30, 2011 is \$20,700.

The principal and interest payments of all of the General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various covenants relating to reporting with which the University management believes they have complied.

The University has master lease obligations with financial institutions and other lease obligations relating to a scoreboard, athletic turf, building and other equipment at rates ranging from 3.40% to 6.99%. The balance of capital lease obligations is \$957.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Capitalized interest was approximately \$2,091 and \$2,394 for 2011 and 2010, respectively. Interest expense paid on indebtedness was \$12,178 and \$13,513 for the years ended June 30, 2011 and 2010, respectively.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DEBT (continued)

Long-term liabilities consist of the following as of June 30, 2011:

	Due Dates	Interest Rate	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Current
General Receipts series 2004, serial and term bonds: Advance refund General Receipts Bonds, Series1994	2005-2025	2.0% to 4.125%	\$ 11,425	\$ -	\$ 575	\$ 10,850	\$ 595
General Receipts series 2005, term bonds: HSC expansion and renovations	2030	Variable	46,035	-	44,835	1,200	-
General Receipts series 2007A, serial and term bonds: Advance refund General Receipts Bonds, Series 2001 and Current refund Bond Anticipation Notes, Series 2006	2008-2036	4.0% to 5.0%	43,530	-	1,350	42,180	1,275
General Receipts series 2007B, term bonds: Renovations for athletic facilities, classrooms, and library	2036	Variable	16,375	-	-	16,375	-
General Receipts series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note.	2009-2027	3.0% to 5.0%	31,325	-	865	30,460	1,230
General Receipts series 2008B, serial and term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2036	Variable	53,770	-	53,770	-	-
General Receipts series 2009A, serial and term bonds: Current refund of Series 1998 General Receipts Bonds, Hospital renovations and digital records project	2010-2020	Fixed	21,685	-	670	21,015	2,410
General Receipts series 2009B, serial and term bonds: College of Pharmacy and Indoor Athletics Practice Facility	2022-2031	Fixed Taxable BABs	37,430	-	-	37,430	-
General Receipts series 2010, bond anticipation notes Current refund of Series 2005 and 2007B General Receipts Bonds	2011	Variable	32,390	-	32,390	-	-
General Receipts series 2010, serial bonds: Current refund of Series 2005 General Receipts Bonds	2013-2021	Fixed	-	45,460	-	45,460	-
General Receipts series 2011A, private placement bonds:	2013-2021	Variable	-	86,340	-	86,340	-
Interest Rate Swap Contract				9,080		9,080	
Deferred Charge on Refunding				(13,959)		(13,959)	
Capital lease obligation	2002-2009	Various	1,362	407	812	957	219
Notes payable	1999-2018	Various	234		72	162	14
Compensated absences			29,065	12,594	12,302	29,357	22,997
			\$324,626	\$139,922	\$ 147,641	\$ 316,907	\$28,740
Less current portion long-term liabilities						28,740	
Long-term liabilities						\$288,167	

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DEBT (continued)

Long-term liabilities consist of the following as of June 30, 2010:

	Due Dates	Interest Rate	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Current
General Receipts, series 1998, serial and term bonds: Advance refund General Receipts Bonds, Series 1992A; Student Union Renovations	1999-2020	3.6% to 5.0%	\$ 8,095	\$ -	\$ 8,095	\$ -	\$ -
General Receipts series 2004, serial and term bonds: Advance refund General Receipts Bonds, Series 1994	2005-2025	2.0% to 4.125%	11,980	-	555	11,425	575
General Receipts series 2005, term bonds: HSC expansion and renovations	2030	3.25%	49,140	-	3,105	46,035	170
General Receipts series 2007A, serial and term bonds: Advance refund General Receipts Bonds, Series 2001 and Current refund Bond Anticipation Notes, Series 2006	2008-2036	4.0% to 5.0%	44,830	-	1,300	43,530	1,350
General Receipts series 2007B, term bonds: Renovations for athletic facilities, classrooms, and library	2036	Variable	49,900	-	33,525	16,375	-
General Receipts series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	32,455	-	1,130	31,325	865
General Receipts series 2008B, serial and term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2036	Variable	53,770	-	-	53,770	-
General Receipts series 2009A, serial and term bonds: Current refund of Series 1998 General Receipts Bonds, Hospital renovations and digital records project	2010-2020	3.0 %to 4.375%	-	22,390	705	21,685	670
General Receipts series 2009B, serial and term bonds: College of Pharmacy and Indoor Athletics Practice Facility	2022-2031	6.75% to 7.875% Taxable BABs	-	37,430	-	37,430	-
General Receipts series 2010, bond anticipation notes Current refund of Series 2005 and 2007B General Receipts Bonds	2011	1.5%	-	32,390	-	32,390	32,390
Capital lease obligation	2002-2009	Various	2,336	-	974	1,362	729
Notes payable	1999-2018	Various	418	112	296	234	172
Compensated absences			28,795	22,403	22,133	29,065	22,820
			<u>\$ 281,719</u>	<u>\$ 114,725</u>	<u>\$ 71,818</u>	<u>\$ 324,626</u>	<u>\$ 59,741</u>
Less current portion long-term liabilities						<u>59,741</u>	
Long-term liabilities						<u>\$ 264,885</u>	

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DEBT (continued)

Principal and interest on long-term debt are payable from general receipts. The obligations are generally callable. The future amounts of principal and interest payments required by the bond agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy *</u>	<u>Swap Interest</u>	<u>Net Interest</u>	<u>Net P&I</u>
2012	5,510	10,380	(967)	3,942	13,355	18,865
2013	6,090	10,159	(967)	3,942	13,134	19,224
2014	12,255	9,902	(967)	3,942	12,877	25,132
2015	12,740	9,370	(967)	3,942	12,345	25,085
2015	13,380	8,898	(967)	3,931	11,862	25,242
2016-2020	76,950	36,449	(4,705)	17,213	48,957	125,907
2021-2025	50,725	21,632	(3,451)	15,303	33,484	84,209
2026-2030	41,975	10,091	(1,487)	13,665	22,269	64,244
2031-2035	71,685	1,300	-	3,713	5,013	76,698
TOTALS	291,310	118,181	(14,478)	69,593	173,296	464,606

*Direct payment subsidy received from federal government on 2009B Build America Bonds

The future amounts of principal and interest payments required by the lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	219	55	274
2013	193	46	239
2014	200	39	239
2015	197	32	229
2016-2017	148	29	177
Total	\$ 957	\$ 201	\$ 1,158

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NOTE 6 – DEBT (continued)

The future amounts of principal and interest payments required by the notes payable are as follows:

	Principal	Interest	Total
2012	14	7	21
2013	15	6	21
2014	16	6	22
2015	16	5	21
2016	101	1	102
Total	\$162	\$25	\$187

Contracts have been entered into for capital construction projects in an amount approximating \$17,694. The estimated cost to complete construction in progress at June 30, 2011 is \$8,309.

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was \$1,691 and \$936 in 2011 and 2010, respectively. At June 30, 2011, the University is committed to future minimum operating lease payments of \$699 in 2012; \$596 in 2013; \$396 in 2014 and \$12 in 2015.

At the expiration of various patient care equipment leases, the University has the option to make a termination payment, purchase the equipment at fair market value, or extend the lease term. Future minimum operating lease payments include \$41 in termination payments related to these lease agreements.

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NOTE 7 – INTEREST RATE SWAPS

The University currently holds four interest rate swap instruments. The University entered into these interest rate hedge agreements at the same time and as the issuance of certain variable rate debt, with the intent of creating a partial synthetic fixed rate debt structure, at an interest rate that is lower than if fixed rate debt were to have been issued directly.

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter party Credit Rating	MTM @ 06/30/11	MTM@ 06/30/10
11-16-02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$24,690	3.888%	71% Libor	06-01-32	Aa3/A+	(\$4,301)	(\$5,334)
11-19-02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	27,435	3.888%	71% Libor	06-01-32	Aa3/A+	(4,779)	(5,927)
04-26-07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	33,250	3.660%	68% Libor	06-01-36	Aa3/A+	(4,980)	(6,179)
07-01-05	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	*	3.564%	67% Libor	07-01-30	Aa2/AA-	*	(4,497)
12-01-02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	16,695	5.000%	67% Libor	06-01-20	Aa3/A+	(3,341)	(4,964)
* - terminated in 2011			102,070					(\$17,401)	(\$26,901)

Two of the swap agreements are effective hedges. One swap is determined to be partially effective and the fourth is ineffective. These portions of the swaps determined to be ineffective are now matched with variable rate debt that was issued at a later date than the existing swap agreement. The ineffective swap portions of the swap agreements did not utilize consistent critical terms as the underlying new variable rate debt to changes in market conditions, and a calculation of the synthetic method compared to the fixed rate payments on those swap agreements demonstrated a significant enough difference to be considered ineffective under GASB Standard no. 53.

As of the balance sheet date, the swap agreements can be summarized as follows:

	Change in Fair Value		Classification	Fair Value at June 30, 2011		Fair Value at June 30, 2010		
	2011	2010		Amount	Notional	Classification	Amount	Notional
Business-type activities:								
Cash Flow hedges								
Pay-Fixed interest rate Swaps (receive-variable)	\$9,585	(\$5,545)	Deferred charge/debt	\$(11,533)	\$68,500	Deferred charge	(\$21,118)	\$114,297
Investment derivatives:								
Pay-Fixed interest rate	(\$85)	(\$1,115)	Investment loss	\$ (5,868)	\$33,570	Investment loss	(\$5,783)	\$32,608

Included in the line “Change in Value of Derivative Instruments” on the Statements of Revenues, Expenses, and Changes in Net Assets is \$1,273 of Swap termination payments related to an ineffective swap terminated.

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NOTE 7 – INTEREST RATE SWAPS (continued)

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Rating	Bear Sterns (JPM) 2002 (Swap A and B)	Bank One (JPM) 2002 (Swap C)	JPM 2007B
Aaa/AAA	Infinity	Infinity	Infinity
Aa1, Aa2, Aa3/AA+, AA, AA-	Infinity	Infinity	Infinity
A1/A	\$10,000	Infinity	Infinity
A2/A	\$10,000	Infinity	Infinity
A3/A-	\$10,000	Infinity	Infinity
Baa1/BBB+	\$5,000	\$5,000	\$5,000
Baa2/BBB	\$500	\$3,000	\$3,000
Baa3/BBB- Below Baa3/BBB- or suspended, withdrawn or unrated	\$0	\$0	\$0

As of June 30, 2011 the University's net liability position is \$17,401. The University has not been required to post collateral with any counterparty as of June 30, 2011.

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Although the University originally executed interest rate swap agreements with multiple counterparties, four contracts, comprising approximately 100 percent of the net exposure to credit risk, are held with one company as the result of merger activity since 2002. That counterparty is rated Aa1/AA-.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7 – INTEREST RATE SWAPS (continued)

Interest rate risk - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap decreases, the University's net payment on the swap increases

Basis risk - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which, depending on the series is remarketed every 30 or 35 days.

Termination risk - The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Rollover risk - The University is exposed to rollover risk on its LIBOR-based interest rate swaps that mature or may be terminated prior to the maturity of the hedged debt. When these hedging interest rate swaps terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the interest rate swaps. The University is exposed to rollover risk on portions of the receive-variable, pay-fixed interest rate swap scheduled to mature on June 1, 2020 which is matched with variable rate debt maturing June 1, 2032.

NOTE 8 – RETIREMENT BENEFITS

University employees are covered by one of three retirement systems. The University faculty is covered by the State Teachers Retirement System of Ohio (STRS). Other employees are covered by the Public Employees Retirement System of Ohio (PERS). These plans are statewide cost sharing, multi-employer defined benefit plans. Employees may opt out of STRS or PERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

A retiree of STRS or PERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

Public Employees Retirement System of Ohio

PERS administers three separate pension plans as described below:

Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.

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NOTE 8 – RETIREMENT BENEFITS (continued)

Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulated retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC).

The ORC provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2010 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety members and members in law enforcement classification contributed 10.5% and 11.1% respectively. The 2010 employer contribution rate for state and local employees was 14% of covered payroll. For both law enforcement and public safety divisions, the employer contribution rate for 2010 was 17.87%. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The University's total employer contributions to PERS for the years ended June 30, 2011 and 2010 were \$24,831 and \$26,465, respectively.

State Teachers Retirement System of Ohio

STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options.

Defined Benefit Plan (DB Plan) – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula

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NOTE 8 – RETIREMENT BENEFITS (continued)

benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service.

Each year over 30 years is incrementally increased by .1%, starting at 2.5% for the 31st year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service is multiplied by 2.5% , and each year over 31 years is incrementally increased by .1% starting at 2.6% for the 32nd year. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to compute the maximum annual retirement allowance. Since the plan is tax-qualified, benefits are subject to limits established by Section 415 of the Internal Revenue Code. Benefits are increased annually by 3% of the original based amount.

Defined Contribution Plan (DC Plan) – Benefits are established under Sections 3307.80 to 3307.89 of the ORC. For members who select the DC Plan all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. The remaining 3.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity.

A DB or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible survivors of members who die before retirement may qualify for survivor benefits. A death benefit of \$1 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to

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NOTE 8 – RETIREMENT BENEFITS (continued)

\$2 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

The ORC provides statutory authority for employee and employer contributions. During 2011 and 2010, STRS employees contributed 10% of their salary to the plan and the University contributed 14% of covered payrolls to the plan. The University's total employer contributions to STRS for the years ended June 30, 2011 and 2010 were \$13,687 and \$13,245, respectively.

Alternative Retirement Plan

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement plan (ARP) for academic and administrative university employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The University of Toledo board of trustees adopted such a plan effective April 1999.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS or PERS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10% STRS or 9% PERS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 3.5%. The employer contribution is the lower of a rate determined by independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. PERS does not require an employer contribution for employees electing an ARP. The University plan provides these employees with immediate plan vesting.

ARP is a defined contribution plan under IRS section 401(a). The University's total employer contribution to ARP for the years ended June 30, 2011 and 2010 were \$6,119 and \$5,646, respectively.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in note 8, the Ohio Revised Code provides the statutory authority requiring the University to fund post-retirement health care through employer contributions to PERS and STRS.

PERS provides post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. It is a multi-employer cost sharing plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age-and

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NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Health care coverage provided by PERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2010, state employers contributed at a rate of 14% of covered payroll, local government employer units contributed at 14% of covered payroll, and public safety and law enforcement employer units contributed at 17.87%. The portion of employer contributions, for members in the traditional plan, allocated to health care was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010.

The portion of employer contributions allocated to healthcare for members in the combined plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010.

The Health Care Preservation Plan (HCPP) adopted by the PERS Board of Trustees on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 for each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS provides access to health care coverage to eligible retirees who participated in the DB or Combined Plans and their eligible family members. Coverage under the current plan includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the Retirement Board has discretionary authority over how much, if any, of the associate health care costs will be absorbed by the plan. Under Ohio law,

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(Dollars in Thousands)

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

the funds to pay the health care costs may be deducted from the employer contributions. The STRS board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund, from which payments for health care benefits are paid. The balance in the Health Care Funding Progress was \$3.0 billion at January 1, 2010.

For the years ended June 30, 2010 and 2009, the net health care costs paid by STRS were \$370,100 and \$332,717, respectively. There were 133,103 and 129,659 eligible benefit recipients in 2010 and 2009, respectively.

NOTE 10 – TERMINATION BENEFITS

The University offered a voluntary early retirement incentive program for certain faculty members over a three-year period beginning June 30, 2006 and ending June 30, 2008 with an annual effective election end date of June 30 for each year. Upon the conclusion of the three-years fifty-seven faculty had voluntarily accepted the early retirement incentive package. A second round of voluntary early retirement incentive program was offered for a two-year period beginning June 30, 2009 and ending June 30, 2010. Upon the conclusion of the two-years, forty-nine faculty members had voluntarily accepted the early retirement incentive package. The incentive consisted of a one-time payout based on years of service and current annual salary, and a continuation of health care benefits over the next two years. The University recorded a liability in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* of approximately \$1,687 for its obligation related to the early retirement incentive program as of June 30, 2010. No early retirement incentive program was offered for fiscal year ending June 30, 2011.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University participates in the Inter-University Council Insurance Consortium (IUC-IC). Since 1994, the IUC-IC Universities have purchased their property and casualty insurance on a group basis. The IUC-IC formalized their pooling in 2006 and created the Board of Governors. The Board of Governors is comprised of representatives from each University and is the decision making body for insurance issues of the group programs. There are 3 committees that report to the Board of Governors: Underwriting, Loss Control and Audit. Underwriting and Loss Control have representation from each University. In 2009, a Director was hired to coordinate the activities of the IUC-IC and act as a facilitator to other IUC committees and university departments to address insurance and risk related issues.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 11 – CONTINGENCIES AND COMMITMENTS (continued)

Through the IUC-IC group, the University maintains property insurance with a \$100 deductible and a pre-funded group pool deductible of \$350 per occurrence; with an annual group aggregate stop loss of \$700. Total insurable value is approximately \$2,200,000.

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage. The University has a \$100 deductible and a pre-funded group pool deductible of \$900 per occurrence. There is a dedicated general excess coverage for the University of \$4,000 and shared excess limits totaling \$45,000. The educator's legal liability excess coverage has a dedicated limit of \$4 million for the University and shared excess limits totaling \$25,000.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the preceding 5-year experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the worker's compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the worker's compensation claims of participating State agencies and universities.

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. Settlements have not exceeded insurance coverage in each of the past three years.

NOTE 12 – MEDICAL PROFESSIONAL LIABILITY

In August 2005, the University created a captive insurance company, The University of Toledo Medical Assurance Company (SPC) ("UTMAC"), through a trust that is controlled by the Board of Trustees of UT. UTMAC was incorporated in the Cayman Islands and operates subject to the provisions of the Companies Law of the Cayman Islands. Under current Cayman Islands law, UTMAC is not obligated to pay taxes in the Cayman Islands on either income or capital gains. UTMAC provides an insurance vehicle for the insurance needs of the University, its staff, and affiliated physicians. UTMAC is blended in the University results.

UTMAC provides professional liability coverage to the University. The primary limit of liability is \$2,000 per occurrence and \$4,000 in aggregate for the policy period July 1, 2010 to July 1, 2011. The retroactive date is July 1, 1987. UTMAC also provides excess coverage through

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 12 – MEDICAL PROFESSIONAL LIABILITY (continued)

commercial insurers for the University’s professional liabilities with limits of \$15,000 per occurrence and \$15,000 in aggregate.

General liability coverage is provided by UTMAC for the period between the retroactive dates of July 1, 1987 to July 1, 2006. Limits of general liability, both primary and excess, are the same as professional liability limits.

UTMAC also provides professional liability coverage to the University of Toledo Physicians, Clinical Faculty, Inc (UTP-CF), which is an affiliated nonprofit, multi-specialty physician practice of UTMC. The primary professional liability limit of liability to each physician is \$1,000 per occurrence and \$3,000 in aggregate, with a group aggregate of \$10,000, for the policy period July 1, 2010 to July 1, 2011. UTMAC provides excess professional liability coverage for the physicians with limits of \$4,000 per occurrence with a shared \$4,000 in aggregate. Effective January 1, 2011, an additional excess coverage of \$5,000 per occurrence with a shared \$5,000 in aggregate was added with a retroactive date of January 1, 2011. UTMAC also provides tail coverage to physicians leaving UTP-CF employment.

At June 30, 2011 and 2010, the University has accrued \$12,678 discounted at 4% and \$12,487 discounted at 4%, respectively, for asserted and unasserted claims based on the University’s experience and studies performed by a consulting actuary. With respect to pending malpractice claims and legal action where the University is a defendant, it is the opinion of management that any potential liability in such actions will not materially affect the financial position of the University. Settlements have not exceeded insurance coverage in each of the past three years.

	2011	2010
Medical Professional Liability :		
Beginning balance	\$ 12,487	\$ 10,638
Provision for incurred claims	619	3,194
Payments for claims	(428)	(1,345)
Ending balance	<u>\$ 12,678</u>	<u>\$ 12,487</u>

The above liability includes insurance coverage for UTP-CF and has been funded by premiums paid by UTP-CF to UTMAC. The UTMAC Liabilities presented in the Statement of Net Assets include other trade liabilities in the amount of \$37 and \$300 for 2011 and 2010, respectively.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 13 – JOINT VENTURE

In February 2009, the University formed a nonprofit corporation called Science, Technology, and Innovation Enterprises (the Corporation). The University is the sole member of the Corporation which has been organized for charitable, educational, and scientific purposes within the scope of Section 501 (c) (3) of the Internal Revenue Code.

The Corporation will support the University through investment in public and private economic development projects and promote the interests of the University.

At June 30, 2011 the Corporation consists of equity investments (common stock, preferred stock, and promissory notes) valued at approximately \$7,500. In addition, approximately \$3,760 is available in cash to help fund future investments. The Corporation is blended with University results.

NOTE 14 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses by functional classification for the year ended June 30 are summarized as follows:

	2011	2010
Patient Services	\$ 222,159	\$ 227,286
Instruction	187,435	194,077
Research	57,724	60,897
Public Service	6,051	12,993
Academic Support	37,319	33,424
Student Services	20,179	20,876
Institutional Support	52,832	42,931
Student Aid	30,456	28,497
Operation and Maintenance of Plant	30,243	27,039
Depreciation	47,527	45,426
Provision for Bad Debt	17,419	18,110
Auxiliary Enterprises	64,159	65,989
Total operating expenses	<u>\$ 773,503</u>	<u>\$ 777,545</u>

NOTE 15 - SUBSEQUENT EVENTS

Effective July 1, 2011 The University is the sole member of the once self-perpetuating board of the University of Toledo Clinical Faculty, Inc (UTCF), subsequently changed to University of Toledo Physicians, Clinical Faculty, Inc (UTP-CF). UTP-CF is the sole member of UTP, LLC.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 15 - SUBSEQUENT EVENTS (continued)

On October 12, 2011, the University has issued a Preliminary Official Statement in the amount of \$47,000 Par Value of Bonds with approximately \$3,500 premium. The Series 2011B Bonds will be issued to pay a portion of the cost of certain improvements to hospital related facilities and to pay costs related to the issuance of the Series 2011B Bonds.

NOTE 16 – UPCOMING PRONOUNCEMENTS

Service concession arrangements: In December 2010 the GASB issued statement number 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)*. An SCA is an agreement between a College/University and another legally-separate College/University or private sector entity in which two things happen. First, the College/University transfers to the other entity the right and related obligation to provide public services through the use of a public asset (such as using a part of a university facility as a bookstore) in exchange for significant consideration from the other entity. In the context of these agreements the College/University that transfers rights and obligations is referred to as the transferor. The entity to which these rights and obligations are transferred is referred to as the operator. Second, this operator—whether it is in the public or private sector—collects fees from the users or customers of the public asset (for example, students at the university/college). Finally, the transferor maintains control over the services provided. For example, the College/University has the ability to modify or approve the rates that can be charged for the services and the type of services that are provided.

For an SCA that involves an existing facility, the transferor should continue to report the capital asset. For a new facility or an improvement to an existing facility, the transferor should report the new facility or the improvement as a capital asset at fair value when the facility is placed in operation. The transferor should also report any related contractual obligations as liabilities. Finally, the transferor should report the difference between those two amounts as a deferred inflow of resources. This pronouncement must be applied for years that begin after December 15, 2011.

Reporting Entity Standards: In December 2010, the GASB issued statement number 61, *Financial Reporting Entity: Omnibus*. This standard is intended to improve the information presented about the financial reporting entity, which is made up of the College/University financial reporting entity and related entities (component units). The statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criteria, a financial benefit or burden relationship is also needed between the College/University and that organization for it to be included in the reporting entity as a component unit. The statement also modifies the criteria for reporting component units as if they were part of the College/University (i.e.: blending). Blending should be used when the College/University and the component unit have a financial benefit or burden relationship, or

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2011
(Dollars in Thousands)

NOTE 16 – UPCOMING PRONOUNCEMENTS (continued)

management has operational responsibility for the component units. Additionally, for equity interests in legally separate organizations, the entity is required to report its interest as “restricted net assets – non-spendable.” This standard is effective for financial statements for reporting periods beginning after June 15, 2012; however, earlier application is encouraged.

Private sector accounting rules: In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This changes the requirement for the College/University to apply any private sector accounting guidance that existed as of November 30, 1989 and instead incorporates all such guidance in this statement. The College/University will no longer have the ability to choose to continue to follow FASB statements written after that date, although such guidance still qualifies as “other accounting literature” in the GAAP hierarchy. This pronouncement must be applied for years that begin after December 15, 2011.

Deferred inflows/outflows and Net Position: In June 2011, GASB issued Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides financial reporting guidance for deferred inflows and outflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the College/University that is applicable to a future reporting period, and an acquisition of net assets by the College/University that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The standard also incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions for this standard are effective for financial statements for periods beginning after December 15, 2011.

Derivative Instruments – Termination Provisions: In June 2011, GASB issued Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. This Statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider and sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
University of Toledo

We have audited the financial statements of University of Toledo as of and for the year ended June 30, 2011 and have issued our report thereon dated October 14, 2011. Our report was modified to include reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of UT Clinical Faculty, Inc., as described in our report on University of Toledo's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of UT Clinical Faculty, Inc. and University of Toledo Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered University of Toledo's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees
University of Toledo

Compliance and Other Matters

As part of obtaining reasonable assurance about whether University of Toledo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Morse, PLLC

October 14, 2011

Report on Compliance with Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133

To the Board of Trustees
University of Toledo

Compliance

We have audited the compliance of University of Toledo with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The major federal programs of University of Toledo are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of University of Toledo's management. Our responsibility is to express an opinion on University of Toledo's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about University of Toledo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on University of Toledo's compliance with those requirements.

In our opinion, University of Toledo complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

To the Board of Trustees
University of Toledo

Internal Control Over Compliance

The management of University of Toledo is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered University of Toledo's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 14, 2011

University of Toledo

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
STUDENT FINANCIAL AID CLUSTER			
FSEOG	84.007		\$ 883,455
Federal Work Study	84.033		1,389,905
JLD FY 2010	84.033		127
Perkins Loans	84.038		18,644,667
Federal Pell Grant	84.063		32,567,723
Direct Loan Program	84.268		175,676,361
Federal Teach Grant	84.379		1,185,499
Smart Grant	84.376		794,679
Nurse Faculty Loan Program	93.264		31,406
Health Professional Student Loans	93.342		484,102
ARRA Nurse Faculty Loan Program	93.408		14,068
TOTAL STUDENT FINANCIAL AID CLUSTER			231,671,992
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Agriculture			
Fate of Agrochemicals in the Greenhouse	10.001	58-3607-5-147	19,532
Pass through University of Wisconsin-Milwaukee; USDA/ARS VHS			
Research	10.001	58-3655-9-748 A01	88,276
Support of Agricultural Research of Mutual Interest	10.001	58-3067-7-111	1,048
USDA SCA Environmental Effects of Virus Infection on Bedding Plants	10.001	58-3607-7-611	142,916
Determine Natural Product Induction in Legumes and the Pharmacologic			
Consequences in Human Model Systems	10.001	58-6435-8-323	241,489
Building a Water-Holding Gel for Horticultural Applications	10.001	58-3607-8-716	972
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-9-741	100,990
Support of Agricultural Research of Mutual Interest	10.001	58-3607-0-111	16,423
Pass through Ohio State University Research Foundation; Greenhouse			
Nurseries	10.200	Project No. 60009794	(528)
Pass through Ohio State University Research Foundation; Greenhouse			
Nurseries	10.200	60024441	205,006
Pass through Ohio State University Research Foundation;			
Phytoremediation	10.200		2
Pass through Ohio State University Research Foundation; Monitoring			
Agricultural Sewer Sludge	10.200		44,745
Pass through Ohio State University; Dietary Intervention	10.200		253
Pass through Ohio State University Research Foundation; Greenhouse			
Nurseries	10.200	2008-03852	(10,255)
Investigating Potential Human Health Impacts of Sewage Sludge Applied			
to Agricultural Fields	10.200	2008-38898-19239	82,317
Plant Phytoremediation Research	10.200	2006-38894-03732	52,133
Monitoring Agricultural Sewage Sludge, 2009	10.200		310,839
Lake Erie Wetlands and Shoreline Restoration: MBSP Phytoremediation	10.200	2009-38894-20171	215,624
Greenhouse Nurseries Ohio	10.200	2010-38897-21205	660,718
Monitoring Agricultural Sewage Sludge, 2010	10.200	2010-38898-20963	3,266
Monitoring Agricultural Sewage Sludge	10.200	2005-38898-03269	(38,762)
Monitoring Agricultural Sewage Sludge	10.200	2006-38898-03485	109,036
Phytoremediation Plant Research, OH	10.200	2008-38894-19277	129,009
Dietary and Genetic Risk Factors in Obesity and Diabetes	10.200		(36,311)
Genetic Detection and Geographic Analysis of Great Lakes Fish Infection			
by Viral Hemorrhagic Septicemia	10.200	2008-38927-19156	23,122
Dietary and Genetic Risk Factors in Obesity and Diabetes	10.200	2009-38903-19826	9,892
Genetic Detection and Geographic Analysis of Great Lakes Fish Infection			
by Viral Hemorrhagic Septicemia - Part 2	10.200	2009-38927-20043	74,562
Dietary and Genetic Risk Factors in Obesity and Diabetes	10.200	2010-38903-20740	269,253
Genetic Detection & Geographic Analysis of Great Lakes Fish Infection			
by Viral Hemorrhagic Septicemia (VHS)	10.200	2010-38927-21048	77,091
Pass through Suginit Systems, Inc; Development of Co-immobilized			
Enzyme Pellets to Replace GMOs for Cellulosic Ethanol	10.212		10,246

See Notes to Schedule of Expenditures
of Federal Awards.

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University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Department of Agriculture (cont.)			
Evaluating the Economic Costs and Benefits of Slowing the Spread of the Emerald Ash Borer in Ohio and Michigan	10.250	58-7000-6-0080	\$ 704
Pass through Maumee Valley Resource Conservation and Development; Lake Erie Algae Study	10.903		5,977
Maumee River Watershed GIS and Remote Sensing	10.921	68-5E34-05-113	19,467
Using Radar Interferometry to Investigate the Rates of Subsidence in the Nile Delta	10.961	58-314-8-106	1,445
Total Department of Agriculture			2,830,497
Department of Commerce			
Pass through Ohio State University Research Foundation; Temporal and Spatial Analyses of Walleye and Yellow Perch Genetic Stock Structure: A High-Resolution Data Base for Fishery Management (Part II)	11.417	NA06OAR4170020	40,741
Pass through Ohio State University Research Foundation; Investigating the Performance of Active Materials Amended to Clay Minerals for Sequestering Sediment Contaminants	11.417		10,501
Effects of Bayshore Powerplant on Ecosystem Function in Maumee Bay, western Lake Erie	11.417	NA09OAR4170182	227,170
Walleye and yellow perch stock structure in the Great Lakes: A high-resolution DNA data base for fishery management	11.417	NA06OAR4170020 (R/LR)	3,350
What are the Causes, Consequences and Correctives of Fish Contamination in the Detroit River AOC that Cause Health Consumption Advisories?	11.417		486
Ecosystem Responses and Societal Adaptation of West Lake Erie Basin to Climate Change: A New Initiative Based on Land-Water Interactions	11.417	NA10OAR4170224	49,378
Pass through University of Notre Dame; Forecasting Spread and Bioeconomic Impacts of Aquatic Invasive Species from Multiple Pathways to Improve Management and Policy in the Great Lakes	11.478	NA10NOS4780218	51,739
Pass through Xunlight Corporation; Ultrahigh Rate Fabrication of Thin-Film Silicon Solar Cells Using Roll-to-roll Hybrid CVD Technologies with RTSE Monitoring and Control	11.612	7QNANB7H7017	206,434
Total Department of Commerce			589,799
Department of Defense			
Pass through Prohydro, Inc; An Assessment of Aquifer/Well Flow Dynamics: Identification of Parameters Key to Passive Sampling and Application of Downhole Sensor Technologies	12.000	SERDP ER-1704	26,261
Pass through Bell Helicopter; Advanced Computational Aerodynamics Tools for Rotor Performance Prediction	12.000	PO 4900087770	10,812
Rapidly Deployable Solar Electricity and Fuel Sources	12.000		1,555,558
Pass through Marshall University Research Corporation; Develop New Process for Collecting Information on Piers, Wharves, Docks and Facilities	12.100		389
Pass through University of Cincinnati; Remote Sensing of Submerged Algae Beds	12.100		(29)
Pass through University of Cincinnati; 2010 Lake Erie Water Study	12.100	W91260-0-D-0005	49,771
Pass through University of Wisconsin-Superior; Assisting the United States Army Corps of Engineers in Integrating and Enhancing Navigation Data Collection Processes and Data Sets	12.107	DTMAIG10001	96,620
Pass through Marshall University Research Corporation; Developing Commodity Flow Model for Great Lakes Basin	12.114		4,999
Pass through NASTEC, Inc; Low-Cost Ball/Air Magnetic Hybrid Bearing System for Extended Life Micro Gas Turbine Engines	12.300	N00014-10-M-0281	21,073
Pass through Orbital Research Inc; Actuator Integrated Missile Steering System (AIMSS) For Supersonic Missiles	12.300		29,356

See Notes to Schedule of Expenditures
of Federal Awards.

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University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Department of Defense (cont.)			
Pass through Universal Technology Corporation; Coolant Fluids Fundamental Mechanical Research Engineer	12.300	FA8650-07-D-5800	\$ 24,344
Intermolecular Interactions in Energetic Materials Density-Matrix Theory of Saturation and Optical Pumping in Zeeman- Degenerate Atomic Systems	12.300	N00014-08-M-0357	(120)
Pass through University Hospitals of Cleveland; Risk and Resilience Factors for Combat-Related Posttraumatic Psychopathology and Post Combat Adjustment	12.420	W81XWH-07-I-0409	364,361
Pass through Van Andel Research Institute; Diaphanous-Related Formins in Ovarian Cancer Metastasis	12.420	AA-18-40144-I	(2,051)
Pass through Orbital Research Inc; Low-Cost Miniature Control Actuation System (MCAS) for Gun-Fired Munitions	12.431	W15QKN-08-C-0012	5,056
Pass through SkySentry LLC; Stratospheric Power System Development	12.431		27,675
Pass through Pennsylvania State University; Monolithic Silicon Microbolometer Materials for Uncooled Infrared Detectors	12.431	W911NF-06-2-0026	22,812
Pass through Advanced Virtual Engine Test Cell Inc; Advanced Design Techniques for MDAO of Turbomachinery with Emphasis on Component Optimization for the Engine System	12.800	FA9550-07-I-0259	29,884
Pass through University of Akron; Evaluation of Ceramic Matrix Composites Tested in Vacuum	12.800	FA8650-09-D-5223/000	48,787
Pass through Center for Innovative Food Technology; Renewable Hydrocarbon Fuels from Algae	12.800	PO 4707	63,164
Pass through University of Cincinnati; Real-Time Combat Navigation System and Virtual Battlespace	12.800	FA9550-10-I-0519	74,007
Pass through Ascent Solar; CdSe Top Cells Enabling CdSe/CIGS Tandem Junction Photovoltaics	12.800	FA9454-08-C-0108	51,278
Pass through Center for Innovative Food Technology; Processing of Algal Feedstocks for Fuels	12.800		67,655
Pass through Ascent Solar; CdSe Top Cells for CdSe/CIGS Tandems	12.800		178
Pass through Bell Helicopter; Physics-Based Analytical Tools for Anhedral Tip Design	12.800		39,223
Pass through Center for Innovative Food Technology; Biofuels from Algae	12.800	PO 4697	74,186
Fast Fourier Transform FPGA/ASIC Architecture Simulator/Generator	12.800	RY1-UT-09-I	56,873
Rapidly Deployable Solar Electricity and Fuel Sources	12.800	FA9453-08-C-0172	1,290,281
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253	480,704
Semiparametric Missing Data Analysis	12.901	H98230-11-I-0128	1,954
Pass through Southwest Research Institute; Support of Military Hydraulic Hybrid Vehicle Analysis and Design Activities	12.910	DAAE7-99-L053	470
Pass through Southwest Research Institute; Hybrid Hydraulic Comp Test and Ctrl Meth. Dvlp.	12.910	B99028X	145,245
Pass through Bell Helicopter; CFD Study of Stacked Tail Rotors	12.910	4900102520	124
Pass through Advanced Technology Institute; Forging Advanced Systems & Technologies Program	12.910	SP4701-08-C-0003	91,200
Pass through Bell Helicopter; Application of Wave Bearing Technology To Helicopter Transmissions	12.910		201,974
Pass through Innovative Technology Applications Company LLC; Novel Methods for Sensor Quieting in Turbulent Flows	12.910	N10PC20088	18,438
Novel Sensors for Chemical and Bio-Defense	12.910	HR0011-07-I-0003	579
Total Department of Defense			4,972,973
Department of the Interior			
PZP Immunocontraception in Free-Roaming Feral Horses Development of a 3 to 4 year Controlled Release PZP Contraceptive Vaccine For Wild Horses	15.229	FAA040011	76,865
Static Mixing Spacers for Spiral Wound Modules	15.229	L10AC20431	449,749
Pass through Central Michigan University; Conservation of Native Freshwater Mussel Refuges in Great Lakes Coastal Zones	15.506	R10AP81213	13,604
	15.608	30181AG152	3,717

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of Federal Awards.

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Department of the Interior (cont.)			
Pass through Ohio State University; Quantitative Analysis to Monitor the Role of Biofilm Biopolymers Against Disinfectants in Water Distribution Systems	15.805	60021020	\$ (1,117)
Pass through Ohio State University Research Foundation; Sustainability Analysis of the Water Infrastructure in Ohio	15.805	60012688	19,617
Pass through Ohio State University Research Foundation; The Influence of Dissolved Organic Matter on Biofilm Growth and Disinfection Efficacy in Water Distribution Systems	15.805	72040000	12,236
Pass through Ohio State University Research Foundation; State-of-the-Art Membrane Characterization Toward Bio-Fouling Prediction and Improved Membrane Performance	15.805		21,965
Hydrolic Assessment of the Potential Effects of Sea-Level Rise on Natural Resources, Assateague Island National Seashore	15.808	G10AC00579	658
Geomorphic and Hydrogeomorphic Maps for Assateague Island National Seashore	15.915	J2360064112	32,589
Total Department of Interior			629,883
Department of Justice			
Pass through Ohio Attorney General; Additional DNA Analysis Capability in Northwest Ohio	16.000	1565	99,999
Additional DNA Analysis Capability in Northwest Ohio	16.000	2009CKWX0775	130,505
Increase Effective Services for Child Victims of Commercial Sexual Exploitation	16.556	2008-DD-BX-0266	81,779
Understanding the Prevalence, Process and Social Networks Involved in Domestic Sex Trafficking in Ohio	16.580	2010-DD-BX-0691	126,355
Total Department of Justice			438,638
Department of Transportation			
Magnetic Sensor for Nondestructive Evaluation of Deteriorated Prestressing Strand	20.000	UTUTC-IU-12	15,228
Analyzing Regional Freight Information Resources	20.000	995B772	123,410
Pass through Ohio University; Addendum to Structural Evaluation of LIC-310-0396 Box Beams with Advanced Strand Deterioration	20.205	21916	33,852
Pass through University of Cincinnati; Instrumentation of the Maumee River Crossing	20.205	20359 B	64,428
Pass through Ohio Department of Transportation; Cost Benefit Models to Support PMS Decisions	20.205	21729	96,038
Pass through Ohio Department of Transportation; Veteran's Glass City Skyway Solar Array Performance Evaluation	20.205	23339	1,192,450
Pass through Toledo Area Regional Transit Authority; Biodiesel Study	20.505		360
Pass through Michigan Ohio University Transportation Center; Transportation Informatics: Advanced Image Processing Techniques for Automated Pavement Distress Evaluation	20.701	TS18p2	(50)
Pass through Michigan Ohio University Transportation Center; Characterization and Speciation of Fine Particulate Matter inside the Public Transport Buses Running on Bio-Diesel	20.701	AF 21	(8)
Pass through Michigan Ohio University Transportation Center; Advanced Road Scene Image Segmentation and Pavement Evaluation Using Neural Networks	20.701		13,875
Pass through Michigan Ohio University Transportation Center; Pavement Distress Evaluation Using 3D /depth Information from Stereo Vision	20.701		14,726
Reducing Noise and Vibration of Hydraulic Hybrid and Plug-In Hybrid Electric Vehicles	20.701		70,064
Pass through Michigan Ohio University Transportation Center; Multipurpose Educational Modules to Teach Hydraulic Hybrid Vehicle Technologies	20.760		(58)
Transportation for Economic Security and Development	20.760	DTRT06-G-0039	388,708
Pass through University of Wisconsin; Expanding Regional Freight Information Resources For The Upper Midwest: The Great Lakes Maritime Information Delivery System Phase III	20.801	DTMAIG06005	6,201

See Notes to Schedule of Expenditures of Federal Awards. +%

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Department of Transportation (cont.)			
Pass through University of Wisconsin Superior; Develop New Process for Collecting Information on Piers, Wharves, Docks and Facilities	20.806	DTMAIH08007	\$ (378)
Pass through University of Wisconsin Superior; Expanding Regional Freight Information Resources for the Upper Midwest Phase VI	20.806	I00110GLMRI3-2INFOVI	1,966
Pass through University of Wisconsin; Expanding Regional Freight Information Resources For The Upper Midwest Phase IV	20.931	DTMAIG06005	(283)
Total Department of Transportation			2,020,529
National Aeronautical Space Administration			
Pass through Ohio Space Grant Consortium; Space Grant Support of SATELLITES	43.001		8,949
Interactive Changes of Ecosystems and Societies on the Mongolian Plateau: From Coupled Regulations of Land Use and Changing Climate to Adaptation	43.001	NNX09AM55G	226,946
Pass through Analex Corporation; Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002	PO #P10-001048	42,779
Pass through Analex Corporation; Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002	Task 336	3,865
Pass through QinetiQ North America Operation LLC; Flywheel Analysis	43.002	PO P10-001507	7,581
Pass through QinetiQ North America Operation LLC; Flywheel Analysis	43.002	PO P11-000037	9,288
Pass through QinetiQ North America Operation LLC; Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002	PO11-000036	6,532
Pass through ASRC Aerospace Corporation; Development of Advanced Computational Tools For the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Study of Reaction Chemistry and Thermophysics in Hypersonic Reacting Flows	43.002	AS7111	430,315
Pass through Ohio Aerospace Institute; Open Design and Development of an Extensible Graphical User Interface for NPSS - Phase I: Requirements Collection, Development Environment and Project Plan Recommendations	43.002		91,586
Pass through Ohio Space Grant Consortium; Enhancing Physics Education with Open-Ended Engineering Design Projects	43.002		3,362
Pass through Teledyne Continental Motors; Small Turbine Institute	43.002	P0-01682 02	72,960
Pass through American Astronomical Society; Control System Upgrade for Ritter Observatory's 1-m Telescope	43.002		5,927
Pass through Jet Propulsion Laboratory; Searching for Protostars in a Quiescent Giant Molecular Cloud	43.002	1285132	771
Pass through Jet Propulsion Laboratory; After the Fall: Dust and PAHs in Post-Starburst Galaxies	43.002	1315270	73,682
Pass through Jet Propulsion Laboratory; Probing Dust Grain Emission in High Latitude Molecular Clouds	43.002		(38)
Pass through Jet Propulsion Laboratory; A Spitzer Legacy Survey of the Cygnus X Complex	43.002		25,612
Pass through Jet Propulsion Laboratory; PAHs, Interacting Galaxies, Nearby AGN, and Massive Stars	43.002	1332056	85,442
Pass through Jet Propulsion Laboratory; Evolution of Infall and Envelope-disk Accretion in Protostars	43.002		58,689
Pass through Jet Propulsion Laboratory; Interacting Galaxies, Paschen Alpha, and Dust in the Wind	43.002	1355562	661
Pass through Jet Propulsion Laboratory; Key Insights on Nearby Galaxies: A Far-Infrared Survey with Herschel	43.002	1372803	95,448
Pass through Jet Propulsion Laboratory; Herschel Orion Protostar Survey (HOPS)	43.002	1373141	34,199

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Aeronautical Space Administration (cont.)			
Pass through Jet Propulsion Laboratory; Variable Massive YSOs in the Magellanic Clouds	43.002	1214626	\$ 29,120
Pass through Analex Corporation; Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002		(11,441)
Pass through ASRC Aerospace Corporation; Turbomachinery Computational AeroAcoustics (CAA)	43.002	AS3458	140,799
Pass through QinetiQ North America Operation LLC; Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002		15,263
Pass through University of Akron; Advanced Aerospace Seals Research	43.002	NNC08CA35C-SUBUTOL-001	280,820
Pass through Smithsonian Astrophysical Observatory; The Nature of Optical Counterparts to X-ray Binaries in M101	43.002	AR0-11012X	8,527
Pass through American College of Sports Medicine Foundation; Contribution of ICAM - I to the Immunobiology of Skeletal Muscle Hypertrophy	43.002		4,741
Pass through Smithsonian Astrophysical Observatory; Evolution of Young Stars in the Large Massive Cluster Cep OB3b	43.002		18,389
Pass through Space Telescope Science Institute; Light Element Nucleosynthesis through Measurements of Interstellar Boron	43.002	HST-AR-11247.01-A	279
Pass through Space Telescope Science Institute; The Origin of Diffuse UV Light from Spiral Disks	43.002		66,099
Pass through Space Telescope Science Institute; Extending the Heritage: Clusters, Dust, and Star Formation in M51	43.002	HST-GO-10501.07-A	30,813
Pass through Space Telescope Science Institute; The Effect of Multiplicity on the Evolution of Young Stellar Objects	43.002	HST-GO-11205.03-A	6,643
Pass through Space Telescope Science Institute; NICMOS Imaging of Protostars in the Orion A Cloud: The Role of Environment in Star Formation	43.002	HST GO 11548.01-A	99,357
Pass through Space Telescope Science Institute; The Recent Star Formation History of SINGS Galaxies	43.002	HST-Go-11987.05	9,302
Pass through Space Telescope Science Institute; Searching for Intermediate Mass Black Holes in Globular Clusters via Proper Motion	43.002	HST-GO-11988.01A	23,426
Pass through California Institute of Technology; Spitzer/IRS Spectral Mapping Support: CUBISM	43.002	NAS7-03001	(4,251)
Pass through University of Kentucky Research Foundation; Basic Studies for the Production and Upgrading of Fischer-Tropsch Synthesis Products to Fuels	43.002	NNX07AB93A	157,404
Effects of Land Use Change on the Energy and Water Balance of the Semi-Arid Region of Inner Mongolia	43.002	NNG06GA70G	(19,188)
The Transition from Diffuse Molecular Clouds to Dark Clouds Through Ultraviolet CO Measurements	43.002	NNX10AD80G	78,489
Improved Modeling for Turbine Cooling Analysis	43.002	NNC05AA48A	(21)
Microstructural Analysis and Structure-Property Correlation in Advanced High-Temperature Materials Developed for Improved Material Performance	43.002	NNC07TA63T	246,923
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion	43.002	NNC07T61T	(5,409)
Extended Durability of Materials in Advanced Propulsion and Power Systems for Aeronautic and Space Exploration	43.002	NNC007TA62T	207,474
Unsteady CFD Simulations	43.002	NNC07TA66T	(3,968)
Turbomachinery Aeroelastic Analysis Tools for Aerospace Propulsion Application	43.002	NNC07TA64T	202,206
NASA-GRC Solid Oxide Fuel Cell Technology for High Power Density Aeronautic and Applications	43.002	NNC07TA65T	378,376
A Workplan for Testing Aerospace Components and Advanced Materials	43.002	NNC07TA67T	200,321
Advanced Wave Fluid Film Bearing Technology for Geared Transmission Systems	43.002	NNC07TA70T	(18,782)
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations	43.002	NNC07TA68T	126,418

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Aeronautical Space Administration (cont.)			
Development of Life Prediction and Probabilistic Analysis Tools for High Temperature Composites	43.002	NNC07TA69T	\$ 192,540
Smart Damping for Turbomachinery Blades	43.002	NNC07TA60T	87,078
Advanced Photovoltaic Array Testing	43.002	NNX10AJ02A	389,234
Contribution of Massive Stars to the Production of Neutron Capture Elements	43.002	HST-AR-12123.01-A	4,681
Total Department of National Aeronautics and Space Administration			4,226,218
National Science Foundation			
CAREER: Investigation of Intron Cellular Roles	47.000	MCB-0643542	159,024
Pass through University of Cincinnati: A Novel Integrated Scheme for Treatment of Hydrophobic Air Contaminants	47.041	COEUS 006190	14,209
Pass through University of Michigan; Extreme Events Impacts on Water Quality in the Great Lakes: Prediction and Management of Nutrient Loading in a Changing Climate	47.041	CBET 1039043	19,224
A New Approach to Regenerate Bone Using Microparticles Seeded with Mesenchymal Stem Cells and Macrophages	47.041	0652024	79,077
The Fundamental Study of UV Bonding Abrasive Tools with Application to the Semiconductor Industry	47.041	CMMI 0855769	72,025
A Study on the Microstructure and the Properties of Zinc Nitride and Zinc-Oxy-Nitride Films and Heterostructures for Photovoltaic and Other Applications	47.041		80,085
Engineering Senior Design Projects to Aid Persons with Disabilities	47.041	CBET-0931643	6,224
CAREER: Micromachined Surface Conduction Tuning Gas Sensors Year 4	47.041	ECCS 0401690-010	13,239
Toward Negative Poisson's Ratio Composites - Numerical and Experimental Study	47.041	CMMI - 0728109	15,281
Evaluation of Novel Bisphosphonate Containing Coated Ti Foams for Osteoporosis Treatment	47.041	CBET 0700306	(4,574)
Processing and Evaluation of HA Nanocomposites	47.041	0753479	7,596
Development of Anti-Biofouling Nanocomposite Polypropylene Fibers for Membrane Feed Spacers	47.041	CBET 0754387	65,991
Shape Memory Alloy Actuated Active Ankle Foot Orthosis	47.041	CBET-0731087	68,856
The Role of Extracellular Polymeric Substances of Biofilm on Pathogen Disinfection in Water Distribution Systems	47.041	CBET-0933288	107,067
A Facile Pretreatment Strategy for Recovering Sugars and Lignin Effectively from a Variety of Lignocellulosic Feedstocks	47.041	CBET-0933250	(9,884)
Fundamental Investigation of Pulsed Laser Irradiation Metal Oxide Gas Sensor Performance	47.041		103,468
CAREER: Plasmons for Solar Energy Harvesting	47.041	CBET-0955148	72,377
EAGER: Feasibility Study of Hybrid Friction Stir Riveting of Mg Alloys	47.041	CMMI-1050362	42,353
New Methodologies for System-Level Electromagnetic Compatibility (EMC) Analysis of Electronic Systems	47.041	CMMI-1000744	40,052
3D Multi-Scale Modeling of Thin Film Photovoltaics	47.041	CBET 1066749	10,680
Pass through National Radio Astronomy Observatory; The Role of Environment in the Formation of Orion Protostars	47.049	GSSP10-05	15,061
The Smallest Interstellar Grains: Optical/Near-IR Emission from Nanoparticles	47.049	AST-0606756	47,697
CAREER: Exploration of Negative Thermal Expansion Materials: From Basis Properties to Formation of Composites	47.049	DMR-0545517	61,931
REU Site: Research Experiences for Undergraduates in Physics and Astronomy	47.049	PHY0648963	3,944
Collaborative Research: Using Nanoscale Patterning to Reveal the Atomic-scale Effects which Drive Unstable Growth on GaAs (001)	47.049	DMR-0705464	22,231
CAREER: Task-specific Microextractions Using Ionic Liquids	47.049		129,328
Quantum Theory of Two-atom, Few-atom, and Many-atom Systems	47.049	PHY-0758042	50,957
CAREER: 3-Iminophosphine Palladium Catalysts for Atom-efficient	47.049	CHE-0841611	104,488

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Science Foundation (cont.)			
RNA	47.049	CHE 0848303	\$ 123,671
Simulating Non-equilibrium Processes Over Extended Time and Length-scales Using Parallel Accelerated Dynamics			
Simulating Extended Time and Length Scales Using Parallel Accelerated Dynamics	47.049	DMR-0907399	97,540
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1004649	87,124
Novel Low Temperature Routes to Metal Sulfides	47.049	DMR-1005911	64,867
REU Site Exploring Structure of Molecules and Materials	47.049	CHE-1004921	147,285
Interfacial Assembly of Nanoparticles and Their Interactions	47.049	CHE-1012896	82,120
The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	47.049	AST-1009564	23,506
Pass through University of Delaware; Quantifying Geologic and Temporal Controls on Water and Chemical Exchange between Groundwater and Surface Water in Coastal Estuarine Systems	47.050	Subaward #21291	40,180
A Digital/VLSI Test and Reliable Computing Research Laboratory	47.070		78,067
II-New: High-Performance Scalable Computing Infrastructure	47.070	CNS-0855134	(11,186)
Pass through Ohio State University Research Foundation; Subcontract to "TRPGR - The Grass Regulome Initiative: Integrating Control of Gene Expression and Agronomic Traits Across the Grasses"	47.074	DBI-0701405 - 60010915	158,589
Solvent Structure and Function in Macromolecular Biological Systems	47.074	MCB-0446218	988
Genetic Switch Controlled by an Unusual Family of Transcription Activators	47.074	MCB-0516692	11
EAGER: MSB: Collaborative Research: Chemical and Microbial Mechanisms Linking Litter Quality and Decomposition Rate	47.074	DEB-0946257	52,525
Collaborative Research: MSB: Microbial Control of Litter Decay at the Cellulose-Lignin Interface	47.074	DEB-0918718	87,544
Mechanisms Controlling the Function and Development of Neuronal Nicotinic Synapses	47.074	IOS-0951549	130,122
Regulation of Type II Restriction-Modification Systems	47.074	MCB-0964728	220,597
Environmental Sensor System for the Lake Erie Center	47.074	DBI-1034791	196,679
Testing Multiple Hypotheses of Community Assembly Using a Tropical Insect: Twig-nesting Ants	47.074	DEB 1020096	83,043
Assembly, Disassembly and Function of the Mitotic Checkpoint Complex	47.074	MCB-1052413	51,121
Individual Differences in Risk Perception and Risk Taking: The Role of Handedness and Interhemispheric Interaction	47.075		8,331
LEADERS: Leadership for Educators: Academy for Driving Economic Revitalization in Science	47.076	DUE-0927996	934,217
CAREER: Teaching Practices That Support Fraction-Based Algorithmic Thinking	47.076	DRL 0952661	88,572
Creating Learning Community for Solutions to Climate Change	47.076	0950396	27,885
Pass through Regents of the University of California; Microbial Winter Survival Physiology: A Driver on Microbial Community Composition and Carbon Cycling	47.078	ARC-0733074	5,223
ARRA - MRI-R2: Acquisition of a suite of analytical instrumentation essential for investigating fuel, chemical and polymer production from biomass	47.082	CBET-0959920	514,154
ARRA - Collaborative Research: The Changing Seasonality of Tundra Nutrient Cycling: Implications for Ecosystem and Arctic System Functioning	47.082	ARC-0902096	144,116
ARRA - Acquisition of a Cyber-enabled Scanning Electron Microscope	47.082	CHE-0840474	75,437
ARRA - CAREER: The Life Cycle of Star Clusters: New Windows into Star Formation and Galaxy Evolution	47.082	AST-0847467	102,323

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Science Foundation (cont.)			
ARRA - Theoretical and Numerical Investigation of a Unified Astrophysical Rotating Black Hole Model for Active Galactic Nuclei, Microquasars, and Gamma-Ray Bursters	47.082	AST-0909098	\$ 23,549
ARRA: MRI: Acquisition of a Matrix-Assisted Laser Desorption/Ionization Tandem Time-of-Flight (MALDI ToF-ToF) Mass Spectrometer (MS)	47.082	DBI-0923184	182,299
ARRA- A Path Toward an Environmentally Secure Future through Ecosystem Science and Monitoring	47.082	7-R21-AA-017735	257,483
Total Department of the National Science Foundation			5,475,989
U.S. Environmental Protection Agency			
Pass through Cuyahoga County Board of Health; A Holistic Watershed Approach to Health at Huntington Beach	66.000	GL-00E00624-0	179
Pass through Ohio Department of Health; Radon Web Site	66.032	048400221R0108	18,619
Pass through Ohio Department of Health; Radon Web Site	66.032	048400221R0411	15,252
Design Optimization and Control of the Hydraulic Hybrid Vehicles	66.034	XA 83276001	(45)
Pass through Toledo Metropolitan Area Council of Governments; Dam Removal on the Ottawa River, Lucas County, Ohio	66.456		(14)
Pass through Buffalo State College; The Lake Erie Nearshore and Offshore Nutrient Study (LENONS)	66.469		17,633
Pass through Ohio Department of National Resources; Nearshore Fish Sampling Program Development	66.469		20,975
Lake Erie Algal Source Tracking	66.469	GL 00E75701-0	13,897
Prevention of Surface Water Contamination from Biosolids Application	66.469	GL-00E00519-0	72,726
Pass through Heidelberg College; The Honey Creek Targeted Watershed Program Proposal	66.480		16,120
Genetics of Lake Erie Fish Stocks	66.511	CR 83281401	(7,839)
Pathogen and NOM Removal in Riverbank Filtration for the Village of LaBarranca Honduras	66.516	SU-83471601-0	10,973
University of Toledo Pollution Prevention Incentives for States Grant Proposal	66.708	NP00E00701-2	(328)
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E90201-0	55,465
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E00432-0	15,575
Total U.S. Environmental Protection Agency			249,188
U.S. Department of Energy			
Pass through National Renewable Energy Laboratory; Novel Nanocrystal-Based Solar Cell to Exploit Multiple Exciton Generations	81.000	DE-AC36-08GO28308	100,702
Pass through Suganit Systems Inc; Scale-up of IL Recovery Methods	81.000		63,141
Pass through North Dakota State University; Recrystallization of Liquid Silane Derived Films	81.000	DE-FG36-08GO88160	57,658
ARRA - Direct Assessment using Cluster Eddy-Covariance Towers	81.000	109044	95,977
Pass through Suganit Systems Inc; Commercialization of a Pre-Pretreatment Process for Enhanced Biomass Saccharification	81.036		462
Pass through Consortium for Plant Biotechnology Research, Inc; An Efficient Approach for Saccharification of Cellulose from Biomass for Fuel/Chemical Production	81.087		1,721
Pass through Montana State University; Extremophilic Microalgae: Advanced Lipid and Biomass Production for Biofuels and Bioproducts	81.087	G243-10-W2498	117,674
Pass through National Renewable Energy Laboratory; Nanocrystals and Nanocrystal Films	81.087	DE AC36-08GO28308	(79)
Pass through Orbital Research Inc; Wind Turbine Performance Enhancement Using Plasma Control	81.087	DE-EE0000366	48,936
A Novel Simultaneous-Saccharification-Fermentation Strategy for Efficient Co-fermentation of C5 and C6 Sugars Using Native, Non-GMO Yeasts	81.087	DE-FG36-08GO18163	80,079
High-Rate Fabrication of a-Si-Based Thin-Film Solar Cells Using Large-Area VHF PECVD Technologies	81.087	DE-FG36-08GO18073	320,221
Center for Advanced Concept Offshore Wind Turbine Development	81.087	DE-EE0003540	246,404

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Agency	CFDA #	Agency Number	Fiscal Year 2011
U.S. Department of Energy (cont.)			
Pass through Bowling Green State University; A Comparative Study of Advanced Concept Offshore Floating Wind Turbines	81.089	DE-FG36-06G086096	\$ 415,058
Pass through Xunlight Corporation; Critical Research for Cost-Effective Photoelectrochemical Production of Hydrogen	81.105	DE-FG36-05GO15028	39,689
Pass through National Renewable Energy Laboratory; Electronic and Optical Studies of Hydrogenase Single-walled Carbon Nanotube Biohybrids	81.117	ZGB-9-99318-01	3,646
1484Improved CdTe PV Modules by APVD	81.122	DE-FG36-08GO18067	302,489
ARRA - Demonstration of a Pilot Integrated Biorefinery for the Economical Conversion of Biomass to Diesel Fuel; Pass through Renewable Energy Institute International	81.129	DE-EE0002876	49,361
Special Funding for Engineering for Migrant Students: Focus on Sustainability	84.011		23,914
Maximizing the National Resource: Chinese as a Model for Heritage Language Development with Community Involvement	84.017	PO17A090314	103,673
Short-Cycle Higher Education (SCHE) in Europe and the United States: Addressing Social and Economic Needs	84.116	PI16J080023	51,967
Project DIRECT Connections	84.325	H325K070101-10	189,098
Pass through Ohio Department of Education; The Woodward MSP Partnership	84.366	EDU01-0000005207	23,119
Pass through Ohio Board of Regents; Using Technology to Enhance Teaching and Learning of Mathematics: Let's Be Smart	84.367	09-42	48,435
Total Department of Energy			<u>2,383,345</u>
National Institutes of Health			
Neuroprotein Effect of Ginkgo Biloba and its Bioactive Components in Ischemia	92.213	5 - R00 - AT - 004197	229,856
Pass through Board of County (Lucas) Commissioners; Regional Child Find	93.000		20,091
Pass through Duke University; Catheter Ablation Versus Antiarrhythmic Drug Therapy for Atrial Fibrillation Trial (CABANA Trial)	93.000		7,891
Pass through University of Cincinnati Children's Hospital Research Foundation; Multi-faceted Approach to Modeling ACL Injury Mechanisms	93.000	PO #310017901	369,480
Marinobufagenin as a Target for DIGIBIND in Hypertensive Patients with End-Stage Renal Disease	93.000	263-MA-707136	19,181
Testing Various Chemopreventive Agents in a Rat Model of Ovarian Cancer Employing DMBA Sutures (WS #87)	93.000	N01 - CN - 25103	(16,358)
Preclinical in vitro and in vivo Screening Assays - Work Assignment #1 - Contract Administration and Management	93.000	N01 - CN - HHSN261200433000C	41,247
The Chemoprevention of Colon Cancer in the Rat AOM Colon Model. Tissues for Surrogate Biomarker Studies and Testing of a Proliferative Index - Work Assignment #6	93.000	N01 - CN - HHSN261200433000C	4,433
Genetically Engineered PAI-1 for Anti-cancer Therapy	93.000	I - R21 - CA - 109625	149
Human Melanoma: Early Biomarkers/Targets of Progression and Prevention - Work Assignment #10	93.000	N01 - CN - HHSN261200433000C	60,366
Evaluation of the Modulation on Gene Expression by Chemopreventive Agents in Human Colon Polyp Adenoma Cells Using Gene Arrays - Work Assignment #11	93.000	N01 - CN - HHSN261200433000C	360,406
Screen for Chemopreventive Agents that Inhibit Dnmt1, a Key Target in Carcinogenesis	93.000	N01 - CN - HHSN261200433000C	208,179
Model State-Supported AHEC	93.107	5 - U77 - HP - 03029	641,115
Chromatin Remodeling in UVR Induced Melanogenesis	93.113	5 - K22 - ES - 012981	(9)
Long Term Toxicity of Di- and Tri-Chloracetate	93.113	I - R15 - ES - 013706	38,580
Pass through University of Rochester; [Ca2+]i and Secretory Dynamics in Parotid Acinar Cells	93.121		42,649
Multidisciplinary Comprehensive Care Center for Families Impacted by HIV	93.153	2 - H12 - HA - 23012	67
Pass through Cleveland Clinic Foundation; Central Auditory Plasticity as a Basis of Tinnitus	93.173	I - R01 - DC - 009097	(47,727)

See Notes to Schedule of Expenditures
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University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Institutes of Health (cont.)			
Developing Techniques for Studying Tinnitus in Animals	93.173	5 R21 DC006629-02	\$ (368)
Hearing in Bats	93.173	R15 - DC009321	107,003
Pass through Palmer Chiropractic University Foundation; Vertebral Displacements and Ligament Strains During Simulated Spinal Manipulation	93.213	Subaward No. D2P2	28,851
Inhibition of RA Synovial Fibroblast Invasion by Green Tea Polyphenols	93.213	7R21AT003633-03 REVI	5,720
Pass through Cognitive Pharmaceuticals Ltd; Development of a Selective Muscarinic Agonist for the Treatment of Schizophrenia	93.242	6 - R44 - MH - 067430	8,950
Occupational Health Training Grant	93.262	2 - T01 - OH - 008605	17,804
Crystalline Silica and RSP Control Methods Effectiveness During Concrete Grinding	93.262	1 - R01 - OH - 009271	(50)
The role of GLT1 in the modulation of alcohol-drinking behavior in P rats	93.273	1 - R01 - AA - 019458	12,161
Pass through University of Cincinnati; Determinants and Consequences of MDMA Neurotoxicity	93.279	5 - R01 - DA - 007427	63,952
Benzodiazepine-induced Glutamate Receptor Plasticity	93.279		(903)
Altering Gene Expression and Function at Single Neuronal Nicotinic Synapses	93.279	1 - R21 - DA - 022280	16
The Role of Ubiquitination in Methamphetamine Neurotoxicity (CDA)	93.279	5 - K99 - DA - 023085	7,050
Role of Tyrosine in MDMA Toxicity	93.279	5 - R01 - DA - 019486	82,490
Methamphetamine Toxicity and Corticostriatal Glutamate	93.279	5 - R01 - DA - 007606	429,569
Regulation of Voltage-gated Calcium Channels During Chronic BZ Treatment in Rats	93.279	5 - F30 - DA - 026675	32,323
NIOSH Training Project Grant (TPG) - Industrial Hygiene	93.283	5 - T01 - OH - 008605	(1,340)
University of Toledo Advanced Education Traineeships: An Answer to the Nursing Shortage	93.358	A10 - HP - 00004	41,482
Acuson Sequoia C512 Echocardiography System	93.389	1 - S10 - RR - 026450	100,470
Shared Instrumentation: Xenogen IVIS Spectrum Imaging System	93.389	1 - S10 - RR - 025491	13
Polyunsaturated Fatty Acid Metabolism via Lipoxigenase Catalysis	93.390	1 - R15 - HL - 091482	44,978
Gfi-1 in the Regulation of p21 Cip	93.390	1 - R15 - HL091511-01	78,919
Regulation of NF-kappaB Transactivation Function	93.390	2RGM071405-02	32,443
ARRA - Regulation of NF-kappaB Transactivation Function	93.390	2RGM071405-02	1,359
Zebrafish TPSTs and Tyrosine-sulfated Proteins	93.390	R15 - GM085756	58,953
Pass through University of Cincinnati; Genetic Epidemiology of Lung Cancer: Gene Identification in High Risk Families	93.393	3 - U01 - CA - 076293	5
Pass through University of Cincinnati; Genetic Epidemiology of Lung Cancer: Gene Identification in High Risk Families	93.393	U01 - CA - 076293	1,376
13th Annual Midwest DNA Repair Symposium	93.393		2,692
Regulation of a Tumor Target through Steroid Receptors	93.393	5 - R01 - CA - 103964	(13,035)
Regulation of Mismatch Repair	93.393	5 - R01 - CA - 106575	24,421
Pass through Biotrove Inc; Standardized NanoArray PCR for Gene Expression Profiling of Lung Cancer	93.394	1 - R21 - CA - 132806	(11)
Standardized Gene Expression Core Facility Development	93.394	5 - R24 - CA - 095806	1,506
Implementation of Innovative RNA Sample Quality Control Methods	93.394	5 - R21 - CA - 138397	184,442
Standardized NanoArray PCR for Gene Expression Profiling of Lung Cancer	93.394	7R21CA132806-03	147,044
Evaluation of hGBP-1 as a Marker for Paclitaxel Resistance in Ovarian Cancer	93.395	R21 - CA132016-	97,837
Regulation of MLK3 by Merlin	93.395	1 - R15 - CA - 132006	43,439
Role of JAK2-PAK1 Interaction in Human Breast Cancer	93.395	R15 - CA - 135378-01	31,894
Dissecting the Mechanisms of Tamoxifen Action	93.395	5 - R01 - CA - 140690	514,108
Gene Regulation for Drug Targeting in AML	93.396	5 - R01 - CA - 080183	(4,343)
bHLH Transcription Factors in Prostate Cancer Malignancy	93.396	5 - R01 - CA - 098141	5,941
RI-alpha/RIAZ on Cell Growth in Breast Cancer	93.396	5 - R01 - CA - 102204	20,088
Molecular Mechanisms of Ras-Induced Autophagy in Glioblastoma	93.396		257,140
ARRA - Molecular Mechanisms of Ras-Induced Autophagy in Glioblastoma	93.396		77,711
Androgen and Soluble Guanylyl Cyclase Signaling in Prostate Cancer Cells	93.396	R01 - CA - 127873	216,983
Mechanisms Driving Cortical Cytoskeleton Dynamics in Cancer Cell Invasion	93.396	5 - R01 - CA - 151632	239,668

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Institutes of Health (cont.)			
Reach Out and Read of Northwest Ohio and ODJFS	93.558		\$ 110
Pass through Ohio Developmental Disabilities Council Federal Pass through; Enhancing the Job Performance of SCOUT Employees	93.630	06-2/09	(249)
Center for Excellence in Autism	93.647		372,904
Center for Excellence in Autism	93.647	90XP0410/01	23,428
ARRA - Developmental Center to Study Mechanisms & Effects of Chiropractic Manipulation; Pass through Palmer Chiropractic University Foundation	93.701	3U19AT004137-03-S1	691
Pass through University of Cincinnati; Genetic Epidemiology of Lung Cancer: Gene Identification in High Risk Families	93.701		77,272
Pass through University of Rochester; [Ca2+]i and Secretory Dynamics in Parotid Acinar Cells	93.701	3 - R01 - DE - 014756	100,479
ARRA - RKIP Regulation as a Potential for Tumor Metastasis Suppression	93.701	5 - R01 - CA - 133479	233,874
ARRA - The Role of Complement Proteins in Cardiovascular Disease	93.701	5 - P30 - HL - 101317	504,528
ARRA - Role of ISG12 in Cellular Innate Immune Responses	93.701	1R21AI063014-01A2	177,754
ARRA - Bacterial, Signaling, & Leukocyte Transcription Activation	93.701	3 - R01 - AI - 043524	232,799
ARRA - Insulin Resistance in the Pathogenesis of NASH	93.701	5 - R01 - DK - 083850	293,686
ARRA - 3D Skin Model to Test Toxic and Sensitizing Potentials of Environmental Chemicals	93.701	5 - RC1 - ES - 018026	422,957
ARRA - Molecular mechanism of ADNF and ADNP peptides in prevention of mitochondrial dysf	93.701	7 - R21 - AA - 017735	170,751
ARRA - Dual Release of Osteogenic Factors to Enhance Bone Regeneration	93.701	5 - R03 - DE - 019508	91,432
ARRA - A Genetic Analysis of Intermediate Filament Domain Functions in C. elegans	93.701	R15 - 1R15GM086807	53,931
ARRA - Immune Response to Pneumococcal Vaccine in HIV Infected Adults	93.701	1 - R56 - AI - 081558	85,660
ARRA - Role of small RNAs in innate immunity and inflammation	93.701	1 - R15 - AI - 089518	102,204
ARRA - Understanding the Impact of Antigen 85 Complex Substrate Specificity on Mycobacterial Cell Wall	93.701	1R15AI089653-01	191,281
ARRA - Understanding the Impact of Antigen 85 Complex Substrate Specificity on Mycobacterial Cell Wall	93.701	1R15AI089653-01	12,587
ARRA - Validation Study of a Multi-gene Test for Lung Cancer Risk	93.701	5 - RC2 - CA - 148572	385,506
Pass through Case Western Reserve University/Case Medical Center; Prevention of Cardiovascular Disease in Diabetes Mellitus	93.830	N01 - HC - 95181	205,424
Pass through Duke University; Effect of Exercise Training on Ventricular Function, Dysynchrony, Resting Myocardial Perfusion and Clinical Outcomes in HF Patients: A Nuclear Ancillary Study of HF-ACTION	93.837		324
Pass through Boston Medical Center Corporation; Statistical analysis for the study of the relationship between thrombin production and vein graft failure	93.837	7 - R01 - HL - 084080	68
Pass through Mount Sinai School of Medicine - New York City; Future Revascularization Evaluation in Patients with Diabetes Mellitus: Optimal Management of Multivessel Disease (FREEDOM)	93.837	1 - R01 - HL - 071988	189
Pass through New York Medical College; Hormonal Regulation of Blood Pressure	93.837	5 - P01 - HL - 034300	140,415
Pass through Rhode Island Hospital; Claudication: Exercise vs. Endoluminal Revascularization	93.837	5 - U01 - HL - 077221	(124)
Pass through Rhode Island Hospital; Claudication: Exercise vs. Endoluminal Revascularization	93.837	1 - U01 - HL - 077221-01A1	6,153
Pass through Rhode Island Hospital; Claudication: Exercise vs. Endoluminal Revascularization	93.837	U01 - HL - 077221-01A1	5,554
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	1 - U01 - HL - 071556	17,456
Biochemistry and Genetics of Hypertension	93.837	5 - R01 - HL - 020176	(4,786)
The Role of ROS and Na/K-ATPase in Uremic Cardiomyopathy	93.837	5 - R01 - HL - 067963	(1,298)
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837		353
CORAL: Clinical Coordinating Center	93.837	5 - U01 - HL - 071556	(135)
Control Mechanisms of Cardiac Proteins & Enzymes	93.837		(146)
Functional Genomic Dissection of Rat Blood Pressure QTL	93.837		61
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837		(3,557)
Genetics of Hypertension	93.837	5 - R01 - HL - 076709	620,790
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	5U01HL071556-06	1,941,229

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Institutes of Health (cont.)			
Genetic Elements Controlling Blood Pressure	93.837	R01 - HL - 020176	\$ 422,751
Digitalis-Induced Signaling by Cardiac Na ⁺ /K ⁺ -ATPase	93.837	5 - P01 - HL - 036573	1,189,253
Mechanosensory Role of Endothelial Cilia in Polycystic Kidney Disease	93.837	5 - R21 - HL - 084451	(1,042)
Pass through Duke University; A CHF Trial Investigating Outcomes of Exercise Training (ACTION)	93.838		1,256
Pass through Case Western Reserve University/Case Medical Center; Prevention of Cardiovascular Disease in Diabetes Mellitus	93.838	N01 - HC - 95181	(21,400)
LPS Signaling and Lung Innate Immunity	93.838		47
Behavioral Dynamics of Langerhans Cells in Skin	93.846	5 - R01 - AR - 053355	236,962
Role of Calpains in Plasma Membrane Repair	93.846		55,451
Inhibition of CCR1/CCR5 mediated angiogenesis and joint destruction by EGCG	93.846	5 - R03 - AR - 055741	65,136
Regulation of Melanocyte Differentiation by SWI/SNF Chromatin Remodeling Enzymes	93.846	R01 - AR - 059379	265,325
Pass through University of Rochester; Role of JAK2-PAK1 Interaction in Prolactin-Dependent Signaling	93.847	1 - R01 - DK - 088127	97,395
Pass through University of Rochester; Defining Preadipocyte Signature Genes	93.847	1 - R21 - DK - 083643	78,472
ARRA - Ceacam and Insulin Action	93.847	3 - R01 - DK - 054254	(8,576)
Mechanisms of Enteric Nervous System Development	93.847	5 - R01 - DK - 067064	63,773
TPR Proteins in Steroid Receptor Signaling and Physiology	93.847	3 - R01 - DK - 070127	114,845
Innate Cellular Lectin-Mediated Binding of Xenoantigens	93.847	5 - R01 - DK - 066160	240,178
Fatty Acids Control Obesity and the Metabolic Syndrome via TPR Proteins	93.847	1 - F31 - DK - 084958	8,885
Oxidative Stress and Vascular HO in Diabetes	93.847	R01 - DK - 068134	543,358
CEACAM and Insulin Action	93.847	5 - R01 - DK - 054254	445,225
c-Jun and Androgen Signaling in Prostate Cancer Cells	93.847	2R15DK067059-02	39,440
The Roles of Primary Cilia in Cardiovascular System	93.847	R01 - DK - 080640	433,900
ARRA - The Roles of Primary Cilia in Cardiovascular System	93.847	R01 - DK - 080640	9,802
Heme Oxygenase Regulation of Eicosanoid Biosynthesis	93.847	R01 - DK - 056601	350,559
Pass through Texas Tech University; Physiological Significance of Na, K-pump Diversity	93.849	5 - R01 - RR - 010799	(60)
Pass through Indiana University; Role of FKBP52 in Androgen Signaling and Hypospadias	93.849	5 - R01 - DK - 073402	(4)
Pass through Mount Sinai School of Medicine - New York City; A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III)	93.853	1 - U01 - NS - 045719	9,411
Pass through University of Rochester; A Longitudinal Observational Follow-up of the PRECEPT Study Cohort (PostCEPT)	93.853	5 - U01 - NS - 050095	1,556
Pass through University of Rochester; Parkinson's Disease Collaborative Study of Genetic Linkage, 'PROGENI'	93.853	5 - R01 - NS - 037167	11,046
Pass through Yale University; Insulin Resistance Intervention after Stroke (IRIS) Trial	93.853	5 - U01 - NS - 44876	769
Pass through Duke University; Nanotechnology for Amyotrophic Lateral Sclerosis	93.853	5 - R21 - NS - 066279	203,530
Pass through Cornell University; Effects of Coenzyme Q10 in Early Parkinson's Disease - Phase III QE3 Study	93.853	U01 - NS - 050324	1,319
Pass through University of Medicine & Dentistry of New Jersey; Carotid Revascularization Endarterectomy vs. Stenting	93.853	5 - R01 - NS - 38384	58,011
Pass through University of Rochester; A Longitudinal Observational Follow-up of the PRECEPT Study Cohort (PostCEPT)	93.853	U01 - NS - 050095	360

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Institutes of Health (cont.)			
Pass through University of Rochester; Study of Antidepressants in Parkinson's Disease (SAD PD)	93.853	5 - R01 - NS - 046487	\$ 712
Pass through Washington University in St. Louis; Thalamocortical Boundary Markers and the Influence of Serotonin	93.853	5 - P01 - NS - 049048	1
Pass through Washington University in St. Louis; Thalamocortical Boundary Markers and the Influence of Serotonin	93.853	PNS049048A	(213)
Mechanisms of Sympathetic Neuron Development	93.853	5 - R01 - NS - 040644	245,619
Post-Hypoxic Regulation of GABA-A Receptor Function	93.853	5 - R01 - NS - 049389	79,199
UNC-73/Trio Signaling in Axon Guidance and Neurotransmission	93.853	1 - R15 - NS - 062406	38,819
Targeted Treatments for Invasive CNS Tumors	93.853	5 - R21 - NS - 065809	93,511
Probing the Enzymatic Basis of Canavan Disease	93.853	R01 - NS - 5 R01 NS045664-05	5,320
Muscarinic Agonists for Neurological Disorders	93.853	5 - R01 - NS - 031173	1
Homeostatic Regulation of GABA Synapses	93.853	1R15NS067474-01	108,569
The Coordination of Netrin Signal Transduction	93.853	1 - R15 - NS - 075738	23,139
Pass through Duke University; Randomized Open-label Phase II/III Multicenter Study of High-dose Immunosuppressive Therapy of Irradiation, Cyclophosphamide, ATGAM & Autologous Transplantation c/Auto-CD34 + HPC vs IV Pulse Cyclophosphamide for Treatment of Severe Systemic Sclerosis(SCOT)	93.855	N01 - AI - 05419	1,350
Travel Grant for ASV	93.855	1 - R13 - AI - 075719	9
Improvement in Paired Donation Program	93.855	R01 - AI - 090244	413,798
Regulation of AAV Rep Protein Function	93.855	5 - R01 - AI - 051471	39
Alphavirus Minus Strand RNA Synthesis and Rnase L	93.855		16,300
Determinants of RNA Virus Evolution	93.855		110,745
Bacterial, Signaling, & Leukocyte Transcription Activation	93.855	5 - R01 - AI - 043524	34,682
Locomotion in Parasitic Nematodes	93.855	5 - R01 - AI - 072644	353,210
Dysregulation of Innate Immune Responses by Borrelia burgdorferi: A Role for IL-10	93.855	R01 - AI - 073452	402,219
Deletion of T and B Cells to Induce Tolerance	93.855	5 - R01 - AI - 061052	(28,629)
Francisella tularensis intracellularly-induced outer membrane proteins	93.855	1 - K22 - AI - 083372	158,627
Glanders Vaccine Development	93.855	1 - U01 - AI - 077764	270,571
Structure and Dynamics of MHC Bound Peptides	93.855	R15 - AI - 1 R15 AI068758	(4,896)
Impact of the Interferon Regulated Proteins XAF1 and ZNF313 on Innate Immunity	93.855	5 - R01 - AI - 068133	122,745
Development of Aspartate Pathway Inhibitors as Novel Antibiotics	93.855	R01 - AI077720-02	372,942
Immune Response to Pneumococcal Vaccine in HIV Infected Adults	93.855	R01 - AI - 081558	344,992
Preclinical Development of a Tularemia Vaccine	93.855	1 - R01 - AI - 093351	106,205
Conservation and Adaptation of a Regulon across Genera	93.856		1,254
Chitinases in Parasitic Helminths	93.856	1 R15 AI064289-01	(391)
Regulation of Pharyngeal Pumping in Parasitic Nematodes	93.856	R01 - AI - 045147	(3,086)
AAV, Helper Virus and Host Cell Interactions	93.859		(434)
Na,K-ATPase as an Integrator of the Calcium Signaling Machinery	93.859	5 - R01 - GM - 078565	293,088
Regulation of Borealin by Mitotic Phosphorylation	93.859	R15 - GM084410-01	55,949
ARRA - Regulation of Borealin by Mitotic Phosphorylation	93.859	R15 - GM084410-01	49,046
Novel Role of Base Excision Repair and Mismatch Repair in Cisplatin Sensitivity	93.859	5 - R01 - GM - 088249	324,112
Synthesis of Glycopeptide-based Cancer Antigen Vaccines	93.859	1 - R15 - GM - 094734	13,741
Hypothalamic Leptin and Insulin Signals Aligning Metabolic State and Fertility	93.865	5 - R00 - HD - 056491	304,475
Rush-Presbyterian-St. Luke's Medical Center; Epidemiologic Study of Brain VitaminE, Diet & Age-Related Neurologic Diseases	93.866	R01 - AG - 031553	32,639
Elderly Immune Response to Pneumococcal Polysaccharide	93.866	5 - R01 - AG - 015978	165,469
Bone Loss with Aging Occurs Due to Increased PPAR-g Activity in Marrow Stem Cells	93.866	5 - R01 - AG - 028935	230,018
Pass through University of Illinois at Chicago; Designing and Providing Web-based Multimedia Library Training Targeted to Community Based Physicians	93.879	TECH 530	1,793

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University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
National Institutes of Health (cont.)			
Pass through Hospital Council of Northwest Ohio; Tabletop Exercise to Pilot-Test Transitional Medical Care	93.889		\$ 375
Pass through Ohio Department of Health Federal Pass Through Funds; Regional Comprehensive Genetic Services	93.994		16,434
Pass through Ohio State University; STAR: ECSE	84.324A	60014328	180,621
Total National Institutes of Health			21,293,524
TOTAL RESEARCH AND DEVELOPMENT			45,110,583
State Fiscal Stabilization Fund Cluster			
ARRA Stimulus Funds General	84.394		17,946,898
TOTAL State Fiscal Stabilization Fund Cluster			17,946,898
WIA Cluster			
U.S. Department of Labor; Pass through Monroe County Workforce Investment; Monroe County Workforce Investment	17.258		55,158
NOW Workforce Investment	17.258		22,902
U.S. Department of Labor; Pass through Ohio department of jobs and family services; Ohio Skills Bank	17.258	po jfs01-000006125	27
TOTAL WIA Cluster			78,087
Trio Cluster			
UT Student Support Services	84.042	P042A101389	187,377
UT Student Support Services	84.042	P042A051096-09	46,054
Regular Upward Bound	84.047	P047A070851-10	447,384
TOTAL Trio Cluster			680,815
Voc Rehab Cluster			
Pass through Ohio rehabilitation services commission; Assistive/Adaptive Technology Virtual Lab - Phase I	84.126		125,217
Pass through Ohio rehabilitation services commission; Assistive/Adaptive Virtual Lab Phase II	84.126		250,992
Pass through Ohio rehabilitation services commission; Replacement of outdated equipment and software and the purchase of additional equipment to improve services provided to students with disabilities	84.126		12,443
TOTAL Voc Rehab Cluster			388,652
IDEA Cluster			
Pass through Ohio department of health federal pass through funds; HMG (Help Me Grow) Hospital Based Regional Child Find	84.181	04840011HB0209	(75)
Pass through Ohio department of health federal pass through funds; HMG (Help Me Grow) Hospital Based Regional Child Find	84.181	04840011HB0110	30,184
TOTAL IDEA Cluster			30,109
Teacher Quality Cluster			
UToledo, UTeach, UTouch the Future (UT3)	84.336	P336B040031-06	518,272
TOTAL Teacher Quality Cluster			518,272
TANF Cluster			
Pass through Lucas County job and family services; Reach Out and Read	93.558	48-10-QCC-06	9,856
TOTAL TANF Cluster			9,856

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Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
CSGB Cluster			
Pass Through Ohio Department of Jobs and Family Services: Reach Out and Read/ODJFS	93.575	48-10-QCC-06	\$ 7,411
TOTAL CSBG Cluster			7,411
Other Federal Grants			
Pass through Ohio State University; Knauss Fellowship	11.481	60026818	18,089
Total National Oceanic Atmospheric Administration			<u>18,089</u>
Landscape Ecology and Forest Management: Challenges and Solutions (IUFRO Conference)	10.900	07-DG-11132650-265	23
Total Department of Agriculture			<u>23</u>
R.O.T.C.	12.357		598,115
Air Force Bases	12.607		1,500
Pass through Ohio department of development; Procurement Technical Assistance Center	12.002	MBDD 10-014	23,689
Pass through Ohio department of development; Procurement Technical Assistance Training (PTAC)	12.002	MBDD 10-014	5,842
Total Department of Defense			<u>629,146</u>
Trade Adjustment Assistance	17.245		21,968
Workforce Investment Act	17.278		124,321
Total U.S. Department of Labor			<u>146,289</u>
Govt Training	43.001		71,595
Pass through Ohio Aerospace institute; Students and Teachers Exploring Local Landscapes to Interpret the Earth from Space Application to the International Polar Year (IPY)	43.001	R-300-100201-40108	11,127
Pass through Ohio Aerospace institute; Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002		13,702
Climate Change Education: Engaging Teachers and Students and Correcting Misperceptions using NASA data	43.008	NNX10AT44A	67,183
Total Department of National Aeronautics and Space Administration			<u>163,607</u>
Pass through Ohio humanities council; "Wholly Toledo: Business and Industry that Shaped the City": An Exhibition	45.129	GR-R10-051	1,750
Total National Endowment of the Humanities			<u>1,750</u>

University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Other Federal Grants (cont.)			
Pass through Institute for global environmental strategies; Implementation of Earth System Science Education Alliance in the Great Lakes Region	43.001	GEO-0631389	\$ 2,479
2008 NSF Partnerships for Innovation (PFI) Grantees Workshop	47.041	IIP-0801333-001	(278)
An Innovative Model for a New Advanced Energy Workforce	47.041	IIP-0917981	45,251
Graduate Teaching Fellows in STEM High School Education: An Environmental Science Learning Community at the Land-Lake Ecosystem Interface	47.076	DGE-0742395	545,041
Pass through Wright State University; Undergraduate Research and Mentoring (URM)	47.074	DBI 0829252	207,507
Pass through Wright State University; A National Model for Engineering Mathematics Education	47.076	DUE-0618571	4,245
Pass through Wright State University; A National Model for Engineering Mathematics Education - Phase III	47.076	DUE-0817332	34,640
Pass through Wright State University; The UT3 Noyce Scholarship Program	47.076	DUE-0733767	314,621
Pass through Ohio State University; Ohio Consortium for Undergraduate Research	47.049	RF01042476	17,691
Total National Science Foundation			1,171,197
Pass Through Ohio Business Connection/Ohio Business Development Organization, Inc.: MTSBDC	59.037		(9,884)
Pass Through Ohio Business Connection/Ohio Business Development Organization, Inc.: MTSBDC - FY09 Federal	59.037		144
Pass through Ohio Department of Development; Procurement Technical Assistance Center	59.009	MBDD 11-010	13,079
Total Small Business Administration			3,339
A.C.E.S.	64.120		40,572
Air Force-AFIT	64.120		325,900
Army Medical	64.120		294,549
Coast Guard Group	64.120		13,750
Go Army	64.120		59,995
Go Army	64.120		59,434
MyCAA	64.120		9,746
Naval Ed/Trng	64.120		12,411
Navy Medical	64.120		151,308
Post 911 GI Bill	64.120		2,285,809
Vet Voc	64.120		189,616
Total Department of ROTC			3,443,090
Pass through Central State University; Science, Technology, Engineering and Mathematics Upgrade/Enhancement & Outreach (STEM UP-OUT)	81.000	DE FA52 07NA27571	5,000
Total U.S. Department of Energy			5,000
Special Funding for Engineering for Migrant Students	84.011		75
Pass through Ohio department of Education/Ohio department of human services; Special Funding for Engineering for Migrant Students	84.011		230
Lesotho and South Africa: A Curriculum Development Project	84.021	P021A100053	86,765
Integrating Visual Arts and Social Sciences	84.048	VEPD-CB-10-063099	(6,342)
CTE Teacher Preparation and Retention			

See Notes to Schedule of Expenditures
of Federal Awards.

University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Other Federal Grants (cont.)			
UT's Assistance to Penta Career Center in Geospatial Technology Program	84.048	PO 293396	\$ 351
Pass through Ohio department of Education; Carl D Perkins Grant	84.051		87,622
Carl D. Perkins Grant	84.051		1,392
Pass through Ohio department of Education; Engineering for Migrant Students and Teachers	84.149		23,467
Enhanced Competitiveness of U.S. Small and Medium Size Firms Through the Development and Utilization of Secure and Efficient Global Supply Chains	84.153		5,929
MORE Mentoring Program	84.184		44,294
Accelerating Achievement in Math & Science in Urban Schools	84.206	S206A040096-05	76,557
Tech Prep Federal Base	84.243		5,946
Bureau of Vocational Rehabilitation	84.265		232,228
Project EC-NET	84.325	H325T070038-09	101,654
UT-CCAMPIS Student Parents	84.335	P335A060328	28,635
SATELLITES	84.367		(4,593)
UT3 Inquiry Masters Program Advancing Content for Teachers (IMPACT)	84.381	P381B080006	197,948
Pass through Ohio department of education; The Woodward MSP Partnership	94.366	EDU01-000006591	96,071
Total Department of Education			978,229
Model State-Supported AHEC	93.107		1,467
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	5 - H12 - HA - 23012	1
Multidisciplinary Comprehensive Care Center for Families Impacted by HIV	93.153		(7,423)
Part D Title IV Multidisciplinary Comprehensive Care Center for Families Impacted by HIV	93.153	5 - H12 - HA - 23012	76,445
Part D Title IV Multidisciplinary Comprehensive Care Center for Families Impacted by HIV	93.153	H12 - HA - 23012	396,548
Pass through Ohio department of jobs and family services; Workforce Development	93.187	G-67-06-0343	(56)
NIOSH Training Project Grant (TPG): Industrial Hygiene - U Toledo	93.262	5 - T01 - OH - 008605	43,269
Occupational Health Training Grant	93.283	5 - T01 - OH - 008605	1,294
Pass through hospital council of northwest Ohio; First Spending Plan Hospital Funding	93.889		30,841
Program Income Account for Ryan White Part C	93.918		638
Program Income Account for Ryan White Part D	93.918		132
Ryan White Part C (Title III)	93.918	5 - H76 - HA - 00732	(46,669)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	5 - H76 - HA - 00732	97,571
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	2 - H76 - HA - 00732	408,625
Ryan White Part C (Title III): Categorical Grant Program for Outpatient Early Intervention Services (EIS)	93.918	5 - H76 - HA - 00732	(1,053)
Pass through Lucas County regional health district; Healthy Relationships through Existing Support Groups	93.940		13,523
Pass through Lucas County regional health district; HIV Prevention in a Medical Care Setting Project	93.940	2 - 4810012HP0207	(3,674)
Pass through Lucas County regional health district; HIV Prevention in a Medical Care Setting Project	93.940	4810012HP0207	12,275
Pass through Lucas County regional health district; HIV Prevention in Medical Care Settings	93.940		10
Pass through Lucas County regional health district; Options	93.940	4810012HP0207	8,046

See Notes to Schedule of Expenditures
of Federal Awards.

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University of Toledo

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Agency	CFDA #	Agency Number	Fiscal Year 2011
Other Federal Grants (cont.)			
Pass through Lucas County regional health district; University of Toledo Medical Center HIV Testing Program	93.940		\$ 13,639
Pass through Ohio department of alcohol and drug addiction services; Reducing High Risk Drinking	93.959	99-8203-HEDUC-P-11-9	20,597
Pass through Ohio department of alcohol and drug addiction services; Reducing High Risk Drinking	93.959	99-8203-HEDUC-P-09-9	15,192
Total National Institutes of Health			<u>1,081,238</u>
Workforce Development	93.654	G-1011-06-0069	101,325
Pass through Ohio department of jobs and family services; Reach Out and Read	93.667	48-09-TXX-03	13,601
Block Grants fro Community Mental Health Services Project	93.958		972,400
Pass through Ohio department of health federal pass through funds; Regional Comprehensive Genetic Services	93.994		(286)
Pass through Ohio department of health federal pass through funds; Regional Comprehensive Genetic Services	93.994	04840011GS0108	230,977
Pass through Ohio department of health federal pass through funds; Women's Health Week	93.994		8,170
Pass through Ohio department of health federal pass through funds; Women's Health Week IV	93.994	PREV-30609	<u>407</u>
Total Health and Human Services			<u>1,326,594</u>
Total Other Federal Grants			<u>8,967,591</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 305,410,266</u>

See Notes to Schedule of Expenditures
of Federal Awards.

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University of Toledo

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of University of Toledo under programs of the federal government for the year ended June 30, 2011. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the Cost Principles for Educational Institutions contained in OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of University of Toledo, it is not intended to and does not present the financial position, changes in net assets or cash flows, if applicable, of University of Toledo. Pass-through entity identifying numbers are presented where available.

Note 2 - Adjustments and Transfers

During the year ended June 30, 2011, there were the following transfers of grant overpayments:

<u>Transferred from</u>	<u>Amount</u>	<u>Transferred to</u>
Federal Work Study	\$ 192,445	Federal Supplemental Educational Opportunity Grant (FSEOG)

University of Toledo

Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Note - 3 Subrecipient Awards

CFDA	Agency	Description	Current Year Transferred to Subrecipient
93.701	ACADEMIC HEALTH CENTER CORP	ARRA-Multi-Gene Test/Lung Cancer	\$ 2,500
93.855	ALLIANCE FOR PAIRED DONATION	Improvement/Paired Donation	55,000
84.335	APPLE TREE NURSERY SCHOOL INC	UT - CCampis	28,635
93.866	ARKANSAS CHILDREN'S HOSPITAL	Bone Loss with Aging	456
93.107	BAHEC	Model State-Supported AHEC	42,571
20.760	BOWLING GREEN STATE UNIVERSITY	Economic Security	19,567
10.200	BOWLING GREEN STATE UNIVERSITY	Investigating Potential Human Health	15,174
10.200	BOWLING GREEN STATE UNIVERSITY	Monitoring Agricultural Sewage Sldu	49,256
12.800	BOWLING GREEN STATE UNIVERSITY	Rapidly Deployable Solar Electricity	128,853
81.122	CALYXO USA	Improved CdTe PV Modules by APVD	39,366
47.041	CENTRAL STATE UNIVERSITY	An Innovative Model for a New Advanced	15,548
66.708	CIFT	The University of Toledo Pollution	9,969
93.701	CLEVELAND CLINIC	ARRA-Multi-Gene Test/Lung Cancer	2,000
10.200	CROSSROADS RESOURCE CENTER	Greenhouse Nurseries Ohio	1,467
10.200	DOI-USGS	Lake Erie Wetlands and Shoreline	24,840
10.200	FAIR FOOD NETWORK	Greenhouse Nurseries Ohio	14,107
93.701	HENRY FORD HEALTH SYSTEM	ARRA-Multi-Gene Test/Lung Cancer	137,454
10.200	HULL & ASSOCIATES INC	Lake Erie Wetlands and Shoreline	6,602
10.200	INDIANA STATE UNIVERSITY	Greenhouse Nurseries Ohio	32,043
93.701	INDIANA UNIVERSITY	ARRA-Molecular Mechanism	14,163
93.994	KNOX COUNTY HEALTH DEPARTMENT	Women's Health Week 2011	1,125
93.107	LIMA AREA/MCO HEALTH	Model State-Supported AHEC	57,253
93.994	LIMA AREA/MCO HEALTH	Women's Health Week 2011	2,760
93.837	MASSACHUSETTS GENERAL HOSPITAL	CORAL Study	36,437
93.701	MAYO CLINIC ROCHESTER	ARRA-Multi-Gene Test/Lung Cancer	25,541
93.846	MEDICAL COLLEGE OF GEORGIA	Role of Calpains	14,154
93.701	MIDDLE TENNESSEE RESEARCH	ARRA-Multi-Gene Test/Lung Cancer	8,525
47.076	NATIONAL AERONAUTICS SPACE ADMINISTRATION	The UT3 Noyce Scholarship Program	8,696
12.800	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Rapidly Deployable Solar Electricity	105,749
12.800	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Rapidly Deployable Solar Electricity	43,702
12.800	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Rapidly Deployable Solar Electricity	16,402
81.087	NAUTICA WINDPOWER LLC	Center for Advanced Concept Offshore	31,538
93.107	NEOUCOM	Model State-Supported AHEC	221,083
81.087	NORDIC WINDPOWER USA INC	Center for Advanced Concept Offshore	46,000
93.701	OHIO STATE UNIVERSITY	ARRA-Multi-Gene Test/Lung Cancer	21,963
10.200	OHIO STATE UNIVERSITY	Greenhouse Nurseries Ohio	29,322
12.800	OHIO STATE UNIVERSITY	Rapidly Deployable Solar Electricity	56,115
12.800	OHIO STATE UNIVERSITY	Lightweight Flexible Solar Cells	18,652
12.800	OHIO STATE UNIVERSITY RESEARCH FOUNDATION	Rapidly Deployable Solar Electricity	91,261
12.800	OHIO STATE UNIVERSTIY	Rapidly Deployable Solar Electricity	91,388
93.107	OHIO UNIVERSITY	Model State-Supported AHEC	84,540
47.041	OKLAHOMA STATE UNIVERSITY	New Methodologies for System-Level	4,742
12.800	OLD DOMINION UNIVERSITY	Rapidly Deployable Solar Electricity	69,153
84.116	OWENS COMMUNITY COLLEGE	Short-Cycle Higher Education (SCHE)	179
93.837	PORTLAND STATE UNIVERSITY	Control Mechanisms of Cardiac	171,661
93.837	PRINCESS ALEXANDRA HOSPITAL	CORAL Study	80

University of Toledo

Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2011

Note 3 - Subrecipient Awards (Continued)

CFDA	Agency	Description	Current Year Transferred to Subrecipient
81.122	REGENTS OF THE UNIVERSITY OF MICHIGAN	Improved CdTe PV Modules by APVD	\$ 18,329
93.837	REGENTS OF THE UNIVERSITY OF MICHIGAN	CORAL Study	25,599
93.701	REGENTS OF THE UNIVERSITY OF MICHIGAN	ARRA - RKIP Regulation	24,707
93.701	REGENTS OF THE UNIVERSITY OF MICHIGAN	ARRA-Multi-Gene Test/Lung Cancer	33,911
93.000	REGENTS OF UNIV OF CALIFORNIA	WA #11	360,406
93.837	RHODE ISLAND HOSPITAL	CORAL Study	115,222
12.800	ROCHESTER INSTITUTE OF TECHNOLOGY	Rapidly Deployable Solar Electricity	31,014
12.800	ROCHESTER INSTITUTE OF TECHNOLOGY	Rapidly Deployable Solar Electricity	3,644
93.107	SAHEC	Model State-Supported AHEC	57,287
93.994	SAHEC	Women's Health Week 2011	1,500
93.107	SANDUSKY AREA HEALTH EDUCATION	Model State-Supported AHEC	19,116
93.837	TANGO COORDINATING CENTER S.A.	CORAL Study	9,486
66.708	TECHSOLVE INC	The University of Toledo Pollution	17,550
66.708	TECHSOLVE INC	The University of Toledo Pollution	5,555
84.051	TERRA COMMUNITY COLLEGE	Carl D. Perkins Grant FY 11	62,491
93.994	THE TOLEDO HOSPITAL	Genetic Svcs NW OH Prgm	33,622
84.381	TOLEDO BOARD OF EDUCATION	UT3 Inquiry Masters Program	8,000
93.994	TOLEDO HOSPITAL	Genetic Svcs NW OH Prgm	8,794
93.994	TOLEDO HOSPITAL	Genetic Svcs NW OH Prgm	9,128
10.200	TOLEDO METROPOLITAN AREA	Lake Erie Wetlands and Shoreline	21,759
93.846	UNIV OF WISCONSIN-MADISON	Regulation of Melanocyte	2,197
93.107	UNIVERSITY OF CINCINNATI	Model State-Supported AHEC	76,133
12.800	UNIVERSITY OF HAWAII	Rapidly Deployable Solar Electricity	85,180
12.800	UNIVERSITY OF ILLINOIS	Rapidly Deployable Solar Electricity	124,408
12.800	UNIVERSITY OF ILLINOIS	Rapidly Deployable Solar Electricity	47,904
93.000	UNIVERSITY OF IOWA	WA #14	195,729
93.837	UNIVERSITY OF MICHIGAN	CORAL Study	14,841
93.396	UNIVERSITY OF NEBRASKA LINCOLN	Androgen and Soluble Guanylyl Cyclase	7,021
93.396	UNIVERSITY OF NEBRASKA MEDICAL	Androgen and Soluble Guanylyl Cyclase	62,241
81.122	UNIVERSITY OF NEVADA LAS VEGAS	Improved CdTe PV Modules by APVD	26,075
93.847	UNIVERSITY OF OXFORD	Binding of Xenoantigens	44,720
93.859	UNIVERSITY OF PITTSBURGH	Mismatch Repair	8,021
93.000	UNIVERSITY OF TENNESSEE	Early Biomarkers WA 10	60,366
93.837	UNIVERSITY OF TEXAS	CORAL Study	12,736
93.701	VANDERBILT UNIVERSITY MEDICAL	ARRA-Multi-Gene Test/Lung Cancer	13,640
20.760	WAYNE STATE UNIVERSITY	Economic Security	11,734
93.994	WILLIAMS COUNTY HEALTH DEPARTMENT OF HEALTH	Women's Health Week 2011	1,500
			<u>\$ 3,559,158</u>

University of Toledo

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268, 84.379, 84.376, 93.264, 93.342, 93.408, 84.038	Student Financial Aid Cluster
Various	Research and Development Cluster
84.394	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between type A and type B programs: \$2,212,148

Auditee qualified as low-risk auditee? Yes No

University of Toledo

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2011

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

University of Toledo
National Collegiate Athletics Association

Agreed-upon Procedures Report
Related to NCAA Constitution 3.2.4.16

June 30, 2011

University of Toledo National Collegiate Athletics Association

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Independent Accountant's Report on
the Application of Agreed-upon Procedures

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

We have performed the procedures enumerated below, which were agreed to by the president of the University of Toledo (the "Institution"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program statement of revenue and expenditures of the University of Toledo is in compliance with the National Collegiate Athletics Association (NCAA), Constitution 3.2.4.16 for the year ended June 30, 2011. The University of Toledo's management is responsible for the statement of revenue and expenditures (the "statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-upon Procedures Related to the Statement of Revenue and Expenditures

The procedures that we performed and our results are as follows:

Internal Control Structure

A. In preparation for our procedures related to the Institution's internal control structure:

- 1) We met with the Assistant Director of Intercollegiate Athletics and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the Institution, the competence of personnel, and the protection of records and equipment.
- 2) We obtained the audited financial statements for the year ended June 30, 2011 and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

- 3) We obtained any documentation of the accounting systems and procedures unique to the intercollegiate athletics department. We noted the cash disbursement, cash receipt, and payroll control environment and accounting systems were not unique to the intercollegiate athletics department and have been addressed in connection with the audit of the Institution's financial statements. We noted the control environment related to the ticket collection receipting process was unique to intercollegiate athletics. We then performed the following procedure:
 - i. We selected four games and traced ticket collections per the receipting process for such games to the reconciliation and documentation of the related cash deposit amount with the bank.

Result: The above procedure was performed for one football game, one men's basketball game, one women's regular season basketball game, and one women's National Invitational Tournament (NIT) basketball game with no exceptions.

Capital Expenditure Survey and Related Debt

- B. In preparation for our procedures related to the Capital Expenditure Survey, we obtained the Capital Expenditure Survey for the reporting period, prepared by management; we obtained the Institution's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets; and we obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the Institution during the reporting period. We then performed the following procedures:

- 1) **Procedure:** We agreed the data provided on the Capital Expenditure Survey to the Institution's general ledger including additions, deletions, and book values as disclosed in the report.

Result: We noted no exceptions.

- 2) **Procedure:** We recalculated the annual maturities (consisting of principal and interest) provided in the schedules obtained. We then agreed the total annual maturities as disclosed in the report to supporting documentation and the Institution's general ledger.

Result: We noted no exceptions.

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

Intercollegiate Athletics Restricted and Endowment and Plant Funds

C. **Procedure:** We obtained a summary of additions to restricted funds related to intercollegiate athletics exceeding 10 percent, as well as changes exceeding 10 percent to endowment and plant funds related to intercollegiate athletics, prepared by management.

Result: We noted no additions to restricted funds related to intercollegiate athletics exceeding 10 percent or changes exceeding 10 percent to endowment and plant funds related to intercollegiate athletics.

Statement of Revenue and Expenditures

D. **Procedure:** We obtained the Intercollegiate Athletics Program statement of revenue and expenditures for the reporting period, prepared by management and agreed all amounts back to the Institution's general ledger.

Result: We noted no exceptions.

E. **Procedure:** We compared each revenue and expenditure amount from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding 10 percent and \$100,000.

Result: See Appendix A.

Revenue

F. **Procedure:** We agreed each revenue category reported in the statement during the reporting period to supporting schedules provided by the Institution.

Result: The supporting schedules provided by the Institution agreed to the statement without exception.

1) Ticket Sales

Procedure: We agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the Institution in the statement and related attendance figures and recalculated totals. We agreed a sample of four revenue receipts obtained from the above revenue supporting schedules to supporting documentation.

Result: For one football game, one men's basketball game, one women's regular season basketball game, and one women's NIT basketball game, we agreed the revenue receipts to the ticket sales report, cash receipt report, deposit worksheet, and general ledger posting. We noted no exceptions.

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

2) Contributions

Procedure: We obtained supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods. We disclosed the source and dollar value of these contributions in the report. We agreed a sample of five revenue receipts obtained from the above revenue supporting schedules to copies of donors' checks.

Result: We agreed the above sample to copies of checks without exception. See Note 1 for contributions over 10 percent of all contributions received for intercollegiate athletics during the reporting periods.

Expenditures

G. **Procedure:** We compared each expenditure category reported in the statement during the reporting period to supporting schedules provided by the Institution.

Result: The supporting schedules provided by the Institution agreed to the statement without exception.

We performed the following procedure for the indicated expenditure category:

1) Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities

Procedure: We obtained and inspected a listing of coaches employed by the Institution and related entities during the reporting period. We selected a sample of four coaches' contracts that includes football, men's and women's basketball, and men's baseball from the above listing. We agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Institution and related entities in the statement during the reporting period. We obtained and inspected W-2s or 1099s for each selection. We agreed related W-2s or 1099s to the related coaching salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the statement during the reporting period, and recalculated totals.

Result: We selected four coaches' contracts that included football, men's and women's basketball, and men's baseball. We obtained and reviewed W-2s for each selection. We agreed W-2 totals to the related coaching salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the statement during the reporting period, and recalculated totals. We noted no exceptions.

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

Affiliated and Outside Organizations

H. In preparation for our procedures related to the Institution's affiliated and outside organizations, we:

- 1) Inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:
 - i. Booster organizations established by or on behalf of an intercollegiate athletics program
 - ii. Independent or affiliated foundations or other organizations that have as a principal purpose, generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments or other monies, goods, or services to be used entirely or in part by the intercollegiate athletics program
 - iii. Alumni organizations that have as one of its principal purposes the generating of monies, goods, or services for or on behalf of an intercollegiate athletics program and that contribute monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.
- 2) We also obtained documentation on the Institution's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We inquired of management about the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Institution's intercollegiate athletic program.
- 3) We obtained and inspected unaudited financial statements of the organization and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the control environment that were provided to us by management.

Dr. Lloyd A. Jacobs, M.D.
 University of Toledo
 Toledo, Ohio

Result: We obtained the following listing prepared by the Institution of all identified affiliated and outside organizations and agreed that list to the activities recorded in the Institution's financial statements and to the Intercollegiate Athletics Program statement of revenue and expenditures. We noted that two of the organizations' finances are handled through the Institution's foundation, with only the Downtown Coaches Association being outside the control of the Institution. We noted the following activity with the three affiliated outside organizations:

	Beginning Cash Balance June 30, 2010	Cash Receipts	Contribution to or on Behalf of Program	Ending Cash Balance June 30, 2011
The Varsity T Group Downtown Coaches Association	\$ 671	\$ 25,356	\$ 13,817	\$ 12,210
Lady Rocket Fan Club	3,549	167,431	166,791	4,189
	<u>15,322</u>	<u>22,506</u>	<u>34,137</u>	<u>3,691</u>
Total all funds	<u>\$ 19,542</u>	<u>\$ 215,293</u>	<u>\$ 214,745</u>	<u>\$ 20,090</u>

I. **Procedure:** For expenses on or on behalf of intercollegiate athletic programs by affiliated and outside organizations not under the Institution's accounting control, we obtained those organizations' financial statements for the reporting period. We agreed the amounts reported to the organizations' general ledger. We performed the following supplemental procedures:

1) We obtained a summary of revenue and expenses for the organization. A summary of revenue and expenses are included in the following at June 30, 2011:

Revenue	\$ 167,431
Expenses	<u>166,791</u>
Net income	<u>\$ 640</u>

2) We agreed a sample of three operating revenue categories reported in the organization's statement during the reporting period to general ledger detail provided by the organization.

3) We agreed a sample of three operating revenue receipts obtained from the above operating revenue schedule to the related deposit amount on the bank statement.

Dr. Lloyd A. Jacobs, M.D.
University of Toledo
Toledo, Ohio

- 4) We agreed each operating expense category reported in the organization's statement during the reporting period to general ledger detail provided by the organization.
- 5) We agreed a sample of three operating expenses obtained from the above operating expense to copies of checks.
- 6) We directly confirmed cash balances recorded at the end of the reporting period by the organization with the bank and agreed to the related year-end bank reconciliation.
- 7) We obtained and inspected minutes of the organization's governing bodies during the reporting period and selected a sample of three financial transactions discussed in the minutes.
- 8) We selected a sample of three financial transactions discussed in the minutes and compared and agreed each selection to the organization's accounting records, as applicable.

Result: We performed the above procedures without exception.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Intercollegiate Athletics Program statement of revenue and expenditures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University of Toledo management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 22, 2011

University of Toledo National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenue and Expenditures Year Ended June 30, 2011

	Men's Football	Men's Basketball	Women's Basketball	Other	Total
Operating Revenue					
Ticket sales	\$ 936,134	\$ 317,181	\$ 85,334	\$ 386,287	\$ 1,724,936
Student fees	-	-	-	10,125,436	10,125,436
Guarantees	600,000	-	3,500	7,200	610,700
Contributions	-	-	14,000	3,206,632	3,220,632
NCAA/Conference distributions including all tournament revenue	-	-	-	1,063,541	1,063,541
Program sales, concessions, novelty sales, and parking	74,133	19,128	14,612	69,658	177,531
Royalties, advertisements, and sponsorships	1,903	-	-	1,494,120	1,496,023
Sports camp revenue	-	47,764	46,761	96,373	190,898
Other	85,096	86,319	23,001	681,336	875,752
	<u>1,697,266</u>	<u>470,392</u>	<u>187,208</u>	<u>17,130,583</u>	<u>19,485,449</u>
Total operating revenue					
Operating Expenditures					
Athletic student aid	2,355,662	424,942	462,153	3,568,221	6,810,978
Guarantees	700,000	8,000	36,495	160,935	905,430
Coaching salaries, etc. (by institution)	1,772,317	913,940	750,008	1,189,669	4,625,934
Support staff/Administrative salaries, benefits, and bonuses paid by the University and related entities	-	-	-	2,411,946	2,411,946
Recruiting	209,143	64,271	47,052	72,363	392,829
Team travel	407,446	122,891	106,063	629,559	1,265,959
Equipment, uniforms, and supplies	247,939	52,567	27,330	527,287	855,123
Game expenses	293,344	189,055	79,375	134,380	696,154
Fundraising, marketing, and promotion	-	-	-	755,373	755,373
Sports camp expenses	4,000	47,764	46,761	104,784	203,309
Spirit groups	-	-	-	60,785	60,785
Medical expenses and medical insurance	-	-	960	211,325	212,285
Memberships and dues	130,130	480	960	18,507	150,077
Other operating expenses	313,819	44,596	19,805	948,690	1,326,910
	<u>6,433,800</u>	<u>1,868,506</u>	<u>1,576,962</u>	<u>10,793,824</u>	<u>20,673,092</u>
Total operating expenditures					
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (4,736,534)</u>	<u>\$ (1,398,114)</u>	<u>\$ (1,389,754)</u>	<u>\$ 6,336,759</u>	<u>\$ (1,187,643)</u>

See Notes to Intercollegiate Athletics Program
Statement of Revenue and Expenditures.

University of Toledo

National Collegiate Athletics Association Report

Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures Year Ended June 30, 2011

Note 1 - Contributions

Individual contributions of monies, goods, or services received directly by the Institution's intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitute 10 percent or more of all contributions received for intercollegiate athletics during the year ended June 30, 2011 are as follows:

Source of Funds, Goods, and Services	Value
Charles A. Sullivan Trust	\$ 1,475,309

Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 4 to 40 years depending on class.

The current year capitalized additions and deletions to facilities during the year ended June 30, 2011 are as follows:

	Current Year Additions	Current Year Deletions
Football athletics facilities	\$ 346,080	\$ -
Other athletics facilities	9,892,227	-
Total athletics facilities	<u>\$ 10,238,307</u>	<u>\$ -</u>
Other institutional facilities	<u>\$ 44,593,693</u>	<u>\$ -</u>

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National Collegiate Athletics Association Report

Notes to Intercollegiate Athletics Program Statement of Revenue and Expenditures Year Ended June 30, 2011

Note 2 - Intercollegiate Athletics-related Assets (Continued)

The total estimated book values of property, plant, and equipment, net of depreciation, of the Institution as of the year ended June 30, 2011 are as follows:

	Estimated Book Value
Athletically related property, plant, and equipment balance	\$ 52,674,038
Institution's total property, plant, and equipment balances (rounded to nearest 000)	\$ 617,033,000

Note 3 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding for the Institution as of the year ended June 30, 2011 is as follows:

	Annual Debt Service	Debt Outstanding
Athletically related facilities	\$ 1,730,601	\$ 49,622,836
Institution's total	\$ 27,009,399	\$ 267,284,165

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the Institution during the year ended June 30, 2011 is as follows:

	Glass Bowl		Savage Hall		Practice Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 12,750	\$ 21,418	\$ 334,548	\$ 882,307	\$ -	\$ 479,578	\$ 347,298	\$ 1,383,303
2013	13,250	25,038	496,753	785,903	-	479,578	510,003	1,290,519
2014	13,900	23,263	446,064	840,933	-	479,578	459,964	1,343,774
2015	14,650	21,200	537,305	746,601	-	479,578	551,955	1,247,379
2016	15,350	19,188	557,580	725,427	-	479,578	572,930	1,224,193
Thereafter	88,850	96,350	16,990,993	8,731,120	10,000,000	4,784,205	27,079,843	13,611,675
Total	\$ 158,750	\$ 206,457	\$ 19,363,243	\$ 12,712,291	\$ 10,000,000	\$ 7,182,095	\$ 29,521,993	\$ 20,100,843

University of Toledo National Collegiate Athletics Association Report

Appendix A

	2010-2011 Total	2009-1010 Total	\$ Change	% Change	Explanation of Variance per Management
Revenue					
Football:					
Ticket sales	\$ 936,134	\$1,356,436	\$ (420,302)	(31%)	Recognition of portion of Ohio State University (OSU) sales in fiscal year 2010.
Guarantee revenue	600,000	325,000	275,000	85%	The guarantee revenue was higher for University of Arizona and University of Wyoming games in fiscal year 2011 than the guarantee revenue from Florida International University and Purdue University games in fiscal year 2010.
Nonprogram specific:					
Contributions	3,206,632	4,422,394	(1,215,762)	(27%)	Fiscal year 2010 contributions were greater due to those related to the Savage Hall renovation.
NCAA/MAC revenue	1,063,541	924,746	138,795	15%	Fiscal year 2011 amounts include increased NCAA/MAC revenue for women's basketball due to their success in related tournaments.
Other revenue	681,336	499,397	181,939	36%	Increased sales of Rocket Shop merchandise, increased revenue for concerts in Savage Hall.
	2010-2011 Total	2009-1010 Total	\$ Change	% Change	
Expenditures					
Football:					
Student aid	\$2,355,662	\$1,994,970	\$ 360,692	18%	Greater number of students involved in various administrative areas of athletics, many of whom were on financial aid.
Guarantee expense	700,000	250,000	450,000	180%	Boise State University guarantee expense was more in fiscal year 2011 than the guarantee expense for University of Colorado in fiscal year 2010.
Recruiting	209,143	392,640	(183,497)	(47%)	Program stability achieved. Diminished need to rebuild the program and going further to find players.
Travel	407,446	86,346	321,100	372%	Away travel to Boise State University and Northern Illinois University in fiscal year 2011, University of Miami in fiscal year 2010, some recruiting costs misclassified.
Camp expense	4,000	136,623	(132,623)	(97%)	Passing academy camp not conducted in fiscal year 2011.
Other expenditure	313,819	496,847	(183,028)	(37%)	Reductions ancillary to coaching salary, recruiting, equipment and uniform, sports camp, medical, and insurance expenses.
Men's basketball - Coaches' salaries	913,940	1,054,145	(140,205)	(13%)	Paying former head coach along with current coach for a period of time in fiscal year 2010.
Women's basketball - Coaches' salaries	750,008	605,414	144,594	24%	Coaching incentives met in fiscal year 2011, head coach salary renegotiated.
Nonprogram specific:					
Guarantee expense	160,935	12,495	148,440	1188%	Fiscal year 2011 amount includes certain expenses ancillary to the Boise State University football guarantee.
Other expenditure	948,690	1,317,617	(368,927)	(28%)	Reductions ancillary to coaching and support staff salary, equipment and uniform, medical, insurance, membership, and dues expenses.

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Dave Yost • Auditor of State

UNIVERSITY OF TOLEDO

LUCAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 14, 2012