

The University of Michigan
Reports on Federal Awards in Accordance
with OMB Circular A-133
For the Year Ended June 30, 2012
EIN 38-6006309

The University of Michigan
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Report of Independent Auditors

The Regents of the University of Michigan

In our opinion, the accompanying consolidated statement of net assets and the related consolidated statement of revenues, expenses and changes in net assets and cash flows present fairly, in all material respects, the financial position of the University of Michigan (the "University") as of June 30, 2012 and 2011, and its consolidated revenues, expenses and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These 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 conducted our audits of these statements 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. Those standards require that we plan and perform the audit 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2012. 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 an opinion on the internal control over financial reporting 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 audit.



The accompanying management's discussion and analysis on pages 3 through 27 are required by accounting principles generally accepted in the United States of America to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2012 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 19, 2012

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Michigan (the "University") at June 30, 2012 and 2011 and its activities for the three fiscal years ended June 30, 2012. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is a comprehensive public institution of higher learning with approximately 60,000 students and 7,300 faculty members on three campuses in southeast Michigan. The University offers a diverse range of degree programs from baccalaureate to post-doctoral levels through 19 schools and colleges, and contributes to the state and nation through related research and public service programs. The University also has a nationally renowned health system which includes three hospitals, 40 health centers, more than 120 outpatient clinics, the University's Medical School and Michigan Health Corporation, a wholly-owned corporation created to pursue joint venture and managed care initiatives. The University, in total, employs approximately 42,000 permanent employees and 12,000 temporary staff.

The University consistently ranks among the nation's top universities by various measures of quality, both in general academic terms, and in terms of strength of offerings in specific academic disciplines and professional subjects. Excellence in research is another crucial element in the University's high ranking among educational institutions. Research is central to the University's mission and permeates its schools and colleges. In addition to the large volume of research conducted within the academic schools, colleges and departments, the University has more than a dozen large-scale research institutes outside the academic units that conduct, in collaboration with those units, full-time research focused on long-term interdisciplinary matters. The University's Health System also has a tradition of excellence in teaching, advancement of medical science and patient care, consistently ranking among the best health care systems in the nation.

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Management's Discussion and Analysis (Unaudited)--Continued

Financial Highlights

The University's financial position remains strong, with assets of \$15.7 billion and liabilities of \$4.9 billion at June 30, 2012, compared to assets of \$15.6 billion and liabilities of \$4.7 billion at June 30, 2011. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, totaled \$10.8 billion at June 30, 2012 as compared to \$10.9 billion at June 30, 2011. Changes in net assets represent the University's results of operations and are summarized for the years ended June 30, 2012 and 2011 as follows:

	2012	2011
	(in millions)	
Operating revenues and educational appropriations	\$ 5,391.4	\$ 5,186.3
Total operating and net interest expenses	5,878.9	5,463.8
	(487.5)	(277.5)
Net investment income	68.7	1,633.0
Gifts and other nonoperating revenues, net	247.7	205.8
(Decrease) increase in net assets	\$ (171.1)	\$ 1,561.3

Net assets decreased \$171 million in fiscal 2012 primarily due to a higher increase in operating and net interest expenses as compared to operating revenues and educational appropriations, combined with a significant decrease in net investment income from the prior year. Net assets increased \$1.56 billion in fiscal 2011 primarily due to net investment income.

In 2012, operating revenues and educational appropriations increased 4.0 percent, or \$205 million, while total operating and net interest expenses increased 7.6 percent, or \$415 million. Operating revenues increased 5.5 percent, or \$261 million, primarily due to increased patient care revenues and student tuition offset by decreased federal stimulus revenues, while state educational appropriations and federal Pell grants decreased 13.6 percent, or \$56 million.

Operating expenses increased 7.4 percent, or \$404 million, in 2012 due to growth in patient activity as well as activation costs and depreciation expense associated with significant capital projects. The new facility for the C.S. Mott Children's and Von Voigtlander Women's Hospitals was placed in service during the current fiscal year. In conjunction with the opening of this new facility and the approval of a renovation to the legacy facility, certain assets of the legacy facility with no future utility were written off. Several significant information technology systems were also implemented in 2012, including the first phase of an electronic medical record and patient billing system and a new donor and alumni relationship system. In addition, the University experienced increased self insurance costs due to higher incurred losses in medical professional liability and workers compensation. Net interest expense increased \$11 million in 2012, to \$37 million, primarily due to a decrease in the amount of capitalized interest on debt financed construction as a result of decreased construction in process.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

The results of operations reflect the University's focus on maintaining its national standards academically, in research and in health care in a competitive recruitment environment for faculty and health care professionals. At the same time, the University is addressing declining base state appropriations and rising health care, regulatory and facility costs with aggressive cost cutting and productivity gains to help preserve access to affordable higher education for Michigan families.

The University invests its financial assets in pools with distinct risk and liquidity characteristics based on its needs, with most of its financial assets invested in two such pools. The University's working capital is primarily invested in relatively short duration, liquid assets, through its Daily and Monthly Portfolios, while the University's endowment is invested in an equity oriented long-term strategy, through its Long Term Portfolio. The success of the University's long-term investment strategy is evidenced by strong returns over sustained periods of time and the ability to limit losses in the face of challenging markets.

Net investment income totaled \$69 million and \$1.63 billion in 2012 and 2011, respectively. In 2012, net investment income included \$72 million from the Daily and Monthly Portfolios and \$3 million from non-pooled investments offset by a \$6 million loss in the Long Term Portfolio. In a difficult year for emerging markets, Europe and other non-U.S. equity markets, strong returns in U.S. fixed income investments, particularly for high-grade corporate and long-term U.S. government bonds, more than offset losses in the University's equity oriented investments. In 2011, net investment income included \$1.54 billion from the Long Term Portfolio, \$57 million from the Daily and Monthly Portfolios and \$36 million from non-pooled investments. Most asset classes experienced double digit positive returns in 2011, with equity and equity related investments across global markets performing particularly well.

Gifts and other nonoperating revenues increased 20 percent to \$248 million, due primarily to increased capital gifts.

Using the Financial Statements

The University's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles, which establish standards for external financial reporting for public colleges and universities.

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Management's Discussion and Analysis (Unaudited)--Continued

Statement of Net Assets

The statement of net assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities — net assets — is one indicator of the current financial condition of the University, while the change in net assets is an indication of whether the overall financial condition has improved or worsened during the year. A comparison of the University's assets, liabilities and net assets at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in millions)	
Current assets	\$ 2,100	\$ 2,095
Noncurrent assets:		
Endowment, life income and other investments	7,949	8,122
Capital assets, net	5,338	5,193
Other	263	246
Total assets	<u>15,650</u>	<u>15,656</u>
Current liabilities	1,581	1,408
Noncurrent liabilities	3,316	3,324
Total liabilities	<u>4,897</u>	<u>4,732</u>
Net assets	<u>\$ 10,753</u>	<u>\$ 10,924</u>

The University continues to maintain and protect its strong financial foundation. This financial health, as reflected in the statement of net assets at June 30, 2012 and 2011, results from the prudent utilization of financial resources including careful cost controls, preservation of endowment funds, conservative utilization of debt and adherence to a long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash and cash equivalents, operating and capital investments and accounts receivable and totaled \$2.1 billion at June 30, 2012 and 2011. Cash, cash equivalents and investments for operating activities totaled \$976 million at June 30, 2012, which represents approximately two months of total expenses excluding depreciation.

Current liabilities consist primarily of accounts payable, accrued compensation, deferred revenue, commercial paper, the current portion of bonds payable and net long-term bonds payable subject to remarketing. Current liabilities totaled \$1.6 billion and \$1.4 billion at June 30, 2012 and 2011, respectively.

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Management's Discussion and Analysis (Unaudited)--Continued

Endowment, Life Income and Other Investments

The composition of the University's endowment, life income and other investments at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in millions)	
Endowment investments	\$ 7,691	\$ 7,835
Life income investments	101	105
Noncurrent portion of insurance and benefits obligations investments	157	182
	<u>\$ 7,949</u>	<u>\$ 8,122</u>

The University's endowment funds consist of both permanent endowments and funds functioning as endowment. Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is to be expended for the purposes specified by the donors. Funds functioning as endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by the University for long-term investment purposes, but are not limited by donor stipulations requiring the University to preserve principal in perpetuity. Programs supported by endowment funds include scholarships, fellowships, professorships, research efforts and other important programs and activities.

The University uses its endowment funds to support operations in a way that strikes a balance between generating a predictable stream of annual support for current needs and preserving the purchasing power of the endowment funds for future periods. The major portion of the endowment is maintained in the University Endowment Fund, a unitized pool which represents a collection of approximately 7,600 separate (individual) funds, the majority of which are restricted for specific purposes. The University Endowment Fund is invested in the University's Long Term Portfolio, a single diversified investment pool.

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Management's Discussion and Analysis (Unaudited)--Continued

The endowment spending rule provides for distributions from the University Endowment Fund to the University entities that benefit from the endowment fund. Commencing with the quarter ending September 30, 2010, the annual distribution rate began to be reduced from 5 percent of the one-quarter lagged seven year moving average fair value of University Endowment Fund shares to 4.5 percent. This change is one element of an ongoing financial management strategy that has allowed the University to effectively weather the recent recession while avoiding drastic measures taken by many of our peer institutions, such as faculty hiring freezes, furloughs, program cuts or halting construction. To avoid negative impacts of this change on near-term budgets, endowment distributions are being managed toward the new rate by keeping quarter to quarter distributions per share unchanged and gradually moving toward the 4.5 percent rate when increases in share value would otherwise result in higher per share distributions. The length of the implementation period will depend on the actual investment returns and resulting changes in share values experienced during the implementation period.

To protect endowment principal in the event of a prolonged market downturn, distributions are limited to 5.3 percent of the current fair value of fund shares. Any capital gains or income generated above the endowment spending rate are reinvested so that in lean times funds will be available for distribution. In addition, departments may also use withdrawals from funds functioning as endowment to support capital expenditures and operations.

Endowment spending rate distributions totaled \$270 million, \$266 million and \$255 million and withdrawals from funds functioning as endowment totaled \$39 million, \$44 million and \$5 million in 2012, 2011 and 2010, respectively. Total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 5.2 percent, 5.4 percent and 5.1 percent of the current year average fair value of the University Endowment Fund for 2012, 2011 and 2010, respectively. Over the past ten years, total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 5.4 percent.

In 2012, the University's endowment, life income and other investments decreased \$173 million, to \$7.9 billion at June 30, 2012. This decrease resulted primarily from endowment spending rate distributions and withdrawals from funds functioning as endowment in excess of new endowments from gifts and other sources, and from small net losses incurred in the equity oriented Long Term Portfolio.

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Management's Discussion and Analysis (Unaudited)--Continued

Capital and Debt Activities

One of the critical factors in continuing the quality of the University's academic, research and clinical programs is the development and renewal of capital assets. The University continues to implement its long-range plan to modernize its complement of older facilities, along with balanced investment in new construction.

Capital asset additions totaled \$591 million in 2012, as compared to \$635 million in 2011. Capital asset additions primarily represent replacement, renovation and new construction of academic, research, clinical, athletic and student residence facilities, as well as significant investments in equipment, including information technology. Current year capital asset additions were primarily funded with net assets and gifts designated for capital purposes of \$400 million, as well as debt proceeds of \$191 million. Construction in progress, which totaled \$227 million at June 30, 2012 and \$825 million at June 30, 2011, includes important projects for patient care, research, instruction, athletics and student residential life.

Renovation projects completed in 2012 include Alice Lloyd Hall. Like the extensive renovations to Mosher Jordan, Stockwell and Couzens residence halls in previous years, the infrastructure of the building was thoroughly upgraded, including high-speed network access, accessibility improvements, renovated bath facilities, and new plumbing, heating, cooling, ventilation and fire detection and suppression systems. In addition, energy conservation measures were implemented to improve the energy performance of the overall building, which was originally constructed in 1949. New spaces were created in the vacated dining areas, that are no longer needed since the Hill area Dining Center became operational in Fall 2008, for living-learning and academic initiatives, student interaction and creation of community.

New construction projects completed in 2012 include a new facility for C.S. Mott Children's Hospital and Von Voigtlander Women's Hospital to meet increasing patient demand and accommodate research, education and clinical care innovations. The new state-of-the art facility further enhances specialty services for newborns, children and women not offered anywhere else in Michigan, including programs for Level I pediatric trauma, pediatric liver transplant and craniofacial anomalies as well as high-risk pregnancy and specialty gynecological services. With a clinic building of nine floors and an inpatient building of twelve floors, the new facility totals approximately 1.1 million square feet. This new facility, whose construction commenced in fiscal 2007 and opened in December 2011, enables our world-renowned physicians and researchers to deliver world-class care and train tomorrow's generation of women's and children's physicians and nurses to go into practice with the most advanced experience possible.

Legal education has changed considerably since Hutchins Hall, the main classroom and administrative building for the Law School, opened in 1933. Today's law students take a greater number of small classes, interact more with each other and with clients in supervised clinical settings and draw heavily on technology. Located across Monroe Street and south of the Law Quadrangle, a new four-story academic and administrative building opened in 2012 to

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

meet these needs, as well as provide more space for a student body which has more than doubled since the last time the Law School added classroom space. In addition, the new, two-level Robert B. Aikens Commons now occupies the previously unused grassy area between Hutchins Hall and the Legal Research Building, and includes a main floor café and a lower level designed to facilitate student meetings and study groups. Life safety upgrades to Hutchins Hall and the Cook Library were also completed.

To address the need for more functional training and practice space for the men's and women's basketball programs, the William Davidson Player Development Center was completed in 2012. The Center connects to the east side of Crisler Arena and houses two basketball practice courts, team locker areas, strength and conditioning space, athletic medicine space and coaching and staff offices. At June 30, 2012, construction continued on a renovation and expansion of Crisler Arena which had only received minor renovations since its construction in 1967. The renovation will accommodate accessible seats, improve circulation and egress, increase restrooms and concessions and add other fan amenities, while the expansion will create new spectator entrances, retail spaces, ticketing areas and a private club space. This project is expected to be fully completed in Winter 2013.

Construction in process at June 30, 2012 also includes renovations of student residences at East Quadrangle and the Law School. The renovation of the East Quadrangle residence hall is part of the University's residential life initiatives, a comprehensive multi-year plan to improve and expand the student residential experience. The renovation will also reconfigure spaces to create new study and gathering spaces for students and create synergies between the academic and residential programs in the building. In addition, the infrastructure of the building will be thoroughly upgraded and energy conservation measures will be implemented to improve the energy performance of the overall building, which was originally constructed in 1940. This project is expected to be completed by Fall 2013.

One of the largest gifts ever made to the Law School will help revitalize living spaces within the student-housing portion of the Law Quadrangle. This renovation will upgrade student rooms and other living areas, which were originally constructed in 1924, while preserving the historic Gothic exteriors. This project is expected to be completed by Fall 2013.

The unoccupied portion of the North Campus Research Complex, which was originally acquired from Pfizer in 2009, is classified as property held for future use and totaled \$47 million and \$54 million at June 30, 2012 and 2011, respectively. This complex supports the growth of the University's translational research initiatives through the population of office space, laboratories and other facilities over the next several years. At June 30, 2012, the complex has seven translational science initiatives bringing together hundreds of research team members from many disciplines and schools for work in cardiovascular research, translational oncology, healthcare policy and innovation, emergency medicine, computational medicine and bioinformatics, distributed health technologies and biointerfaces. In addition, the complex now has nine shared facilities for scientists' use including bioinformatics analysis, DNA sequencing, and microscopy and image analysis.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

The University takes its financial stewardship responsibility seriously and works hard to manage its financial resources effectively, including the prudent use of debt to finance capital projects. A strong debt rating is an important indicator of the University's success in this area. In February 2012, Moody's Investors Service, Inc. ("Moody's") affirmed its highest credit rating (Aaa) for bonds backed by a broad revenue pledge based on extremely strong credit fundamentals, including significant financial resources, strong market position and consistent operating performance derived from a well diversified revenue base. Standard & Poor's Ratings Services ("Standard & Poor's") also affirmed its highest credit rating (AAA) based on the University's national reputation for academic and research excellence, strong financial resources, positive financial performance, exceptional record of fundraising and manageable debt burden and capital plan. Only two other public universities have received the highest credit ratings from both Moody's and Standard & Poor's.

Long-term debt activity for the year ended June 30, 2012, and the type of revenue it is supported by, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
	(in millions)			
Commercial Paper:				
General revenues	\$ 91	\$ 108	\$ 136	\$ 63
Bonds and Notes:				
General revenues	1,242	219	40	1,421
Hospital revenues	295		15	280
Faculty Group Practice revenues	62		2	60
Student residences revenues	2			2
	<u>\$ 1,692</u>	<u>\$ 327</u>	<u>\$ 193</u>	<u>\$ 1,826</u>

The University utilizes commercial paper, backed by a general revenue pledge, to provide interim financing for its capital improvement program. Outstanding commercial paper is converted to long-term debt financing, as appropriate, within the normal course of business. At June 30, 2012 and 2011, commercial paper totaled \$63 million and \$91 million, respectively, and is included in current liabilities.

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Management's Discussion and Analysis (Unaudited)--Continued

During 2012, consistent with capital and debt financing plans, the University issued \$115 million of variable rate tax-exempt revenue bonds (Series 2012A and Series 2012B) and \$90 million of fixed-rate tax-exempt general revenue bonds (Series 2012C) with a net original issue premium of \$14 million. Bond proceeds, which totaled \$219 million, were utilized to convert \$119 million of commercial paper to long-term debt and provide \$100 million for capital projects and debt issuance costs.

The University maintains a combination of fixed and variable rate debt, which totaled \$1.8 billion and \$1.7 billion at June 30, 2012 and 2011, respectively. The University's fixed and variable rate debt at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in millions)	
Variable rate:		
Commercial paper	\$ 63	\$ 91
Demand bonds	847	747
Fixed rate bonds	916	854
	\$ 1,826	\$ 1,692

In 2012, the University continued to increase its mix of fixed rate bonds relative to variable rate demand bonds. While fixed rate bonds typically have a higher effective rate of interest as compared to variable rate demand bonds, they reduce the volatility of required debt service payments and do not require liquidity support, such as letters of credit or guarantees.

Effective interest rates averaged 2.3 percent in 2012 and 2.5 percent in 2011, including the amortization of bond premiums and discounts and net of federal subsidies for interest on taxable Build America Bonds. Interest expense net of federal subsidies received for interest on taxable Build America Bonds and interest capitalized during construction totaled \$37 million in 2012 and \$26 million in 2011, while capitalized interest on debt financed construction in progress totaled \$6 million and \$18 million in 2012 and 2011, respectively.

The University's variable rate bonds are subject to remarketing and, in accordance with GASB Interpretation No. 1, are classified as current liabilities unless supported by long-term liquidity arrangements, such as lines of credit or standby bond purchase agreements, which could refinance the debt on a long-term basis. In the event that variable rate bonds are put back to the University by the debt holder, management believes that the bonds will be remarketed within a reasonable amount of time. The University's strong credit rating facilitates the remarketing of its debt. In addition, the University maintains four remarketing agents to achieve a wide distribution of its variable rate debt.

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Management's Discussion and Analysis (Unaudited)--Continued

Obligations for Postemployment Benefits

In accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, the University recognizes the cost of postemployment benefits during the periods when employees render their services. Using current actuarial assumptions, and presuming a continuation of the current level of benefits, the University's obligations for postemployment benefits totaled \$1.67 billion and \$1.64 billion at June 30, 2012 and 2011, respectively. Since a portion of retiree medical services will be provided by the University's Health System, this liability is net of the related margin and fixed costs of providing those services which totaled \$263 million and \$239 million at June 30, 2012 and 2011, respectively.

By implementing a series of health benefit initiatives over the past seven years, the University has favorably impacted its actuarial accrued liability for postemployment benefits by approximately \$441 million as of June 30, 2012. These initiatives have included cost sharing changes, elimination of Medicare Part B reimbursements for certain retirees and adjustment of retirement eligibility criteria. At June 30, 2012, the recorded liability for net postemployment benefits obligations totaled \$1.67 billion and the actuarial accrued liability totaled \$1.27 billion. The University amortizes changes in actuarial assumptions, plan design and experience gains and losses over a ten year closed period. Accordingly, the liability for net postemployment benefits obligations recorded in the statement of financial condition differs from the actuarial accrued liability by the unamortized portion of changes in actuarial assumptions, plan design and experience gains and losses.

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Management's Discussion and Analysis (Unaudited)--Continued

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The composition of the University's net assets at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in millions)	
Invested in capital assets, net of related debt	\$ 3,598	\$ 3,575
Restricted:		
Nonexpendable:		
Permanent endowment corpus	1,346	1,279
Expendable:		
Net appreciation of permanent endowments	1,193	1,312
Funds functioning as endowment	1,597	1,652
Restricted for operations and other	493	503
Unrestricted	2,526	2,603
	\$ 10,753	\$ 10,924

Net assets invested in capital assets represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The \$23 million increase reflects the University's continued development and renewal of its capital assets in accordance with its long-range capital plan.

Restricted nonexpendable net assets represent the historical value (corpus) of gifts to the University's permanent endowment funds. The \$67 million increase primarily represents new gifts. Restricted expendable net assets are subject to externally imposed stipulations governing their use. This category of net assets includes net appreciation of permanent endowments, funds functioning as endowment and net assets restricted for operations, facilities and student loan programs. Restricted expendable net assets totaled \$3.3 billion at June 30, 2012, as compared to \$3.5 billion at June 30, 2011.

Although unrestricted net assets are not subject to externally imposed stipulations, all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. Unrestricted net assets at June 30, 2012 and 2011 totaled \$2.5 billion and \$2.6 billion, respectively. At June 30, 2012, unrestricted net assets included funds functioning as endowment of \$3.5 billion offset by unfunded obligations for postemployment benefits of \$1.7 billion. At June 30, 2011, unrestricted net assets included funds functioning as endowment of \$3.5 billion offset by unfunded obligations for postemployment benefits of \$1.6 billion. Unrestricted net assets also included other net resources of \$700 million at June 30, 2012 and 2011.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the University's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A comparison of the University's revenues, expenses and changes in net assets for the three years ended June 30, 2012 is summarized as follows:

	2012	2011	2010
	(in millions)		
Operating revenues:			
Student tuition and fees, net of scholarship allowances	\$ 998.4	\$ 915.7	\$ 863.9
Sponsored programs	1,045.8	1,072.9	990.3
Patient care revenues, net	2,601.8	2,411.1	2,310.8
Other	392.6	378.1	372.1
	5,038.6	4,777.8	4,537.1
Operating expenses	5,842.1	5,437.8	5,218.8
Operating loss	(803.5)	(660.0)	(681.7)
Nonoperating and other revenues (expenses):			
State educational appropriations	307.6	361.9	362.1
State fiscal stabilization funds			10.1
Federal Pell grants	45.3	46.7	39.9
Private gifts for operating activities	131.6	127.8	105.2
Net investment income	68.7	1,633.0	796.4
Interest expense, net	(45.1)	(33.1)	(30.0)
Federal subsidies for interest on Build America Bonds	8.3	7.1	3.3
State capital appropriations	0.1	0.8	2.0
Endowment and capital gifts and grants	107.6	82.3	88.7
Other	8.3	(5.2)	2.4
Nonoperating and other revenues, net	632.4	2,221.3	1,380.1
(Decrease) increase in net assets	(171.1)	1,561.3	698.4
Net assets, beginning of year	10,924.3	9,363.0	8,664.6
Net assets, end of year	\$ 10,753.2	\$ 10,924.3	\$ 9,363.0

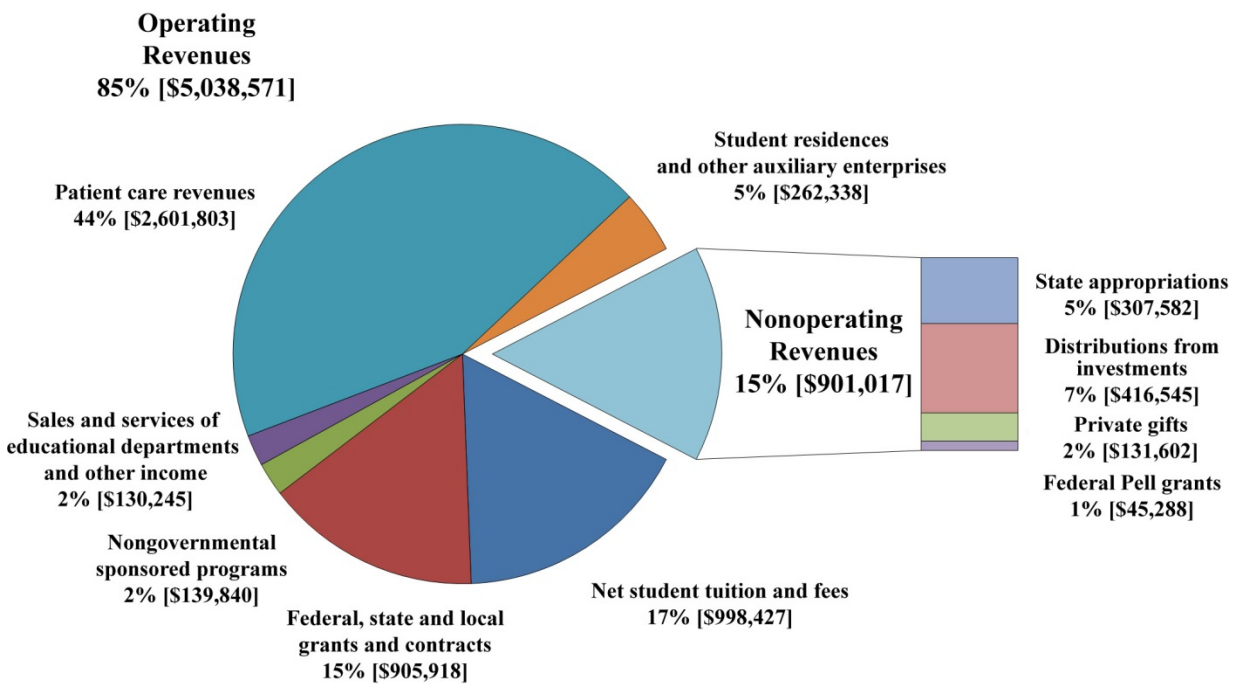
One of the University's greatest strengths is the diverse streams of revenue that supplement its student tuition and fees, including private support from individuals, foundations and corporations, along with government and other sponsored programs, state appropriations and investment income. The University continues to aggressively seek funding from all possible sources consistent with its mission in order to supplement student tuition and prudently manage the financial resources realized from these efforts to fund its operating activities, which include instruction, patient care and research.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

The following is a graphic illustration of revenues by source, both operating and nonoperating, which are used to fund the University's operating activities for the year ended June 30, 2012 (amounts are presented in thousands of dollars). Significant recurring sources of the University's revenues are considered nonoperating, as defined by GASB, such as state appropriations, distributions from investments, private gifts and federal Pell grants.

Fiscal Year 2012 Revenues for Operating Activities

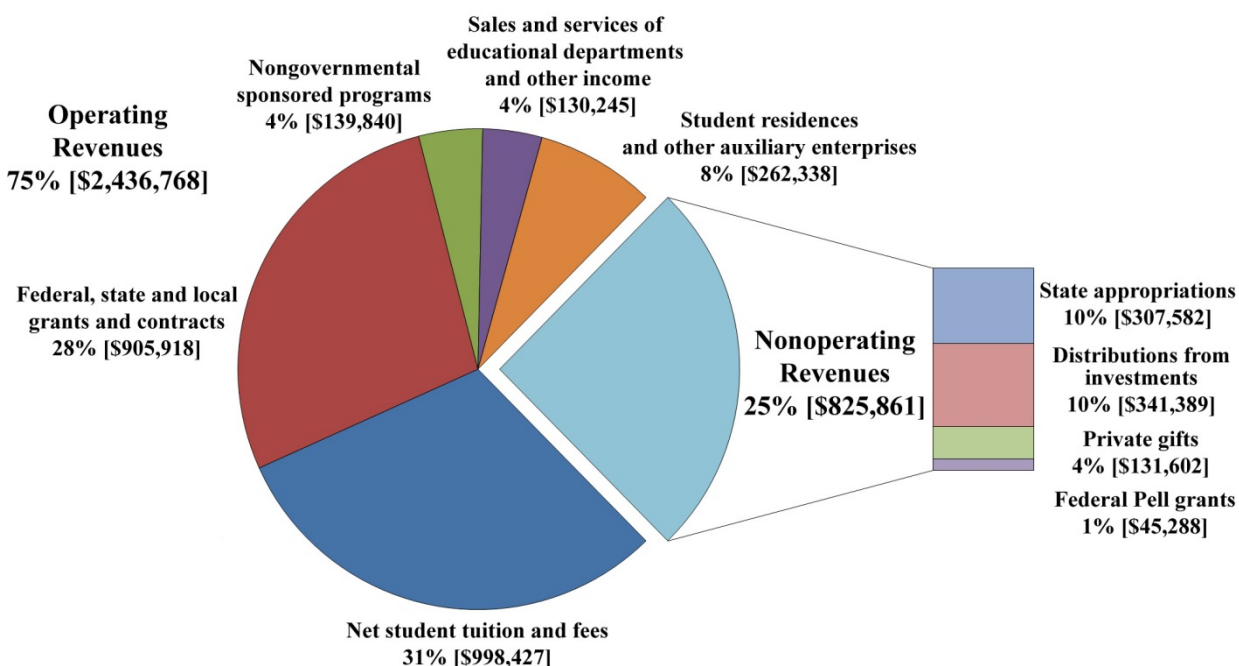


THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

The University measures its performance both for the University as a whole and for the University without its Health System and other similar activities. The exclusion of the Health System allows a clearer view of the operations of the schools and colleges, as well as central administration. The following is a graphic illustration of University revenues by source, both operating and nonoperating, which are used to fund operating activities other than the Health System, for the year ended June 30, 2012 (amounts are presented in thousands of dollars).

**Fiscal Year 2012 Revenues for Operating Activities
Excluding Revenues from the University's Health System**



Tuition and state appropriations are the primary sources of funding for the University's academic programs. There is a relationship between the growth or reduction in state support and the University's ability to restrain tuition fee increases. Together, net student tuition and fees and state appropriations increased 2 percent, or \$28 million, to \$1.31 billion in 2012, as compared to 4 percent, or \$52 million, to \$1.28 billion in 2011.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Downturns in state of Michigan tax revenues continue to put pressure on the state budget. In 2012, the University's state educational appropriations were reduced by 15 percent, or \$54 million, to \$308 million, the largest cut in state appropriations in the University's history. In 2011, the University's state educational appropriations were reduced by \$268,000, to \$362 million.

To maintain academic excellence and offset reduced state appropriations, net student tuition and fees revenue increased 9 percent in 2012 and 6 percent in 2011. For the three years ended June 30, 2012, net student tuition and fees revenue consisted of the following components:

	2012	2011	2010
	(in millions)		
Student tuition and fees	\$ 1,269.7	\$ 1,177.9	\$ 1,097.5
Scholarship allowances	(271.3)	(262.2)	(233.6)
	<u>\$ 998.4</u>	<u>\$ 915.7</u>	<u>\$ 863.9</u>

In 2012, net student tuition and fees revenue increased 9 percent, or \$83 million, to \$998 million, which reflects an 8 percent, or \$92 million, increase in gross tuition and fee revenues offset by a 3 percent, or \$9 million increase in scholarship allowances. Tuition rate increases in 2012 were 6.7 percent for resident undergraduate students, 4.9 percent for nonresident undergraduate students and 4.9 percent for most graduate students on the Ann Arbor campus, with a 6.9 percent tuition rate increase for undergraduate and graduate students on the Dearborn campus, and a 6.8 percent and 4.9 percent tuition rate increase for Flint campus undergraduate and graduate students, respectively. The University also experienced moderate growth in the number of students, particularly nonresident students.

In 2011, net student tuition and fees revenue increased 6 percent, or \$52 million, to \$916 million, which reflects a 7 percent, or \$80 million, increase in gross tuition and fee revenues offset by a 12 percent, or \$28 million increase in scholarship allowances. Tuition rate increases in 2011 were 1.5 percent for resident undergraduate students, 3.0 percent for nonresident undergraduate students and 2.8 percent for most graduate students on the Ann Arbor campus, with a 3.9 percent tuition rate increase for all undergraduates and 2.9 percent increase for most graduate students on the Dearborn campus, and a 3.9 percent tuition rate increase for most undergraduate students on the Flint campus. The University also experienced significant growth in the number of students.

Despite significant reductions in state appropriations, the University's tuition increases have consistently been among the lowest in the state, which reflects a commitment to affordable higher education for Michigan families. At the same time, the University has also increased scholarship and fellowship expenses and related allowances to benefit students in financial need.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

In absorbing this year's historic cut in state funding, the University has been able to avoid the severe cuts and double digit tuition increases experienced elsewhere in the country because of a prudent long-term plan which anticipated the realities of the state's economy. The University's plan includes an ongoing commitment to cost containment and reallocating resources to the highest priorities to provide support for innovative new academic initiatives to maintain academic excellence and help students keep pace with the ever evolving needs of society.

While tuition and state appropriations fund a large percentage of University costs, private support is becoming increasingly essential to the University's academic distinction. Private gifts for other than capital and permanent endowment purposes totaled \$132 million in 2012, as compared to \$128 million in 2011 and \$105 million in 2010.

The University receives revenues for sponsored programs from various government agencies and private sources, which normally provide for both direct and indirect costs to perform these sponsored activities, with a significant portion related to federal research. Revenues for sponsored programs decreased 3 percent, or \$27 million, to \$1.0 billion in 2012, as compared to an increase of 8 percent, or \$83 million, to \$1.1 billion in 2011, primarily due to the spend down of federal stimulus awards from the American Recovery and Reinvestment Act of 2009. Federal stimulus revenue decreased \$58 million to \$59 million in 2012 and increased \$58 million, to \$117 million in 2011.

Patient care revenues are principally generated within the University's hospitals and ambulatory care facilities under contractual arrangements with governmental payers and private insurers. Patient care revenues increased 8 percent, or \$191 million, to \$2.6 billion in 2012, as compared to an increase of 4 percent, or \$100 million, to \$2.4 billion in 2011. The increased revenues for both years primarily resulted from a growth in both outpatient and inpatient volume, as well as increased reimbursement rates from third party payers.

Net investment income totaled \$69 million in 2012, as compared to \$1.6 billion and \$796 million in 2011 and 2010, respectively. In 2012, a difficult year for emerging markets, Europe and other non-U.S. equity markets, strong returns in U.S. fixed income investments, particularly for high-grade corporate and long-term U.S. government bonds, more than offset losses in the University's equity oriented investments. Financial markets rebounded strongly in 2011 and 2010 from the losses in 2009, with most asset classes experiencing double digit positive returns. Equity and equity related investments across global markets performed particularly well in 2011 and 2010. In addition, the real estate segment of the University's investment portfolio experienced positive returns in 2012 and 2011 after losses in 2010.

The University's endowment investment policies are designed to maximize long-term total return, while its income distribution policy is designed to preserve the value of the endowment and generate a predictable stream of spendable income.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Endowment and capital gifts and grants totaled \$108 million in 2012 as compared to \$82 million and \$89 million in 2011 and 2010, respectively, with the increase in 2012 due primarily to increased capital gifts. Private gifts for permanent endowment purposes totaled \$56 million in 2012, as compared to \$57 million in 2011 and \$60 million in 2010. Capital gifts and grants totaled \$52 million in 2012, as compared to \$25 million in 2011 and \$29 million in 2010. Over the past three years, major capital gifts have been received in support of the University's wide-ranging building initiatives which include the Health System, Law School, Stephen M. Ross School of Business, Intercollegiate Athletics, College of Engineering and Museum of Art current and planned capital projects.

In addition to revenue diversification, the University continues to make cost containment an ongoing priority. This is necessary as the University continues to face significant financial pressures, particularly in the areas of compensation and benefits, which represent 65 percent of total expenses, as well as in the areas of energy, technology and ongoing maintenance of facilities and infrastructure.

A comparative summary of the University's expenses for the three years ended June 30, 2012 is as follows (amounts in millions):

	2012		2011		2010	
Operating:						
Compensation and benefits	\$ 3,804.3	65%	\$ 3,633.8	66%	\$ 3,529.3	66%
Supplies and services	1,473.7	25	1,299.6	24	1,215.6	24
Depreciation	443.1	7	390.1	7	360.1	7
Scholarships and fellowships	121.0	2	114.3	2	113.8	2
	5,842.1	99	5,437.8	99	5,218.8	99
Nonoperating:						
Interest, net	36.8	1	26.0	1	26.7	1
	<u>\$ 5,878.9</u>	<u>100%</u>	<u>\$ 5,463.8</u>	<u>100%</u>	<u>\$ 5,245.5</u>	<u>100%</u>

The University is committed to recruiting and retaining outstanding faculty and staff and the compensation package is one way to successfully compete with peer institutions and nonacademic employers. The resources expended for compensation and benefits increased 5 percent, or \$171 million, to \$3.8 billion in 2012, as compared to a 3 percent, or \$105 million, increase to \$3.6 billion in 2011. Of the 2012 increase, compensation increased 6 percent, to \$2.9 billion, and employee benefits increased 2 percent, to \$870 million. During 2012, nursing and other health professionals were added to support higher patient volume levels associated with the opening of the new C.S. Mott Children's Hospital and Von Voigtlander Women's Hospital. For 2011, compensation increased 4 percent, to \$2.8 billion, and employee benefits increased less than 1 percent, to \$854 million.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Health care benefits are one of the most significant employee benefits. Over the past several years, the University has implemented initiatives to better control its rate of increase, encourage employees to choose the lowest cost health care plan that meets their needs and share a larger portion of health care cost increases with employees.

Compared to most employers, the University is in a unique position to utilize internal experts to advise and guide its health care and drug plans. For example, the Pharmacy Benefits Advisory Committee, which consists of internal experts including Health System physicians, School of Pharmacy faculty and an on-staff pharmacist, monitors the safety and effectiveness of covered medications as well as optimizes appropriate prescribing, dispensing and cost effective use of prescription drugs. The University also actively promotes and manages generic drug utilization and has achieved an 82 percent generic dispensing rate in 2012, as compared to 76 percent in 2011 and 72 percent in 2010.

In addition, the University utilizes its nationally recognized health policy experts to guide future health plan strategies. After careful review, a series of changes are being implemented to help the University maintain competitive active and retiree benefits while helping control the growth in costs.

During 2012, the University substantially completed a two-year phase in of a new health benefits cost sharing program. Once fully implemented, the University's overall contribution toward the health care of employees, retirees and dependents will be 70 percent of the total cost of premiums, co-pays and deductibles. Down from the current 80 percent overall contribution, the new target is more in line with average contributions of peer universities and health systems. The percentage applied to each individual depends on the plan choice and whether dependents are covered. Under the new structure, contribution amounts are based on salary bands which are designed to lessen the impact on lower paid employees and retirees. In addition, the University's health premium contribution for part-time employees working between 20 and 31 hours per week was reduced from 100 percent to 80 percent of the contribution made for full-time staff in the lowest salary band. Once fully implemented, these changes are expected to reduce the University's annual cash outlay for health care expenses by approximately \$31 million.

During 2011, the University announced changes to eligibility requirements for retiree health benefits and the related amount of the University's contributions. These changes are based on the work of a committee on retiree health benefits that was formed to propose a means to maintain competitive retiree health benefits while helping address the acceleration of health benefits costs for current and future retirees and their dependents. To assist current employees with the transition, changes will be phased in gradually over the eight-year period January 1, 2013 through January 1, 2021.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Commencing January 1, 2013, the University will use a point system to determine retirement eligibility, where points represent the combination of age and years of service for full-time employees. The points needed for retirement will total 76 in 2013 and gradually be increased to 80 by 2021. During this time period, the University's contributions towards health care benefits for employees who retire in each of these years will gradually be reduced. Employees who retire after December 31, 2020 will need a minimum of twenty years of service to receive the maximum retiree health benefit contribution. Specifically, the University's contributions towards health care benefits will decrease from 87.5 percent for the retiree and 65 percent for any dependents for those employees who retire in 2013 to a maximum of 80 percent for the retiree and 50 percent for any dependents for those employees who retire in 2021. For new hires, the maximum University contribution upon retirement with twenty or more years of service will be 68 percent for the retiree and 26 percent for any dependents, commencing in 2013. These adjustments will keep the University's retiree benefits competitive with peer institutions while producing an estimated \$9 million reduction in annual cash outlay by 2020 and an estimated \$165 million reduction in annual cash outlay by 2040.

The MHealthy initiative is a university-wide effort to improve the health and well-being of faculty, staff and their dependents by creating a culture of health, reducing health risks in our population, and containing health related costs. During 2012, approximately 20,000 employees completed the annual health questionnaire, of which nearly 18,000 also completed a wellness screening. Since the inception of the MHealthy initiative in 2009, over 70 percent of employees have completed a health assessment and participated in at least one qualifying health and wellness program. A three-year evaluation of the program's impact was completed in 2012 by faculty researchers from the Michigan Institute for Clinical and Health Research and the University's Health Management Research Center. Faculty and staff who participated all three years showed statistically significant improvement in their risk levels, with the number of high risk individuals decreasing and the number of low risk individuals increasing.

These initiatives and programs reflect the reality of the national landscape, while remaining true to the commitment we make to our employees for a robust benefits package.

Supplies and services expenses increased 13 percent, or \$174 million, to \$1.5 billion in 2012, primarily due to growth in patient activity as well as activation costs associated with significant capital projects. The new facility for the C.S. Mott Children's and Von Voigtlander Women's Hospitals was placed in service during the current fiscal year and the University implemented several significant information technology systems, including the first phase of an electronic medical record and patient billing system and a new donor and alumni relationship system. In addition, the University experienced increased self insurance costs due to higher incurred losses in medical professional liability and workers compensation. Supplies and services expenses increased 7 percent, or \$84 million, to \$1.3 billion in 2011, primarily due to increases in patient care related expenses and sponsored research activities offset by aggressive cost cutting and productivity gains.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Depreciation expense increased 14 percent, or \$53 million, to \$443 million in 2012, as compared to an 8 percent, or \$30 million, increase to \$390 million in 2011. Significant capital projects that were completed during 2012 include a new facility for the C.S. Mott Children's and Von Voigtlander Women's Hospitals, renovation to Alice Lloyd Hall, and the new William Davidson Player Development Center. In addition, the remaining net book value of certain capital assets of the legacy children and women's hospitals that were deemed to have no future utility were written off in 2012 based on current renovation plans for that facility.

Net interest expense increased \$11 million in 2012 to \$37 million, from \$26 million in 2011 and \$27 million in 2010. The increase in 2012 primarily resulted from a decrease in the amount of capitalized interest on debt financed construction due to decreased construction in process.

In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University's expenses by functional classification for the three years ended June 30, 2012 is as follows (amounts in millions):

	2012		2011		2010	
Operating:						
Instruction	\$ 892.5	15%	\$ 853.1	16%	\$ 850.6	16%
Research	718.8	12	733.5	13	679.5	13
Public service	129.6	2	131.5	2	135.8	2
Institutional and academic support	504.5	9	486.3	9	485.0	9
Auxiliary enterprises:						
Patient care	2,532.4	43	2,285.2	42	2,182.7	42
Other	215.6	4	168.5	3	145.3	3
Operations and maintenance of plant	284.6	5	275.3	5	266.0	5
Depreciation	443.1	7	390.1	7	360.1	7
Scholarships and fellowships	121.0	2	114.3	2	113.8	2
	5,842.1	99	5,437.8	99	5,218.8	99
Nonoperating:						
Interest, net	36.8	1	26.0	1	26.7	1
	\$ 5,878.9	100%	\$ 5,463.8	100%	\$ 5,245.5	100%

Instruction expenses increased 5 percent, or \$42 million, to \$893 million in 2012, from \$851 million in 2010. This increase is consistent with the modest level of growth in the related revenue sources offset by cost containment efforts.

To measure its total volume of research expenditures, the University considers research expenses, included in the above table, as well as research related facilities and administrative expenses, research initiative and start-up expenses and research equipment purchases. These amounts aggregated \$1.27 billion in 2012, as compared to \$1.24 billion in 2011 and \$1.14 billion in 2010. This represents an increase of 12 percent, or \$133 million, from 2010 to 2012 and includes the impact of stimulus funds from the American Recovery and Reinvestment Act of 2009.

THE UNIVERSITY OF MICHIGAN

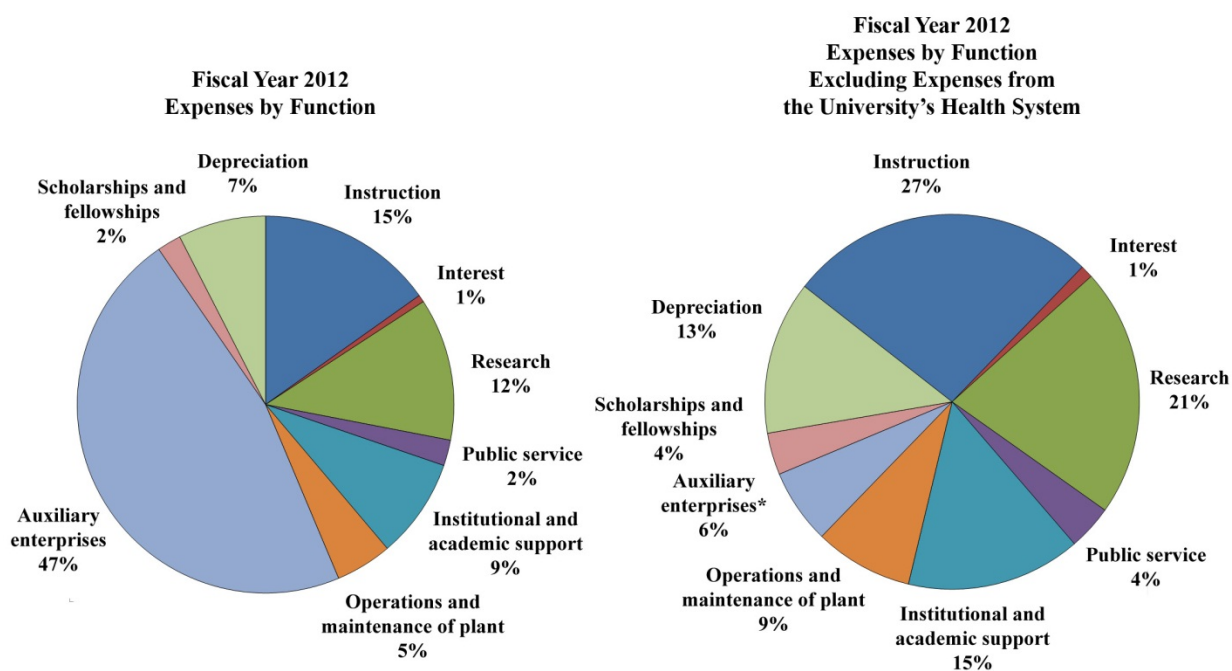
Management's Discussion and Analysis (Unaudited)--Continued

Patient care expenses increased 11 percent, or \$247 million, to \$2.5 billion in 2012, from \$2.3 billion in 2011. This increase is the result of increased patient activity from the opening of the new children and women's hospital facility, including costs of staffing, medical supplies and pharmaceuticals. Patient care expenses increased 5 percent, or \$103 million, to \$2.3 billion in 2011, from \$2.2 billion in 2010.

Total scholarships and fellowships provided to students aggregated \$411 million in 2012, as compared to \$395 million in 2011 and \$365 million in 2010, an increase of 13 percent over the past two years. Tuition, housing and fees revenues are reported net of aid applied to students' accounts, while amounts paid directly to students are reported as scholarship and fellowship expense. Scholarships and fellowships for the three years ended June 30, 2012 are summarized as follows:

	2012	2011	2010
	(in millions)		
Paid directly to students	\$ 121.0	\$ 114.3	\$ 113.8
Applied to tuition and fees	271.3	262.2	233.6
Applied to University Housing	19.0	18.2	17.4
	\$ 411.3	\$ 394.7	\$ 364.8

The following graphic illustrations present total expenses by function, with and without the University's Health System and other similar activities:



* Excludes expenses from the University's Health System of \$2.5 billion

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
	(in millions)	
Cash received from operations	\$ 5,011.9	\$ 4,806.5
Cash expended for operations	(5,332.5)	(5,020.5)
Net cash used in operating activities	(320.6)	(214.0)
Net cash provided by investing activities	141.3	176.5
Net cash used in capital and related financing activities	(436.2)	(441.7)
Net cash provided by noncapital financing activities	537.7	601.1
Net (decrease) increase in cash and cash equivalents	(77.8)	121.9
Cash and cash equivalents, beginning of year	316.5	194.6
Cash and cash equivalents, end of year	\$ 238.7	\$ 316.5

Cash received from operations primarily consists of student tuition, sponsored program grants and contracts and patient care revenues. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include state appropriations, state fiscal stabilization funds, federal Pell grants and private gifts used to fund operating activities.

Economic Factors That Will Affect the Future

The University continues to face significant financial challenges to its academic programs, stemming from the State's uncertain financial circumstances. Given the continuation of this difficult economic environment, it is noteworthy that the University maintains the highest credit ratings of Moody's (Aaa) and Standard & Poor's (AAA). Achieving and maintaining the highest credit ratings provides the University a high degree of flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, patients, the research community, the state and the nation.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

A crucial element to the University's future continues to be a strong relationship with the state of Michigan. Historically, there has been a relationship between the growth, or reduction, of state support and the University's ability to control tuition increases. Over the past several years, the University has successfully addressed the realities of the state's difficult economy and, pursuant to a long-range plan, continues to work relentlessly to cut and mitigate operational costs in order to remain affordable and preserve access, while protecting the academic enterprise.

The anticipated 1.6 percent increase in state educational appropriations in fiscal 2013 follows a 15 percent cut in state funding in fiscal 2012. To support the University's commitment to both academic excellence and accessibility, the University's budget for fiscal 2013 includes a moderate increase in tuition rates along with an increased investment in financial aid for undergraduates. Resident undergraduate tuition on the Ann Arbor campus will increase 2.8 percent and the University maintains a commitment to meet the full demonstrated financial need of resident undergraduate students with a 10.1 percent increase in centrally awarded financial aid. Nonresident undergraduate tuition will increase 3.5 percent, while most graduate and professional rates will increase 3.0 percent. Resident undergraduate tuition on the Dearborn and Flint campuses will increase 3.7 percent and 3.6 percent, respectively. The University has been able to avoid the severe cuts and double-digit tuition increases experienced by institutions around the country because of its prudent long-term plan.

The University continues to execute its long-range plan to modernize and expand its complement of older facilities while adding key new facilities for instruction, research, patient care and residential life. This strategy addresses the University's growth and the continuing effects of technology on teaching, clinical and research activities. Authorized costs to complete construction and other projects totaled \$780 million at June 30, 2012. Funding for these projects is anticipated to include \$728 million from gifts, grants and net assets designated for capital purposes as well as future borrowings and \$52 million from the utilization of unexpended debt proceeds. Economic pressures are expected to affect the State's future support.

While the University's Hospitals and Health Centers are well positioned to maintain a strong financial position in the near term, ongoing constraints on revenue are expected due to fiscal pressures from employers and federal and state governments. Management believes that much of the payment pressure can be offset by growth in patient volume and continued efforts to contain certain costs.

The University will continue to employ its long-term investment strategy to maximize total returns, at an appropriate level of risk, while utilizing a spending rate policy to preserve endowment capital and insulate the University's operations from temporary market volatility.

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)--Continued

As a labor-intensive organization, the University faces competitive pressures related to attracting and retaining faculty and staff. Moreover, consistent with the national landscape, the cost of the University's health benefits for its employees and retirees has increased dramatically over the past several years, with the increasing cost of medical care and prescription drugs of particular concern. To address these challenges, the University has successfully taken and will continue to take proactive steps to respond to the challenges of rising costs while protecting the quality of the overall benefit package.

U.S. health care reform will also influence benefits planning. Since the Affordable Care Act was signed into law in March 2010, and affirmed by the Supreme Court, new regulatory requirements will affect health plans, providers and employers alike. The implementation of the changes has begun and will span several years into the future, with most changes taking place by 2014. University experts are diligently reviewing and assessing the short and long-term impacts on our health plans and our health system to develop clear strategies and options for the future that will ensure compliance over the coming years of regulatory change. The University is also considering the benefits of a member engagement health plan design, which would include incentives for members to engage in health and well-being activities.

While it is not possible to predict the ultimate results, management believes that the University's financial condition will remain strong.

THE UNIVERSITY OF MICHIGAN
Consolidated Statement of Net Assets

	June 30,	
	2012	2011
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 238,690	\$ 316,534
Investments for operating activities	737,384	664,197
Investments for capital activities	388,637	369,687
Investments for student loan activities	55,706	50,162
Accounts receivable, net	494,787	452,611
Current portion of notes and pledges receivable, net	59,553	58,586
Current portion of prepaid expenses and other assets	78,254	82,435
Cash collateral held by agent	47,200	100,600
Total Current Assets	2,100,211	2,094,812
Noncurrent Assets:		
Endowment, life income and other investments	7,948,955	8,122,450
Notes and pledges receivable, net	196,692	194,359
Prepaid expenses and other assets	66,718	51,340
Capital assets, net	5,337,664	5,193,173
Total Noncurrent Assets	13,550,029	13,561,322
Total Assets	\$ 15,650,240	\$ 15,656,134
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 195,055	\$ 167,153
Accrued compensation and other	350,508	367,769
Deferred revenue	200,966	193,801
Current portion of insurance and benefits reserves	84,155	72,539
Current portion of obligations for postemployment benefits	56,131	53,638
Commercial paper and current portion of bonds payable	135,193	147,553
Long-term bonds payable subject to remarketing, net	482,202	274,895
Collateral held for securities lending	47,200	100,600
Deposits of affiliates and others	29,988	30,439
Total Current Liabilities	1,581,398	1,408,387
Noncurrent Liabilities:		
Accrued compensation	68,498	70,190
Insurance and benefits reserves	102,821	93,337
Obligations for postemployment benefits	1,615,433	1,583,014
Obligations under life income agreements	44,056	46,219
Government loan advances	91,211	90,904
Bonds payable	1,208,869	1,270,017
Deposits of affiliates and other	184,757	169,804
Total Noncurrent Liabilities	3,315,645	3,323,485
Total Liabilities	4,897,043	4,731,872
Net Assets:		
Invested in capital assets, net of related debt	3,597,540	3,574,878
Restricted:		
Nonexpendable	1,345,859	1,279,058
Expendable	3,283,639	3,467,232
Unrestricted	2,526,159	2,603,094
Total Net Assets	10,753,197	10,924,262
Total Liabilities and Net Assets	\$ 15,650,240	\$ 15,656,134

The accompanying notes are an integral part of the consolidated financial statements.

THE UNIVERSITY OF MICHIGAN

**Consolidated Statement of Revenues, Expenses
and Changes in Net Assets**

	Year Ended June 30,	
	2012	2011
	(in thousands)	
Operating Revenues		
Student tuition and fees	\$ 1,269,703	\$ 1,177,897
Less scholarship allowances	271,276	262,181
Net student tuition and fees	998,427	915,716
Federal grants and contracts	901,764	930,436
State and local grants and contracts	4,154	4,464
Nongovernmental sponsored programs	139,840	138,007
Sales and services of educational departments	127,473	124,235
Auxiliary enterprises:		
Patient care revenues (net of provision for bad debts of \$105,618 in 2012 and \$89,466 in 2011)	2,601,803	2,411,131
Student residence fees (net of scholarship allowances of \$19,201 in 2012 and \$18,212 in 2011)	94,134	90,232
Other revenues	168,204	160,727
Student loan interest income and fees	2,772	2,818
Total Operating Revenues	5,038,571	4,777,766
Operating Expenses		
Compensation and benefits	3,804,225	3,633,765
Supplies and services	1,473,665	1,299,651
Depreciation	443,132	390,071
Scholarships and fellowships	121,040	114,316
Total Operating Expenses	5,842,062	5,437,803
Operating loss	(803,491)	(660,037)
Nonoperating Revenues (Expenses)		
State educational appropriations	307,582	361,879
Federal Pell grants	45,288	46,669
Private gifts for other than capital and endowment purposes	131,602	127,751
Net investment income	68,650	1,632,968
Interest expense, net	(45,096)	(33,094)
Federal subsidies for interest on Build America Bonds	8,258	7,119
Total Nonoperating Revenues, Net	516,284	2,143,292
(Loss) income before other revenues (expenses)	(287,207)	1,483,255
Other Revenues (Expenses)		
State capital appropriations	100	843
Capital gifts and grants	51,934	24,907
Private gifts for permanent endowment purposes	55,742	57,451
Other	8,366	(5,182)
Total Other Revenues, Net	116,142	78,019
(Decrease) increase in net assets	(171,065)	1,561,274
Net Assets, Beginning of Year	10,924,262	9,362,988
Net Assets, End of Year	\$ 10,753,197	\$ 10,924,262

The accompanying notes are an integral part of the consolidated financial statements.

THE UNIVERSITY OF MICHIGAN

Consolidated Statement of Cash Flows

	Year Ended June 30,	
	2012	2011
	(in thousands)	
Cash Flows From Operating Activities		
Student tuition and fees	\$ 1,003,383	\$ 919,040
Federal, state and local grants and contracts	899,174	932,002
Nongovernmental sponsored programs	149,902	136,619
Sales and services of educational departments and other	295,671	289,242
Patient care revenues	2,549,627	2,419,524
Student residence fees	93,892	90,448
Payments to employees	(2,962,246)	(2,772,856)
Payments for benefits	(806,769)	(814,083)
Payments to suppliers	(1,427,728)	(1,307,883)
Payments for scholarships and fellowships	(121,025)	(114,292)
Student loans issued	(14,761)	(11,460)
Student loans collected	17,497	16,847
Student loan interest and fees collected	2,772	2,818
Net Cash Used in Operating Activities	(320,611)	(214,034)
Cash Flows From Investing Activities		
Interest and dividends on investments, net	55,934	68,488
Proceeds from sales and maturities of investments	3,583,260	3,000,798
Purchases of investments	(3,704,732)	(2,785,120)
Net decrease (increase) in cash equivalents from noncurrent investments	209,804	(125,176)
Net (decrease) increase in deposits of affiliates and others	(3,002)	17,541
Net Cash Provided by Investing Activities	141,264	176,531
Cash Flows From Capital and Related Financing Activities		
State capital appropriations	100	873
Private gifts and other receipts	58,056	35,395
Proceeds from issuance of capital debt	326,730	305,447
Principal payments on capital debt	(189,366)	(114,251)
Interest payments on capital debt, net of capitalized interest	(47,895)	(33,643)
Federal subsidies for Build America Bonds interest	8,258	6,296
Payments for bond refunding and related costs	(650)	(1,240)
Purchases of capital assets, including capitalized interest	(592,357)	(641,718)
Proceeds from sales of capital assets	890	1,129
Net Cash Used in Capital and Related Financing Activities	(436,234)	(441,712)
Cash Flows From Noncapital Financing Activities		
State educational appropriations	317,454	361,928
State fiscal stabilization funds		4,720
Federal Pell grants	45,288	46,669
Private gifts and other receipts	177,698	188,533
Student direct lending receipts	371,963	360,476
Student direct lending disbursements	(372,703)	(358,981)
Amounts received for annuity and life income funds	4,886	4,502
Amounts paid to annuitants and life beneficiaries and related expenses	(6,849)	(6,743)
Net Cash Provided by Noncapital Financing Activities	537,737	601,104
Net (decrease) increase in cash and cash equivalents	(77,844)	121,889
Cash and Cash Equivalents, Beginning of Year	316,534	194,645
Cash and Cash Equivalents, End of Year	\$ 238,690	\$ 316,534

The accompanying notes are an integral part of the consolidated financial statements.

THE UNIVERSITY OF MICHIGAN

Consolidated Statement of Cash Flows--Continued

	Year Ended June 30,	
	2012	2011
	(in thousands)	
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (803,491)	\$ (660,037)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	443,132	390,071
Changes in assets and liabilities:		
Accounts receivable, net	(48,579)	7,935
Prepaid expenses and other assets	(7,199)	(10,853)
Accounts payable	36,526	(335)
Accrued compensation and other	(4,177)	10,658
Deferred revenue	7,165	9,379
Insurance and benefits reserves	21,100	10,604
Obligations for postemployment benefits	34,912	28,544
Net cash used in operating activities	\$ (320,611)	\$ (214,034)

The accompanying notes are an integral part of the consolidated financial statements.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Note 1--Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation: The University of Michigan (the “University”) is a state-supported institution with an enrollment of approximately 60,000 students on its three campuses. The financial statements include the individual schools, colleges and departments, the University of Michigan Hospitals and Health Centers, Michigan Health Corporation (a wholly-owned corporation created to pursue joint venture and managed care initiatives) and Veritas Insurance Corporation (a wholly-owned captive insurance company). While the University is a political subdivision of the state of Michigan, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. 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 to 514.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB and the American Institute of Certified Public Accountants’ Audit and Accounting Guide, *Audits of State and Local Governments*. The statements of net assets, revenues, expenses and changes in net assets and of cash flows are reported on a consolidated basis, and all intra-university transactions are eliminated as required by GASB.

The University reports as a special purpose government entity engaged primarily in business type activities, as defined by GASB, on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The University has the option of applying pronouncements issued by the Financial Accounting Standards Board (“FASB”) after November 30, 1989, provided that such pronouncements do not conflict or contradict GASB pronouncements. The University has elected not to apply any FASB pronouncements issued after the applicable date.

The financial statements of all controlled organizations are included in the University’s financial statements; affiliated organizations that are not controlled by, and not dependent on the University, such as booster and alumni organizations, are not included.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Net assets are categorized as:

- 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 of those assets.
- Restricted:
 - Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently. Such net assets include the corpus portion (historical value) of gifts to the University's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
 - Expendable – Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. Such net assets include net appreciation of the University's permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.
- Unrestricted: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and capital programs.

Summary of Significant Accounting Policies: For purposes of the statement of cash flows, the University considers all highly liquid investments purchased with a maturity of three months or less, to be cash equivalents. Cash equivalents representing assets of the University's endowment, life income and other investments are included in noncurrent investments as these funds are not used for operating purposes.

Investments are reported in four categories in the statement of net assets. Investments reported as endowment, life income and other investments are those funds invested in portfolios that are considered by management to be of a long duration. Investments for student loan and capital activities are those funds that are intended to be used for these specific activities. All other investments are reported as investments for operating activities.

Investments in marketable securities are carried at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported in investment income.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Investments in nonmarketable limited partnerships are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2012 and 2011, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2012 and 2011, in order to provide an approximation of fair value at June 30. In addition, the carrying amount of these investments is adjusted for June 30 information from management of the investment partnerships when necessary to provide a reasonable estimate of fair value as of June 30, 2012 and 2011. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material.

Derivative instruments, such as financial futures, forward foreign exchange contracts and interest rate swaps held in investment portfolios, are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. To facilitate trading in financial futures, the University is required to post cash or securities to satisfy margin requirements of the exchange where such futures contracts are listed. The University monitors the required amount of cash and securities on deposit for financial futures transactions and withdraws or deposits cash or securities as necessary.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments denominated in foreign currencies and related income are translated at spot exchange rates on the transaction dates.

Accounts receivable are recorded net of a provision for uncollectible accounts receivable. The provision is based on management's judgment of potential uncollectible amounts, which includes such factors as historical experience and type of receivable.

The University receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Permanent endowment pledges do not meet eligibility requirements, as defined by GASB, and are not recorded as assets until the related gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fundraising.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Capital assets are recorded at cost or, if donated, at appraised value at the date of donation. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets, which primarily range from four to forty years. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research or public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Deferred revenue consists primarily of cash received from grant and contract sponsors which has not yet been earned under the terms of the agreement. Deferred revenue also includes amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

Deposits of affiliates and others represent cash and invested funds held by the University as a result of agency relationships with various groups. Noncurrent deposits of affiliates represent the portion of endowment and similar funds held by the University on behalf of others.

The University holds life income funds for beneficiaries of the pooled income fund, charitable remainder trusts and the gift annuity program. These funds generally pay lifetime income to beneficiaries, after which the principal is made available to the University in accordance with donor intentions. All life income fund assets, including those held in trust, are recorded at fair value. The present value of estimated future payments due to life income beneficiaries is recorded as a liability.

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan, permits the Board of Regents to appropriate amounts for endowment spending rule distributions as is considered prudent. The University's policy is to retain net realized and unrealized appreciation with the endowment after spending rule distributions. Net appreciation of permanent endowment funds, which totaled \$1,193,000,000 and \$1,312,000,000 at June 30, 2012 and 2011, respectively, is recorded in restricted expendable net assets. The University's endowment spending rule is further discussed in Note 2.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Patient care revenues are reported net of contractual allowances and bad debt expenses. Patient care services are primarily provided through the University of Michigan Health System, which includes the Hospitals and Health Centers, the Faculty Group Practice of the University of Michigan Medical School and the Michigan Health Corporation. Patient care services are also provided through University Health Services, which provides health care services to students, faculty and staff and Dental Faculty Associates, which provides dental care services performed by faculty dentists. Patient care services are provided to patients who meet certain criteria under the Hospitals and Health Centers' charity care policy without charge or at amounts less than its established rates. Accordingly, charity care is not reported as revenue in the accompanying statement of revenues, expenses and changes in net assets.

Other auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, parking, student unions, university press and student publications.

The University's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB, including state appropriations, federal Pell grants, gifts and investment income.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The most significant areas that require management estimates relate to self-insurance and benefits obligations.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments

Summary: The University maintains centralized management for substantially all of its cash and investments. With the exception of certain insurance reserves, charitable remainder trusts and other funds whose terms require separate management, the University invests its cash reserves and relatively short duration assets in the University Investment Pool (“UIP”). The University also collectively invests substantially all of the assets of its endowment funds (University Endowment Fund) together with a portion of its insurance and benefits reserves, charitable remainder trusts and gift annuity program in the Long Term Portfolio.

The UIP is invested together with the University’s insurance and other short-term benefits reserves in the Daily and Monthly Portfolios, which are principally invested in investment-grade money market securities, U.S. government and other fixed income securities and absolute return strategies. Balances in the UIP are primarily for operating expenses and capital projects. The funding for capital projects remains in current operating investments until amounts for specific capital projects are transferred for capital activities.

The longer investment horizon of the Long Term Portfolio allows for an equity-oriented strategy to achieve higher expected returns over time, and permits the use of less liquid alternative investments, providing for equity diversification beyond the stock markets. The Long Term Portfolio includes investments in domestic and non-U.S. stocks and bonds, commingled funds and limited partnerships consisting of venture capital, private equity, real estate, natural resources and absolute return strategies.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

Authorizations: The University's investment policies are governed and authorized by University Bylaws and the Board of Regents. The approved asset allocation policy for the Long Term Portfolio sets a general target of 80 percent equities and 20 percent fixed income securities, within a permitted range of 65 to 90 percent for equities and 10 to 35 percent for fixed income securities. Since diversification is a fundamental risk management strategy, the Long Term Portfolio is broadly diversified within these general categories.

The endowment spending rule provides for distributions from the University Endowment Fund to the University entities that benefit from the endowment fund. Commencing with the quarter ending September 30, 2010, the annual distribution rate began to be reduced from 5 percent of the one-quarter lagged seven year moving average fair value of fund shares to 4.5 percent. Distributions are being managed toward the new rate by keeping quarter to quarter distributions per share unchanged and moving toward the 4.5 percent rate when increases in the value of fund shares would otherwise result in higher per share distributions. To protect endowment principal in the event of a prolonged market downturn, distributions are limited to 5.3 percent of the current fair value of fund shares. Distributions are also made from the UIP to University entities based on the 90-day U.S. Treasury Bill rate. The University's costs to administer and grow the University Endowment Fund and UIP are funded by investment returns.

Cash and Cash Equivalents: Cash and cash equivalents, which totaled \$238,690,000 and \$316,534,000 at June 30, 2012 and 2011, respectively, represent short-term money market investments in mutual funds, overnight collective funds managed by the University's custodian or short-term highly liquid investments registered as securities and held by the University or its agents in the University's name. Of its cash and cash equivalents, the University had actual cash balances in its bank accounts in excess of Federal Deposit Insurance Corporation ("FDIC") limits in the amount of \$92,000 and \$50,000 at June 30, 2012 and 2011, respectively. Under FDIC rules implemented during 2011, the University's noninterest-bearing transaction accounts have temporarily unlimited insurance coverage through December 31, 2012. The University does not require deposits to be collateralized or insured.

Investments: At June 30, 2012 and 2011, the University's investments, which are held by the University or its agents in the University's name, are summarized as follows:

	2012	2011
	(in thousands)	
Cash equivalents, noncurrent	\$ 37,846	\$ 247,650
Fixed income securities	1,640,239	1,435,082
Commingled funds	1,630,173	1,571,478
Equity securities	783,792	1,002,151
Nonmarketable alternative investments	5,029,814	4,941,887
Other investments	8,818	8,248
	<u>\$ 9,130,682</u>	<u>\$ 9,206,496</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forwards, futures and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of net assets and is not represented by the contract or notional amounts of the instruments.

Fixed income securities have inherent financial risks, including credit risk and interest rate risk. Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. Nationally recognized statistical rating organizations ("NSROs"), such as Moody's and Standard & Poor's, assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors. Fixed income securities considered investment grade are those rated at least Baa by Moody's and BBB by Standard & Poor's. To manage credit risk, the University specifies minimum average and minimum absolute quality NSRO ratings for securities held pursuant to its management agreements.

The University minimizes concentration of credit risk, the risk of a large loss attributed to the magnitude of the investment in a single issuer of fixed income securities, by diversifying its fixed income issues and issuers and holding U.S. Treasury securities which are considered to have minimal credit risk. The University also manages this risk at the account level by limiting each fixed income manager's holding of any non-U.S. government issuer to 5 percent of the value of the investment account.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. Effective duration, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other imbedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income securities was 5.6 years at June 30, 2012, compared to 5.0 years at June 30, 2011. The University manages the effective duration of its fixed income securities at the account level, where fixed income managers generally may not deviate from the duration of their respective benchmarks by more than 25 percent.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The composition of fixed income securities at June 30, 2012 and 2011, along with credit quality and effective duration measures, is summarized as follows:

	2012					Duration (in years)
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	
U.S. Treasury	\$ 251,671				\$ 251,671	4.7
U.S. Treasury inflation protected	351,700				351,700	4.6
U.S. government agency	218,340				218,340	0.6
Mortgage backed		\$ 27,593	\$ 19,322	\$ 1,999	48,914	0.4
Asset backed		31,680	2,091		33,771	2.3
Corporate and other		717,245	11,462	7,136	735,843	8.4
	\$ 821,711	\$ 776,518	\$ 32,875	\$ 9,135	\$ 1,640,239	5.6

	2011					Duration (in years)
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	
U.S. Treasury	\$ 96,076				\$ 96,076	7.3
U.S. Treasury inflation protected	324,503				324,503	4.2
U.S. government agency	226,764				226,764	0.7
Mortgage backed		\$ 27,941	\$ 21,144		49,085	0.9
Asset backed		32,527	1,036		33,563	1.2
Corporate and other		677,307	17,525	\$ 10,259	705,091	7.0
	\$ 647,343	\$ 737,775	\$ 39,705	\$ 10,259	\$ 1,435,082	5.0

Of the University's fixed income securities, 97 percent were rated investment grade or better at June 30, 2012 and 2011, and 55 percent and 52 percent of these securities consisted of either U.S. treasury and government agencies or non-U.S. government securities rated AAA/Aaa at June 30, 2012 and 2011, respectively.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

Commingled (pooled) funds include Securities and Exchange Commission regulated mutual funds and externally managed funds, limited partnerships and corporate structures which are generally unrated and unregulated. Certain commingled funds may use derivatives, short positions and leverage as part of their investment strategy. These investments are structured to limit the University's risk exposure to the amount of invested capital. The composition of commingled funds at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Absolute return	\$ 772,830	\$ 764,844
U.S. equities	225,631	101,890
Non-U.S./global equities	590,330	681,154
U.S. fixed income	33,714	15,123
Other	7,668	8,467
	<u>\$ 1,630,173</u>	<u>\$ 1,571,478</u>

Commingled funds have liquidity (redemption) provisions, which enable the University to make full or partial withdrawals with notice, subject to restrictions on the timing and amount. Of the University's commingled funds at June 30, 2012 and 2011, approximately 71 percent and 76 percent are redeemable within one year, with 48 and 51 percent redeemable within 90 days under normal market conditions. The remaining amounts are redeemable beyond one year, with redemption of certain funds dependent on disposition of the underlying assets.

Nonmarketable alternative investments consist of limited partnerships and similar vehicles involving an advance commitment of capital called by the general partner as needed and distributions of capital and return on invested capital as underlying strategies are concluded during the life of the partnership. There is no active secondary market for these alternative investments, which are generally unrated and unregulated, and the liquidity of these investments is dependent on actions taken by the general partner. The composition of these partnerships at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Private equity	\$ 1,295,654	\$ 1,326,341
Real estate	1,176,080	1,026,564
Absolute return	797,173	845,500
Energy	801,001	806,915
Venture capital	959,906	936,567
	<u>\$ 5,029,814</u>	<u>\$ 4,941,887</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The University's limited partnership investments are diversified in terms of manager selection and industry and geographic focus. At June 30, 2012 and 2011, no individual partnership investment represented 5 percent or more of total investments. The University's committed but unpaid obligation to these limited partnerships is further discussed in Note 13.

Absolute return strategies in the commingled funds and nonmarketable alternative investments classifications include long/short stock programs, merger arbitrage, intra-capital structure arbitrage and distressed debt investments. The goal of absolute return strategies is to provide, in aggregate, a return that is consistently positive and uncorrelated with the overall market.

The University participates in non-U.S. developed and emerging markets through commingled funds invested in non-U.S./global equities and absolute return strategies. Although substantially all of these funds are reported in U.S. dollars, both price changes of the underlying securities in local markets and changes to the value of local currencies relative to the U.S. dollar are embedded in investment returns. In addition, a portion of the University's equity securities and nonmarketable alternative investments are denominated in foreign currencies, which must be settled in local (non-U.S.) currencies. Forward foreign currency contracts are typically used to manage the risk related to fluctuations in currency exchange rates between the time of purchase or sale and the actual settlement of foreign securities. Various investment managers acting for the University also use forward foreign exchange contracts in risk-based transactions to carry out their portfolio strategies.

Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The value of the University's non-U.S. dollar holdings net of outstanding forward foreign exchange contracts totaled \$993,456,000, or 11 percent of total investments at June 30, 2012, and \$1,224,168,000, or 13 percent of total investments at June 30, 2011. Non-U.S. dollar exposures are summarized as follows:

	2012	2011
	(in thousands)	
Euros	\$ 554,088	\$ 642,096
British pounds sterling	152,504	175,837
Canadian dollar	79,117	104,274
Japanese yen	51,082	60,682
Other	156,665	241,279
	<u>\$ 993,456</u>	<u>\$ 1,224,168</u>

The University manages foreign exchange risk through the use of forward foreign currency contracts and manager agreements that provide minimum diversification and maximum exposure limits by country and currency.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The Daily and Monthly Portfolios held positions in bond futures at June 30, 2012 and 2011. Bond futures are used to adjust the duration of cash equivalents and the fixed income portion of the portfolios. To meet trading margin requirements, the University had U.S. government securities and cash with a fair value of \$2,389,000 and \$5,016,000 at June 30, 2012 and 2011, respectively, on deposit with its futures contract broker as collateral.

The Long Term Portfolio and the Monthly Portfolio participate in a short-term, fully collateralized, securities lending program administered by the University's master custodian. Together, the Portfolios had \$51,987,000 and \$103,622,000 in securities loans outstanding at June 30, 2012 and 2011, respectively. At loan inception, an approved borrower must deliver collateral of cash, securities or letters of credit to the University's lending agent equal to 102 percent of fair value for domestic securities and 105 percent for foreign securities. Collateral positions are monitored daily to insure that borrowed securities are never less than 100 percent collateralized. At June 30, 2012, collateral of \$54,300,000 (104 percent of securities on loan) includes invested cash of \$47,200,000 and University payables of \$7,100,000, while at June 30, 2011, collateral of \$107,900,000 (104 percent of securities on loan) includes invested cash of \$100,600,000, University payables of \$7,100,000 and U.S. government securities of \$200,000. Cash collateral held by the University's lending agent, along with the offsetting liability to return the collateral at loan termination, are recorded in the statement of net assets. Neither the University nor its securities lending agent has the ability to pledge or sell securities received as collateral unless a borrower defaults; accordingly, noncash collateral is not recorded in the statement of net assets. Securities loans may be terminated upon notice by either the University or the borrower.

Note 3--Accounts Receivable

The composition of accounts receivable at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Patient care	\$ 529,079	\$ 430,378
Sponsored programs	84,303	80,997
State educational appropriations	55,924	65,796
Student accounts	23,482	22,858
Other	36,750	40,234
	729,538	640,263
Less provision for uncollectible accounts receivable	234,751	187,652
	<u>\$ 494,787</u>	<u>\$ 452,611</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 4--Notes and Pledges Receivable

The composition of notes and pledges receivable at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Notes:		
Federal student loan programs	\$ 87,628	\$ 89,271
University student loan funds	19,916	21,012
Other	537	542
	108,081	110,825
Less allowance for doubtfully collectible notes	3,100	3,100
Total notes receivable, net	104,981	107,725
Gift pledges outstanding:		
Capital	91,054	102,246
Operations	73,896	60,680
	164,950	162,926
Less:		
Allowance for doubtfully collectible pledges	11,303	9,643
Unamortized discount to present value	2,383	8,063
Total pledges receivable, net	151,264	145,220
Total notes and pledges receivable, net	256,245	252,945
Less current portion	59,553	58,586
	<u>\$ 196,692</u>	<u>\$ 194,359</u>

The principal repayment and interest rate terms of federal and university loans vary considerably. The allowance for doubtfully collectible notes only applies to University funded notes and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to the University under the Perkins and various health professions loan programs.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 4--Notes and Pledges Receivable--Continued

Payments on pledges receivable at June 30, 2012 are expected to be received in the following years ended June 30 (in thousands):

2013	\$ 48,717
2014	37,770
2015	33,956
2016	17,302
2017	10,088
2018 and after	17,117
	<hr/>
	\$ 164,950
	<hr/>

As discussed in Note 1, permanent endowment pledges do not meet eligibility requirements, as defined by GASB, until the related gift is received. Accordingly, permanent endowment pledges totaling approximately \$57,642,000 and \$59,374,000 at June 30, 2012 and 2011, respectively, are not recognized as assets in the accompanying financial statements. In addition, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their realizability and valuation.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 5--Capital Assets

Capital assets activity for the years ended June 30, 2012 and 2011 is summarized as follows:

	2012			Ending Balance
	Beginning Balance	Additions	Retirements	
	(in thousands)			
Land	\$ 94,365	\$ 378		\$ 94,743
Land improvements	106,849	5,065	\$ 108	111,806
Infrastructure	217,591	5,701		223,292
Buildings	6,021,971	850,314	97,040	6,775,245
Construction in progress	824,907	(598,091)		226,816
Property held for future use	53,823	(6,750)		47,073
Equipment	1,628,714	312,096	248,273	1,692,537
Library materials	473,414	22,288		495,702
	9,421,634	591,001	345,421	9,667,214
Less accumulated depreciation	4,228,461	443,132	342,043	4,329,550
	\$ 5,193,173	\$ 147,869	\$ 3,378	\$ 5,337,664

	2011			Ending Balance
	Beginning Balance	Additions	Retirements	
	(in thousands)			
Land	\$ 93,964	\$ 401		\$ 94,365
Land improvements	102,274	4,961	\$ 386	106,849
Infrastructure	213,772	3,819		217,591
Buildings	5,862,797	224,893	65,719	6,021,971
Construction in progress	545,595	279,312		824,907
Property held for future use	84,339	(30,516)		53,823
Equipment	1,623,287	128,267	122,840	1,628,714
Library materials	449,842	23,572		473,414
	8,975,870	634,709	188,945	9,421,634
Less accumulated depreciation	4,019,413	390,071	181,023	4,228,461
	\$ 4,956,457	\$ 244,638	\$ 7,922	\$ 5,193,173

The decrease in construction in progress of \$598,091,000 in 2012 represents the amount of capital expenditures for new projects of \$498,442,000 net of assets placed in service of \$1,096,533,000. The increase in construction in progress of \$279,312,000 in 2011 represents the amount of capital expenditures for new projects of \$562,924,000 net of capital assets placed in service of \$283,612,000. Interest of \$6,073,000 and \$17,599,000 was capitalized in 2012 and 2011, respectively.

Property held for future use represents the unoccupied portion of the North Campus Research Complex. The University acquired this property in June 2009 for \$114,029,000, including liabilities assumed in the purchase. During 2012 and 2011, \$6,750,000 and \$30,516,000, respectively, of the property was placed in service.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt

Long-term debt at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Commercial Paper:		
Tax-exempt, variable rate (.15%)*	\$ 57,575	\$ 85,450
Taxable, variable rate (.16%)*	5,370	5,740
General Revenue Bonds:		
Series 2012A, variable rate (.14%)* through 2036	50,000	
Series 2012B, variable rate (.14%)* through 2042	65,000	
Series 2012C, 2.00% to 5.00% through 2017	89,605	
unamortized premium	13,802	
Series 2010A, taxable-Build America Bonds, 4.926% to 5.593% through 2040	163,110	163,110
Series 2010C, 2.00% to 5.00% through 2027	178,820	183,240
unamortized premium	14,363	15,997
Series 2010D, taxable-Build America Bonds, 1.051% to 5.333% through 2041	212,345	212,345
Series 2010E, 5.000% through 2012		7,200
unamortized premium		324
Series 2009A, 3.00% to 5.00% through 2029	86,680	91,020
Series 2009B, variable rate (.15%) through 2039	118,710	118,710
unamortized premium	6,724	7,189
Series 2009D, taxable-Build America Bonds, 5.155% to 6.172% through 2030	89,815	89,815
Series 2008A, variable rate (.15%)* through 2038	105,810	105,810
Series 2008B, variable rate (.13%)* to fixed via swap through 2026		
and variable rate 2027 through 2028	106,665	111,865
Series 2005A, 5.00% through 2018	17,560	22,060
unamortized premium	704	1,054
unamortized loss on extinguishment	(72)	(118)
Series 2002, variable rate (.16%)* to fixed via swap through 2018		
and variable rate 2019 through 2032	95,035	100,715
General Revenue Refunding Bonds:		
Series 2003, 3.50% to 5.00% through 2015	6,745	11,825
unamortized premium	118	310
unamortized loss on extinguishment	(18)	(51)
Hospital Revenue Bonds:		
Series 2007A, variable rate (.16%)* through 2038	26,195	26,195
Series 2007B, variable rate (.14%)* through 2038	44,310	44,310
Series 2005A, variable rate (.14%)* through 2036	69,315	69,315
Series 2005B, variable rate (.15%)* to fixed via swap through 2026	61,900	65,360
Hospital Revenue Refunding Bonds:		
Series 2002A, 5.00% to 5.25% through 2022	35,015	45,990
unamortized premium	213	405
unamortized loss on extinguishment	(1,251)	(1,482)
Series 1998A-2, variable rate (.14%)* to fixed via swap through 2025	44,670	44,670
Medical Service Plan Revenue Bonds:		
Series 1995A, variable rate (.16%)* through 2028	26,200	26,200
Series 1991, 7.05% capital appreciation through 2012		2,120
Medical Service Plan Revenue Refunding Bonds:		
Series 1998A-1, variable rate (.14%)* to fixed via swap through 2022	33,595	33,980
Housing Energy Conservation HUD Loan, 3.00% through 2021	1,636	1,792
	1,826,264	1,692,465
Less:		
Commercial paper and current portion of bonds payable	135,193	147,553
Long-term bonds payable subject to remarketing, net	482,202	274,895
	\$ 1,208,869	\$ 1,270,017

*Denotes variable rate at June 30, 2012

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

The variable rate portions of bonds payable have remarketing features which allow bondholders to put debt back to the University. Accordingly, variable rate bonds payable are classified as current unless supported by long-term liquidity agreements, such as lines of credit or standby bond purchase agreements, which can refinance the debt on a long-term basis. The classification of the University's variable rate bonds payable at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
	<hr/>	<hr/>
Variable rate bonds payable subject to remarketing	\$ 847,405	\$ 747,130
Less:		
Current principal maturities	17,635	14,725
Long-term liquidity agreements:		
Unsecured line of credit	150,000	150,000
Standby bond purchase agreements	197,568	307,510
Long-term bonds payable subject to remarketing, net	<hr/> <u>\$ 482,202</u>	<hr/> <u>\$ 274,895</u>

The University's available line of credit and standby bond purchase agreements which expire beyond one year, between July 2013 and July 2015, were entirely unused at June 30, 2012. In addition, the University has a \$106,000,000 standby bond purchase agreement which expires in March 2013 that was also entirely unused at June 30, 2012.

In connection with certain issues of variable rate debt, the University has entered into various floating-to-fixed interest rate swaps to convert all or a portion of the associated variable rate debt to synthetic fixed rates to protect against the potential of rising interest rates. The fair value, significant terms and other information about the University's interest rate swaps is discussed in Note 7.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

Long-term debt activity, and the type of revenue it is supported by, for the year ended June 30, 2012 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
	(in thousands)			
Commercial Paper:				
General revenues	\$ 91,190	\$ 107,530	\$ 135,775	\$ 62,945
Bonds and Notes:				
General revenues	1,242,420	219,200	40,099	1,421,521
Hospital revenues	294,763		14,396	280,367
Faculty Group Practice revenues	62,300	75	2,580	59,795
Student residences revenues	1,792		156	1,636
	<u>\$ 1,692,465</u>	<u>\$ 326,805</u>	<u>\$ 193,006</u>	<u>\$ 1,826,264</u>

The University maintains a combination of variable and fixed rate debt, with effective interest rates that averaged approximately 2.3 percent and 2.5 percent in 2012 and 2011, respectively, including the amortization of bond premiums and discounts and net of federal subsidies for interest on taxable Build America Bonds. The University utilizes commercial paper to provide interim financing for its capital improvement program. The Board of Regents has authorized the issuance of up to \$150,000,000 in commercial paper backed by a general revenue pledge. Outstanding commercial paper debt is converted to long-term debt financing, as appropriate, within the normal course of business.

During 2012, the University issued \$204,605,000 of General Revenue Bonds with a net original issue premium of \$14,595,000. Total bond proceeds of \$219,200,000 were utilized to convert \$119,310,000 of commercial paper to long-term debt and provide \$99,240,000 for capital projects and \$650,000 for debt issuance costs. General Revenue Bonds issued in 2012 include \$115,000,000 of variable rate bonds (Series 2012A and Series 2012B) and \$89,605,000 of fixed rate bonds (Series 2012C).

During 2011, the University issued \$219,545,000 of General Revenue Bonds with a net original issue premium of \$452,000. Total bond proceeds of \$219,997,000 were utilized to provide \$218,757,000 for capital projects and \$1,240,000 for debt issuance costs. General Revenue Bonds issued in 2011 include \$212,345,000 of fixed rate taxable Build America Bonds (Series 2010D) and \$7,200,000 of fixed rate tax-exempt bonds (Series 2010E).

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

Debt obligations are generally callable by the University and mature at various dates through fiscal 2042. Principal maturities and interest on debt obligations, based on scheduled bond maturities, for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest*	Total
	(in thousands)		
2013	\$ 130,526	\$ 43,006	\$ 173,532
2014	55,616	41,674	97,290
2015	56,696	40,423	97,119
2016	52,931	39,100	92,031
2017	117,491	37,729	155,220
2018-2022	264,881	151,429	416,310
2023-2027	313,110	111,855	424,965
2028-2032	306,075	64,655	370,730
2033-2037	322,010	36,718	358,728
2038-2042	172,345	9,769	182,114
	1,791,681	\$ 576,358	\$ 2,368,039
Plus unamortized premiums, net	34,583		
	<u>\$ 1,826,264</u>		

* Interest on variable rate debt is estimated based on rates in effect at June 30, 2012; amounts do not reflect federal subsidies to be received for Build America Bonds interest

If all variable rate bonds were put back to the University and existing unsecured lines of credit and standby bond purchase agreements were not extended upon their current expiration dates, the total principal payments due in 2013 would increase to \$612,728,000, total principal payments due in 2014 would increase to \$298,154,000, total principal payments due in 2015 would increase to \$95,076,000 and total principal payments due in 2016 would increase to be \$61,901,000. Accordingly, principal payments due in subsequent years would be reduced to \$96,541,000 in 2017; \$162,521,000 in 2018 through 2022; \$170,300,000 in 2023 through 2027; \$130,305,000 in 2028 through 2032; \$89,805,000 in 2033 through 2037; and \$74,350,000 in 2038 through 2042. There would not be a significant impact on annual interest payments due to the low variable rate of interest on these bonds.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Derivative Instruments

Derivatives held by the University are recorded at fair value in the statement of net assets in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. For hedging derivative instruments that are effective in significantly reducing an identified financial risk, as defined by the Statement, the corresponding change in fair value is deferred and included in the statement of net assets. For all other derivative instruments, changes in fair value are reported as net investment income (loss).

Derivative instruments held by the University at June 30, 2012 and 2011 are summarized as follows:

	2012		2011	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	(in thousands)			
Investment Derivative Instruments:				
Investment portfolios:				
Futures	\$ 352,820	\$ 186	\$ 393,232	\$ 54
Foreign currency forwards	557,644	(4,844)	772,286	2,085
Other	87,019	314	81,045	(198)
	<u>\$ 997,483</u>	<u>\$ (4,344)</u>	<u>\$ 1,246,563</u>	<u>\$ 1,941</u>
Floating-to-fixed interest rate swap on debt	\$ 40,405	\$ (3,600)	\$ 46,085	\$ (2,468)
Effective Cash Flow Hedges:				
Floating-to-fixed interest rate swaps on debt	\$ 230,115	\$ (44,869)	\$ 239,160	\$ (28,612)

The University utilizes bond futures in its investment portfolios to adjust the duration of cash equivalents and fixed income securities, while foreign currency forward contracts are utilized to settle securities and transactions denominated in foreign (non-US dollar) currencies and manage foreign exchange risk. Other derivative instruments in the University's investment portfolios consist primarily of interest rate swaps, credit default swaps, total return swaps and forward security purchase or sale commitments and are used to carry out investment and portfolio strategies.

In connection with certain issues of variable rate debt, the University has entered into various floating-to-fixed interest rate swaps to convert all or a portion of the associated variable rate debt to synthetic fixed rates to protect against the potential of rising interest rates. The fair value represents the estimated amount that the University would pay to terminate the swap agreements at the statement of net assets date, taking into account current interest rates and creditworthiness of the underlying counterparty. The notional amount represents the underlying reference of the instrument and does not represent the amount of the University's settlement obligations.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Derivative Instruments--Continued

In accordance with GASB Statement No. 53, an interest rate swap is considered an effective cash flow hedge if the swap payments received substantially offset the payments made on the associated debt and changes in fair value are deferred. An interest rate swap that is not considered an effective cash flow hedge, in accordance with the provisions of this Statement, is deemed to be an investment derivative instrument and changes in fair value are recorded as net investment income (loss).

At June 30, 2012 and 2011, the fair value of floating-to-fixed interest rate swaps associated with the University's variable rate debt is a liability of \$48,469,000 and \$31,080,000, respectively, and is included in the statement of net assets as part of noncurrent other liabilities. The majority of the University's interest rate swaps qualify as effective hedges as defined by GASB Statement No. 53. The corresponding deferred asset for the fair value of swaps deemed effective cash flow hedges totaled \$44,869,000 and \$28,612,000, at June 30, 2012 and 2011, respectively, and is included in the statement of net assets as part of noncurrent other assets.

The change in fair value of derivative instruments, which includes realized gains and losses on positions closed, for the years ended June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Investment Derivative Instruments:		
Investment portfolios:		
Futures	\$ 18,998	\$ 12,026
Foreign currency forwards	(1,198)	3,378
Other	(1,679)	762
	<u>\$ 16,121</u>	<u>\$ 16,166</u>
Floating-to-fixed interest rate swap on debt	\$ (1,132)	\$ 798
Effective Cash Flow Hedges:		
Floating-to-fixed interest rate swaps on debt	\$ (16,257)	\$ 4,046

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Derivative Instruments--Continued

The University's interest rate swaps, along with their associated variable rate debt and significant terms, are summarized below.

The floating-to-fixed interest rate swap associated with the Series 2008B General Revenue Bonds has a notional amount of \$89,950,000 and \$95,150,000 at June 30, 2012 and 2011, respectively, covering a portion of the principal outstanding and the notional amount decreases as principal on the underlying bonds is repaid. Effective from April 1, 2008, the University makes payments based on a fixed rate of 3.105 percent and receives variable rate payments from the swap counterparty based on 68 percent of One-Month USD LIBOR, until the swap terminates in April 2026. The University has the option to terminate the swap upon five business day written notice and payment of the fair market compensation for the value of the swap. This swap is considered an effective hedge at June 30, 2012 and 2011 and has a fair value of (\$13,610,000) and (\$7,607,000), respectively.

The floating-to-fixed interest rate swap associated with the Series 2005B Hospital Revenue Bonds has a notional amount of \$61,900,000 and \$65,360,000 at June 30, 2012 and 2011, respectively, tied to the outstanding balance of the bonds. Effective from December 1, 2005, the University makes payments based on a fixed rate of 3.229 percent and receives variable rate payments from the swap counterparty based on 68 percent of the One-Month USD LIBOR, until the bonds mature in December 2025. The University has the option to terminate the swap upon five business day written notice and payment of the fair market compensation for the value of the swap. This swap is considered an effective hedge at June 30, 2012 and 2011 and has a fair value of (\$9,365,000) and (\$5,404,000), respectively.

The floating-to-fixed interest rate swap associated with the Series 2002 General Revenue Bonds has a notional amount of \$40,405,000 and \$46,085,000 at June 30, 2012 and 2011, respectively, covering a portion of the principal outstanding and the notional amount decreases as principal on the underlying bonds is repaid. Effective from June 1, 2007, the University makes payments based on a fixed rate of 3.5375 percent and receives variable rate payments from the swap counterparty based on 68 percent of One-Month USD LIBOR, through April 1, 2009, and 63 percent of the Five-Year USD LIBOR Swap Rate for the balance of the term, through April 2018. The University has the option to terminate the swap upon five business day written notice and payment of the fair market compensation for the value of the swap. This swap is not considered an effective hedge at June 30, 2012 and 2011 and has a fair value of (\$3,600,000) and (\$2,468,000), respectively.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Derivative Instruments--Continued

The floating-to-fixed interest rate swap associated with the Series 1998A-2 Hospital Revenue Refunding Bonds has a notional amount of \$44,670,000 at June 30, 2012 and 2011 tied to the outstanding balance of the bonds. Effective from May 14, 1998, the University makes payments based on a fixed rate of 4.705 percent and receives variable rate payments from the swap counterparty based on the floating Securities Industry and Financial Markets Association (SIFMA) Municipal Index through the final maturity dates of the underlying bonds in December 2024. The counterparty has the option of terminating the swaps if for any 180-day period the average variable rate is more than 7.0 percent. This swap is considered an effective hedge at June 30, 2012 and 2011 and has a fair value of (\$15,416,000) and (\$10,218,000), respectively.

The floating-to-fixed interest rate swap associated with the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds has a notional amount of \$33,595,000 and \$33,980,000 at June 30, 2012 and 2011, respectively, tied to the outstanding balance of the bonds. Effective from May 14, 1998, the University makes payments based on a fixed rate of 4.685 percent and receives variable rate payments based on the floating SIFMA Municipal Index through the final maturity dates of the underlying bonds in December 2021. The counterparty has the option of terminating the swaps if for any 180-day period the average variable rate is more than 7.0 percent. This swap is considered an effective hedge at June 30, 2012 and 2011 and has a fair value of (\$6,478,000) and (\$5,383,000), respectively.

Using rates in effect at June 30, 2012, the projected cash flows for the floating-to-fixed interest rate swaps deemed effective hedges in accordance with the provisions of GASB Statement No. 53, along with the debt service requirements of the associated variable rate debt, are summarized as follows:

	Variable Rate Bonds		Swap Payments, Net	Total Payments
	Principal	Interest		
(in thousands)				
2013	\$ 11,680	\$ 334	\$ 7,890	\$ 19,904
2014	12,155	318	7,504	19,977
2015	12,665	300	7,091	20,056
2016	13,195	283	6,669	20,147
2017	13,760	264	6,201	20,225
2018-2022	72,710	1,026	23,892	97,628
2023-2026	102,120	341	5,543	108,004
	\$ 238,285	\$ 2,866	\$ 64,790	\$ 305,941

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Derivative Instruments--Continued

By using derivative financial instruments to hedge exposures to changes in interest rates, the University is exposed to termination risk and basis risk. There is termination risk with floating-to-fixed interest rate swaps because the University or swap counterparty may terminate a swap if the other party fails to perform under the terms of the contract or its credit rating falls below investment grade. Termination risk is the risk that the associated variable rate debt no longer carries a synthetic fixed rate and if at the time of termination a swap has a negative fair value, the University is liable to the counterparty for payment equal to the swap's fair value. The University is also exposed to basis risk because some of the variable payments paid to the University by the counterparties are based on a percentage of LIBOR. Basis risk is the risk that changes in the relationship between SIFMA and LIBOR may impact the synthetic fixed rate of the variable rate debt. The University is not exposed to credit risk because the swaps have negative fair values.

The University is required to post collateral for certain floating-to-fixed interest rate swaps if the fair value of the swap reaches a minimum threshold. Based on the University's current credit ratings, the thresholds are \$26,000,000 for the swap associated with the Series 1998A-2 Hospital Revenue Refunding Bonds, \$27,000,000 for the swap associated with the Series 2005B Hospital Revenue Bonds and \$7,000,000 for the swap associated with the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds. There are no collateral requirements for the other two swaps. During 2012, the University was required to post collateral of up to \$1,200,000 for a significant part of the year for the interest rate swap associated with the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds. During 2011, the University was required to post collateral of \$1,061,000 for less than 90 days for the interest rate swap associated with the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds. At June 30, 2012, the University had \$1,200,000 of posted collateral outstanding.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 8--Self-Insurance

The University is self-insured for medical malpractice, workers' compensation, directors and officers' liability, property damage, auto liability and general liability through Veritas Insurance Corporation, a wholly-owned captive insurance company. The University is also self-insured for various employee benefits through internally maintained funds.

Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at present value, discounted at a rate of 6 percent.

Changes in the total reported liability for insurance and benefits obligations for the years ended June 30, 2012 and 2011 are summarized as follows:

	2012	2011
	(in thousands)	
Balance, beginning of year	\$ 165,876	\$ 155,272
Claims incurred and changes in estimates	464,826	427,272
Claim payments	(443,726)	(416,668)
Balance, end of year	186,976	165,876
Less current portion	84,155	72,539
	\$ 102,821	\$ 93,337

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 9--Postemployment Benefits

The University provides retiree health and welfare benefits, primarily medical, prescription drug, dental and life insurance coverage, to eligible retirees and their eligible dependents. Substantially all of the approximately 36,000 full-time permanent University employees may become eligible for these benefits if they reach retirement age while working for the University. For employees retiring on or after January 1, 1987, contributions toward health and welfare benefits are shared between the University and the retiree and can vary based on date of hire, date of retirement, age and coverage elections.

The University also provides income replacement benefits, retirement savings contributions and health and life insurance benefits to substantially all permanent University employees that are enrolled in a University sponsored long-term disability plan and qualify, based on disability status while working for the University, to receive basic or expanded long-term disability benefits. Contributions toward the expanded long-term disability plan are shared between the University and employees and vary based on years of service, annual base salary and coverage elections. Contributions toward the basic long-term disability plan are paid entirely by the University.

These postemployment benefits are provided through single-employer plans administered by the University. The Executive Vice Presidents of the University have the authority to establish and amend benefit provisions of the plans.

The University's annual postemployment benefits expense is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided and announced future changes at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The University implemented GASB Statement No. 45 in 2008 and elected to amortize its initial unfunded actuarial accrued liability over one year, the minimum period allowed by the Statement. The University also elected to amortize subsequent changes in actuarial assumptions, plan design and experience gains and losses over a ten year closed period. Therefore, the liability for net postemployment benefits obligations recorded in the statement of net assets will differ from the actuarial accrued liability by the unamortized portion of changes in actuarial assumptions, plan design and experience gains and losses. At June 30, 2012, the recorded liability for net postemployment benefits obligations and the actuarial accrued liability totaled \$1,671,564,000 and \$1,269,091,000, respectively.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 9--Postemployment Benefits--Continued

Changes in the total reported liability for postemployment benefits obligations for the years ended June 30, 2012 and 2011 are summarized as follows:

	2012		
	Retiree Health and Welfare	Long-term Disability (in thousands)	Total
Balance, beginning of year	\$ 1,498,395	\$ 138,257	\$ 1,636,652
Service cost	43,599	3,138	46,737
Amortization of assumption changes, plan changes and net actuarial (gains) losses	(62,590)	222	(62,368)
Interest cost	91,102	10,895	101,997
Payments of current premiums and claims	(39,286)	(12,168)	(51,454)
Balance, end of year	1,531,220	140,344	1,671,564
Less current portion	42,402	13,729	56,131
	<u>\$ 1,488,818</u>	<u>\$ 126,615</u>	<u>\$ 1,615,433</u>

	2011		
	Retiree Health and Welfare	Long-term Disability (in thousands)	Total
Balance, beginning of year	\$ 1,468,563	\$ 139,545	\$ 1,608,108
Service cost	40,808	2,791	43,599
Amortization of assumption changes, plan changes and actuarial gains	(63,307)	(405)	(63,712)
Interest cost	89,289	10,997	100,286
Payments of current premiums and claims	(36,958)	(14,671)	(51,629)
Balance, end of year	1,498,395	138,257	1,636,652
Less current portion	41,142	12,496	53,638
	<u>\$ 1,457,253</u>	<u>\$ 125,761</u>	<u>\$ 1,583,014</u>

Since a portion of retiree medical services will be provided by the University's Health System, the liability for postemployment benefit obligations is net of the related margin and fixed costs of providing those services which totaled \$262,905,000 of actuarial accrued liability at June 30, 2012 and \$239,012,000 at June 30, 2011. In accordance with GASB Statement No. 45, the University's liability for postemployment benefit obligations at June 30, 2012 is not reduced by the anticipated Medicare Retiree Drug Subsidy for future periods of approximately \$176,000,000 on an actuarial accrued liability basis.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 9--Postemployment Benefits--Continued

The annual required contribution represents a level of funding that an employer is projected to need in order to prefund its obligations for postemployment benefits over its employees' years of service and totals \$110,210,000 and \$102,158,000 at June 30, 2012 and 2011, respectively. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment and currently pays for postemployment benefits on a pay-as-you-go basis. The University's obligations for postemployment benefits at June 30, 2012, 2011 and 2010 as a percentage of covered payroll of \$2,826,760,000, \$2,665,924,000 and \$2,551,273,000, was 59, 61 and 63 percent, respectively.

The University's liability for postemployment benefits obligations was calculated using the projected unit credit method. Significant actuarial methods and assumptions used in the valuation for years ended June 30, 2012 and 2011 are as follows:

	2012	
	<u>Retiree Health and Welfare</u>	<u>Long-term Disability</u>
Discount Rate	6.08%	7.88%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	6.0%-7.0%/5.0%	6.0%-7.0%/5.0%
Immediate/Ultimate Rx Trend Rate	7.0%/5.0%	7.0%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Generational	2005 SOA Life Waiver (Modified)
	2011	
	<u>Retiree Health and Welfare</u>	<u>Long-term Disability</u>
Discount Rate	6.08%	7.88%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	7.0%-7.5%/5.0%	7.0%/5.0%
Immediate/Ultimate Rx Trend Rate	7.0%/5.0%	7.0%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Generational	2005 SOA Life Waiver (Modified)

During fiscal 2011, the University announced changes to eligibility requirements for retiree health benefits and the related amount of the University's contributions. To assist current employees with the transition, changes will be phased in gradually over the eight year period January 1, 2013 through January 1, 2021.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 10--Retirement Plan

The University has a defined contribution retirement plan for all qualified employees through the Teachers Insurance and Annuity Association - College Retirement Equities Fund ("TIAA-CREF") and Fidelity Management Trust Company ("FMTC") mutual funds. All regular and supplemental instructional and primary staff are eligible to participate in the plan based upon age and service requirements. Participants maintain individual contracts with TIAA-CREF, or accounts with FMTC, and are fully vested.

Eligible employees generally contribute 5 percent of their pay and the University generally contributes an amount equal to 10 percent of employees' pay to the plan. Effective January 1, 2010, the University contribution commences after an employee has completed one year of employment. Participants may elect to contribute additional amounts to the plans within specified limits that are not matched by University contributions. Contributions and covered payroll under the plan (excluding participants' additional contributions) for the three years ended June 30, 2012 are summarized as follows:

	2012	2011	2010
	(in thousands)		
University contributions	\$ 226,517	\$ 214,905	\$ 215,905
Employee contributions	\$ 117,127	\$ 108,981	\$ 106,389
Payroll covered under plan	\$ 2,826,760	\$ 2,665,924	\$ 2,551,273
Total payroll	\$ 2,963,848	\$ 2,802,045	\$ 2,698,219

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 11--Net Assets

The composition of net assets at June 30, 2012 and 2011 is summarized as follows:

	2012	2011
	(in thousands)	
Invested in capital assets, net of related debt	\$ 3,597,540	\$ 3,574,878
Restricted:		
Nonexpendable:		
Permanent endowment corpus	1,345,859	1,279,058
Expendable:		
Net appreciation of permanent endowments	1,193,281	1,312,282
Funds functioning as endowment	1,597,480	1,652,381
Restricted for operations and other	492,878	502,569
Unrestricted	2,526,159	2,603,094
	<u>\$ 10,753,197</u>	<u>\$ 10,924,262</u>

Unrestricted net assets, as defined by GASB, are not subject to externally imposed stipulations; however, they are subject to internal restrictions. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents. All of the unrestricted net assets, which totaled \$2,526,159,000 and \$2,603,094,000 at June 30, 2012 and 2011, respectively, have been designated for academic and research programs and initiatives and capital programs.

Note 12--Federal Direct Lending Program

The University distributed \$372,703,000 and \$358,981,000 for the years ending June 30, 2012 and 2011, respectively, for student loans through the U.S. Department of Education ("DoED") federal direct lending program. These distributions and related funding sources are not included as expenses and revenues in the accompanying financial statements. The statement of net assets includes a receivable of \$1,364,000 and \$624,000 at June 30, 2012 and 2011, respectively, for DoED funding received subsequent to distribution.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 13--Commitments and Contingencies

Authorized expenditures for construction and other projects unexpended as of June 30, 2012 were \$780,104,000. Of these expenditures, approximately \$728,547,000 will be funded by internal sources, gifts, grants and future borrowings and the remaining \$51,557,000 will be funded using unexpended debt proceeds.

Under the terms of various limited partnership agreements approved by the Board of Regents or by University officers, the University is obligated to make periodic payments for advance commitments to venture capital, private equity, real estate, energy and absolute return strategies. As of June 30, 2012, the University had committed, but not paid, a total of \$2,003,690,000 in funding for these alternative investments. Based on historical capital calls and discussions with those managing the limited partnerships, outstanding commitments for such investments are anticipated to be paid in the following years ended June 30 (in thousands):

2013	\$ 393,449
2014	472,216
2015	421,277
2016	301,679
2017	214,422
2018 and beyond	200,647
	\$ 2,003,690
	\$ 2,003,690

These commitments are generally able to be called prior to an agreed commitment expiration date and therefore may occur earlier or later than estimated.

The University has entered into operating leases for space, which expire at various dates through 2027. Outstanding commitments for these leases are expected to be paid in the following years ended June 30 (in thousands):

2013	\$ 31,363
2014	23,293
2015	18,629
2016	9,890
2017	5,893
2018-2022	11,108
2023-2027	2,129
	\$ 102,305
	\$ 102,305

Operating lease expenses totaled \$32,856,000 and \$33,529,000 in 2012 and 2011, respectively.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 13--Commitments and Contingencies--Continued

Substantial amounts are received and expended by the University under federal and state programs and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, patient care and other programs. The University believes that any liabilities arising from such audits will not have a material effect on its financial position.

The University is a party to various pending legal actions and other claims in the normal course of business, and is of the opinion that the outcome thereof will not have a material adverse effect on its financial position.

Note 14--Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB.

The University of Michigan Hospitals and Health Centers ("HHC") operates health care facilities and programs in southeastern Michigan, providing hospital care, ambulatory care and other health services. HHC serves as the principal teaching facility for the University of Michigan Medical School. The faculty of the Medical School provides substantially all physician services to HHC through its Faculty Group Practice.

HHC's outstanding debt, referred to as Hospital Revenue Bonds and Hospital Revenue Refunding Bonds, was issued pursuant to a Master Indenture Agreement, dated May 1, 1986. These bonds are solely payable from, and secured by, a pledge of hospital gross revenues, as defined in the Master Indenture. The University, as permitted by the Master Indenture, has further defined hospital gross revenues pledged to exclude revenues deemed to be associated with the Faculty Group Practice.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 14--Segment Information--Continued

Condensed financial information for HHC, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
	(in thousands)	
Condensed Statement of Net Assets		
Assets:		
Current assets	\$ 321,394	\$ 357,509
Noncurrent assets	2,812,436	2,793,939
Total assets	<u>\$ 3,133,830</u>	<u>\$ 3,151,448</u>
Liabilities:		
Current liabilities	\$ 284,049	\$ 292,503
Noncurrent liabilities	1,214,345	1,108,267
Total liabilities	<u>1,498,394</u>	<u>1,400,770</u>
Net assets:		
Invested in capital assets, net of related debt	675,615	702,096
Restricted:		
Nonexpendable	3,386	2,899
Expendable	100,521	100,672
Unrestricted	855,914	945,011
Total net assets	<u>1,635,436</u>	<u>1,750,678</u>
Total liabilities and net assets	<u>\$ 3,133,830</u>	<u>\$ 3,151,448</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating revenues	\$ 2,139,229	\$ 1,990,214
Operating expenses other than depreciation expense	(1,963,732)	(1,793,016)
Depreciation expense	(186,631)	(144,238)
Operating (loss) income	(11,134)	52,960
Nonoperating revenues, net	1,246	198,307
Net (loss) income before transfers	(9,888)	251,267
Transfers to other University units, net	(105,354)	(102,405)
(Decrease) increase in net assets	(115,242)	148,862
Net assets, beginning of year	1,750,678	1,601,816
Net assets, end of year	<u>\$ 1,635,436</u>	<u>\$ 1,750,678</u>
Condensed Statement of Cash Flows		
Net cash provided by operating activities	\$ 140,047	\$ 201,706
Net cash provided by investing activities	73,484	31,529
Net cash used in capital and related financing activities	(189,802)	(168,976)
Net cash used in noncapital financing activities	(100,180)	(99,263)
Net decrease in cash and cash equivalents	(76,451)	(35,004)
Cash and cash equivalents, beginning of year	120,811	155,815
Cash and cash equivalents, end of year	<u>\$ 44,360</u>	<u>\$ 120,811</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 15--Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2012 and 2011 are summarized as follows:

	2012				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
Instruction	\$ 771,636	\$ 120,816			\$ 892,452
Research	488,738	230,004			718,742
Public service	87,945	41,659			129,604
Academic support	191,354	40,975			232,329
Student services	68,837	20,120			88,957
Institutional support	133,302	49,941			183,243
Operations and maintenance of plant	40,269	244,300			284,569
Auxiliary enterprises	2,022,144	725,850			2,747,994
Depreciation			\$ 443,132		443,132
Scholarships and fellowships				\$ 121,040	121,040
	<u>\$ 3,804,225</u>	<u>\$ 1,473,665</u>	<u>\$ 443,132</u>	<u>\$ 121,040</u>	<u>\$ 5,842,062</u>

	2011				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
Instruction	\$ 746,347	\$ 106,790			\$ 853,137
Research	486,677	246,847			733,524
Public service	86,891	44,597			131,488
Academic support	183,866	37,150			221,016
Student services	66,669	18,478			85,147
Institutional support	130,979	49,194			180,173
Operations and maintenance of plant	39,142	236,149			275,291
Auxiliary enterprises	1,893,194	560,446			2,453,640
Depreciation			\$ 390,071		390,071
Scholarships and fellowships				\$ 114,316	114,316
	<u>\$ 3,633,765</u>	<u>\$ 1,299,651</u>	<u>\$ 390,071</u>	<u>\$ 114,316</u>	<u>\$ 5,437,803</u>

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
Agriculture, Department of				
Direct		10		\$ 1,315,542
Pass-Through:				
Michigan State University	61-4080G	10		4,398
Purdue University	8000041930-AG	10		29,002
West Shore Community College (WSCC)	11-002	10		30,129
Central Intelligence Agency				
Pass-Through:				
Seventh Sense Biosystems, Inc.	Proj Append 1 Proj Mstr Agmt	13		2,241
Commerce, Department of-Economic Development Administration				
Direct		11		154,156
Commerce, Department of-National Institute of Standards & Technology				
Direct		11		64,129
Direct		11.SB134110SE0929	ARRA	46,760
Pass-Through:				
Powertrain Engineering & Manufacturing Alliance (PEMA)	SubK dtd 2/18/08	11		337,089
University of Maryland, The	Z767303	11.609	ARRA-Measurement and Engineering Research and Standards	100,994
Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct		11		5,658,696
Pass-Through:				
Consortium for Ocean Leadership	SA 10-18	11		(152)
Institute for Learning Innovation	Contract under 8106-SUB03	11		34,608
Louisiana Universities Marine Consortium (LUMCON)	UM10-1.LUMCON# 674169D	11		70,919
Michigan, State of, Environmental Quality, Department of	12-309-08	11		2,491
Ohio State University Research Foundation	RF01066360	11		20,527
University of Illinois at Chicago	2006-05182-02	11		8,888
University of Maryland, The	CA 10-21	11		26,126
University of Maryland, The	CA 10-25	11		122,370
University of Maryland, The	CA 12-07 07-5-25684	11		76,563
University of Maryland, The	Cooperative Agreement 07-14	11		1,268
University of Vermont	23869/Watzin/Beletsky Init	11		3,231
Von Braun Center for Science & Innovation (VCSI)	Fixed Price Ltr Contract	11		(2,304)
Commerce, Department of-Office of the Secretary				
Direct		11		1,672,659
Pass-Through:				
Research Triangle Institute	888-12-16-14 T.O.9-312-0212349	11		11,686
Corporation for National and Community Service				
Pass-Through:				
Jump Start for Young Children, Inc.	120200	94		45,411
Defense, Department of-Air Force, Department of the				
Direct		12		9,987,073
Pass-Through:				
Advanced Ceramics Manufacturing, Inc.	Roundtable Res.Agmt	12		58,011
Agiltron	PO# 968277 Project# OSD10-T005	12		29,741
ARTIS Research and Risk Modeling Corporation	2010-06	12		124,826
Ball Aerospace & Technologies Corp	S10158C	12		42,334
Ball Aerospace & Technologies Corp	S10172C	12		5,689
BARRON ASSOCIATES, INC.	446-SC01	12		16,518
Comet Technology Corp	Roundtable Rsrch agmnt 1/1/10	12		93,557
Create, Inc.	57172	12		37,458
Delcross Technologies, LLC	AFOSR STTR Sub dtd 8/16/10	12		47,951
ERC, Inc.	PO RS120242	12		36,462
ERC, Inc.	RS110069	12		27,953

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
ERC, Inc.	RS111030	12		10,000
Harvard University	133486 -09	12		107,874
HyPerComp, Inc	HPCI-Michigan-2010-01	12		133,088
Johns Hopkins University	2000457358	12		(9,059)
Kent State University	444286-P8061716	12		106,383
Luminit LLC, Inc.	Subcontract Agmt	12		30,000
Massachusetts Institute of Technology	7000126569	12		145,226
Massachusetts Institute of Technology	7000184396	12		37,349
New York University	F6752-01 UW344756-2	12		41,255
NextGen Aeronautics, Inc.	09-27	12		16,643
NextGen Aeronautics, Inc.	10-21	12		7,066
Nico Technologies Corporation	Agreement	12		(1,883)
Northrop Grumman Corporation	7500080919	12		23,381
NumerEx, Inc.	10-001	12		39,700
Ohio State University, The	60006916	12		143,793
Ohio State University, The	60029346/GRT00009685	12		184,056
Ohio State University, The	GRT00008581/RF60012388	12		503
Omega Optics, Inc	Subcontract Agreement	12		14,341
Pennsylvania State University	4011-UM-AFOSR-0646	12		79,696
Signal Innovations Group, Inc.	43.001	12		39,961
Solid State Scientific Corporation	1204-56	12		2,350
UES, Inc.	S-854-000-001	12		(5,886)
UES, Inc.	S-875-120-004	12		59,554
Universal Technology Corporation	11-S587-068-01-C1	12		124,521
Universal Technology Corporation	11-S590-0020-34-C4	12		7,287
University of California - Santa Barbara	KK1234	12		138,897
University of Maryland, The	0000005315	12		102,002
University of Massachusetts	0001255673	12		85,713
University of Pittsburgh Medical Center (UPMC)	SCA-110927-07	12		28,396
University of Wisconsin	124K821	12		178,577
Virginia Polytechnic Institute and State University	416214-19337	12		74,540
Virginia Polytechnic Institute and State University	430547-19337	12		1,243
Defense, Department of-Army, Department of the Direct		12		24,014,797
Pass-Through:				
Advatech Pacific, Inc.	1003806	12		127,678
Albany Engineered Composites, Inc.	4500078293	12		31,471
Alion Science and Technology	SUB 1113622MDT	12		58,659
Arbor Photonics, Inc.	Append 1&2 Mstr Agmt	12		8,468
BAE Systems	316095	12		1,808,888
Battelle Memorial Institute	US001-0000288099	12		79,823
Battelle Memorial Institute	US001-0000288100	12		497,597
BBN Technologies	Cooperative Agreement	12		153,295
California State University	UM230897	12		915
Carnegie-Mellon University	1130131-281859	12		12,561
Columbia University	5-21124	12		145,600
DCS Corporation	262600-S15	12		(83)
DCS Corporation	APX02-0003	12		492,956
DCS Corporation	APX02-N002 Task Order 0001	12		19,341
ElectroDynamic Applications, Inc.	W911SR-10-P-0001 #20100201	12		1,548
EPIR, Ltd.	0015-11-SUMI-0001	12		44,499
EPIR, Ltd.	0043-10SUMI-0002	12		(1,951)
Georgia Institute of Technology	R7443-S1	12		162,876
Georgia Institute of Technology	RC217-G5	12		13,025
HStar	Roundtable Research Agreement	12		48,314
InformMed, Inc.	Roundtable Res Agmt	12		89,077

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Innovative Biotherapies	Proj Spec Add to Mstr Agmt	12		57,446
Innovative Biotherapies	Proj Spec Addend for Res Agmt	12		77,279
Innovative Biotherapies	Proj Spec Addend -Resch Agmt	12		14,907
Innovative Biotherapies	Proj,Spec Addend to Mstr Agmt	12		4,849
Jackson, Henry, Foundation	Subaward No. 721680	12		31,673
Mayaterials Company	Letter dtd 9/30/08	12		2,042
Michigan State University	61-3536A	12		9,829
Mississippi State University	060803-360411-01	12		67,554
National Trauma Institute (NTI)	Subaward Agmt: NTI-TRA-10	12		14,127
NeoStem	Agreement	12		92,419
Northwestern University	PROJ0001899 610473300060026163	12		78,962
Omni Sciences, Inc.	R T Res. Agmt Dtd 4/9/07	12		11,747
OptiGrate	C-4134-2	12		53,807
Pennsylvania State University	4248-UM-USA-0267	12		6,974
Robotics Technology Consortium	69-201008	12		204,594
Stemnion Inc.	Agmt dtd 08/24/06	12		2,911
Tissue Genesis, Inc.	Independent Contractor Services	12		118,261
Triton Systems, Inc.	TSI-2377-10-82254	12		49,104
University of Arkansas for Medical Sciences	37147	12		57,471
University of Delaware	27816	12		96,670
University of Illinois-Urbana-Champaign	2009-04242-03, A2436	12		7,080
University of Illinois-Urbana-Champaign	2011-02899-01, A1498	12		6,017
University of Leeds	RG.ELEC.473923	12		25,730
University of Maryland, The	Z885204	12		267,245
University of Maryland, The	Z918809	12		76,110
University of Rhode Island	PO 29423 / 0002921/000072011	12		56,828
University of Washington	145611	12		21,842
Vertical Lift Consortium (VLC)	2011-B-11-05.3-A17	12		64,529
Veterans Education & Research Assoc of MI (VERAM)	V-SUBUM-11-10	12		318,937
Defense, Department-of-Defense Advanced Research Projects Agency				
Direct		12		2,632,841
Pass-Through:				
Adaptive Materials Inc.	prime W911QX-09-C0070	12		95,968
BAE Systems	Subcontract # 794369	12		27,958
Boston Dynamics	Subcontract Agreement	12		116,993
Carnegie-Mellon University	1041388-237996	12		93,561
Carnegie-Mellon University	1150091-251534	12		584
Carnegie-Mellon University	1990024-267954	12		237,555
Charles Stark Draper Laboratory, Inc.	PO SC001-0000000577	12		12,268
Duke University	SPS 160423	12		160,670
Georgia Institute of Technology	R9292-G1	12		196,208
Harvard University	123723-5043741	12		304,935
HRL Laboratories, LLC	900279-BS	12		28,580
HRL Laboratories, LLC	Advanced Agmt	12		567,926
IBM	5003797841	12		171,793
Indiana University	BL-4348706-UM/PO #1083805	12		10,304
Innovega Inc	SCENICC	12		80,031
Intelligent Automation, Inc.	666-1	12		6,605
Lockheed Martin Corporation	DR3410480E	12		32,129
NextGen Aeronautics, Inc	10-15	12		829,246
Nico Technologies Corporation	Append 2 to Proj Mstr Agmt	12		(2,627)
Nico Technologies Corporation	Research Agreement	12		27,246
Oregon State University	X0130A-B	12		276,858
Princeton University	00001762	12		674,314
Raytheon Company	4200401169	12		95,021
Rice University	R16181	12		145,274

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Soar Technology, Inc.	10207.01	12		251,379
Teledyne Scientific and Imaging, LLC	Contact#BOU540888	12		287,530
University of California - Berkeley	SA7005	12		88,363
University of California - Los Angeles	0205-S-JD499	12		72,423
University of Houston	R-11-0047	12		298,736
Defense, Department of-Defense Threat Reduction Agency				
Direct		12		1,929,839
Pass-Through:				
Alion Science and Technology	PO# SUB1111876/TASK# 003	12		452,724
FLIR Radiation, Inc.	#1152 subcntrct agrmnt 7/8/09	12		132,127
General Electric Company	400026386	12		90,459
Massachusetts Institute of Technology	5710002583	12		192,942
Mayo Clinic	MAYO-JAX-004	12		74,738
University of Nebraska	25-0521-156-002	12		78,469
Defense, Department of-National Geospatial-Intelligence Agency				
Direct		12		67,248
Defense, Department of-National Security Agency				
Direct		12		90,232
Defense, Department of-Navy, Department of the				
Direct		12		13,119,947
Pass-Through:				
Absolute Nano	AN-STTR-001	12		30,000
Aptima	0720-1597	12		4,966
BMT Designers & Planners, Inc.	2755-080-22/N00178-04-D-4023	12		63,051
BMT Designers & Planners, Inc.	D.O.#FD0120 Task 2755-037-22	12		(5,124)
Boston Dynamics	Subcontract Agreement	12		72,550
Converteam Naval Systems, Inc.	001021	12		39,938
CSquared Innovations, LLC	PO#2011-3	12		31,944
Eastern Michigan University	P0034778	12		168,014
EMAG Technologies, Inc.	Roundtable Resech Agmt	12		135,404
Focus: Hope	41175	12		3,634
Focus: Hope	42125	12		92,805
Focus: Hope	11STD00000028	12		100,486
Focus: Hope	Membership Agmt	12		47,598
Georgia Institute of Technology	R7570-G1	12		593,405
Intelligent Automation, Inc.	N00014-11-M-0347	12		29,040
Lightning Packs LLC	Email author of May 1-2,2011	12		98,945
Michigan Engineering Services	Agreement	12		109,643
Michigan Engineering Services	P.O. 1021.1	12		101,818
NextGen Aeronautics, Inc.	11-12	12		24,131
Praxis, Inc	SC20090018	12		79,109
University of California - Irvine	2010-2514	12		80,377
University of California - Santa Barbara	KK1106	12		5,096
University of California - Santa Barbara	KK8153,Prime: N00014-08-1-0655	12		57,807
University of California-San Diego	10293740	12		386
University of New Mexico	271286-871E	12		185,553
University of Pittsburgh	0019713 (406200-3)	12		80,934
Woods Hole Oceanographic Institute	A100892	12		46,102
Defense, Department of-Other				
Direct		12		60,161
Pass-Through:				
Alion Science and Technology	Subc Agmt #19185KR	12		560,981
BAE Systems	739525	12		142,327
Cascade Technologies, Inc.	RT Research Agmt dtd 4/14/11	12		30,000
CBRITE	W 15P7T-08-C-P410-01	12		(265,894)
Clemson University	1272-7559-225-2006738	12		39,933

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EPIR, Ltd.	Contratr Agmt dtd 5/1/10	12		(333)
Sarcoma Alliance for Research Through Collaboration (SARC)	Clinical Trial SARC 006	12		592
Spectral Sciences, Inc.	9616	12		33,287
Spectral Sciences, Inc.	9706	12		5,260
Director of National Intelligence, Office of the				
Pass-Through:				
Applied Research Associates	S-001061.00000.UM, PO11-00011	99		145,539
Columbia University	1 (Acct. #5-21194)	99		143,298
Duke University	W99NF-10-1-0231	99		186,912
SRI International	69-000541, Release 1	99		79,922
Education, Department of				
Direct		84		7,517,507
Pass-Through:				
American Institute for Research	Agmt for Prof Services	84		25,674
American Institutes for Research	00477-02784	84		40,647
Center for Applied Special Technology (CAST)	UM010112-16MI	84		4,909
Columbia University	OSP #511135	84		226,956
Huron Valley Public Schools	09-01394	84		45,414
Kessler Foundation	293-03	84		84,556
Kessler Foundation	307-03	84		50,584
Livonia Public Schools	Agreement	84		50,446
Michigan, State of, Strategic Fund	11-00-11	84		201,261
Northwestern University	SP-0007695-PROJ0002156	84		16,261
Rehabilitation Institute of Chicago	H133B090024	84		179,363
Texas A & M University	S090025-Acct 415099	84		22,390
United States Automotive Materials Partnership LLC	081936	84		32,369
University of Illinois-Urbana-Champaign	2011-04078-01 Grant A0843	84		12,121
University of Pittsburgh	0005455	84		149,270
University of Washington	708171	84		124,373
Vanderbilt University	18748-S7	84		(321)
Energy, Department of				
Direct		81		20,705,936
Direct		81.049	ARRA-Office of Science Financial Assistance Program	4,363,811
Direct		81.087	ARRA-Renewable Energy Research and Development	222,634
Pass-Through:				
Alliance for Sustainable Energy, LLC	XEJ-9-99035-01	81		24,051
Alliance for Sustainable Energy, LLC	XFT-8-88508-01	81		102,505
Alliance for Sustainable Energy, LLC	ZEE-9-99406-01	81		16,086
Arbor Photonics, Inc	Exhibit A to Master Agreement	81		49,042
Argonne National Laboratory	1F-31321	81		86,200
Argonne National Laboratory	OF-33041	81		(14)
Battelle Energy Alliance, LLC	00087993	81		314,577
Battelle Energy Alliance, LLC	00088043	81		142,369
Battelle Energy Alliance, LLC	00088615	81		114,523
Battelle Energy Alliance, LLC	00089536	81		82,465
Battelle Energy Alliance, LLC	00089651	81		186,607
Battelle Energy Alliance, LLC	00091752	81		105,474
Battelle Energy Alliance, LLC	00091877	81		115,703
Battelle Energy Alliance, LLC	00092040	81		160,100
Battelle Energy Alliance, LLC	00096443	81		86,602
Battelle Energy Alliance, LLC	00102642	81		259,016
Battelle Energy Alliance, LLC	00109793	81		9,034
Battelle Energy Alliance, LLC	00110004	81		29,776
Battelle Energy Alliance, LLC	00118430	81		73,033

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Battelle Energy Alliance, LLC	00120072	81		51,987
Battelle Energy Alliance, LLC	00120441	81		86,205
Battelle Energy Alliance, LLC	00120867	81		41,165
Battelle Energy Alliance, LLC	00121535	81		97,080
Battelle Energy Alliance, LLC	00123357	81		11,364
Battelle Memorial Institute	119375	81		15,876
Battelle Memorial Institute	146170	81		234,205
Bettis Atomic Power Laboratory	7005005	81		182,544
Brookhaven Science Associates, LLC	176085	81		5,722
Brookhaven Science Associates, LLC	205265	81		31,072
Brookhaven Science Associates, LLC	211167	81		93,060
Brookhaven Science Associates, LLC	Subcnt#205265PO#BNL0000210343	81		21,285
Carnegie Institution of Washington	4-3253-20	81		57,772
Carnegie Institution of Washington	4-3253-21	81		45,086
Chrysler LLC	Agmt dtd 4/1/10	81	ARRA	328,653
Clemson University	1495-225-2008167	81		38,497
Consortium for Plant Biotechnology Research	GO12026-281	81		(25)
Detroit Economic Growth Corporation (DEGC)	Diana Flora	81		11,356
Drexel University	210035-3668	81		3,589
Eaton Innovation Center	PO 0011-37252	81		52,853
Fermi National Accelerator Laboratory	598902	81		11,401
Fermi National Accelerator Laboratory	602651	81		33,871
Fermi National Accelerator Laboratory	603678	81		20,912
Fermi National Accelerator Laboratory	588515 & 588518	81		19,033
Ford Motor Company	A10 PO09157787	81		123,812
Ford Motor Company	A10 PO09157787 001	81		96,424
General Motors Corporation	TCS26480	81		329,407
General Motors Company	GVS00274	81.086	ARRA-Conservation Research and Development	39,363
General Motors Corporation	GVS00286	81.086	ARRA-Conservation Research and Development	11,742
General Motors Corporation	GVS00350	81.086	ARRA-Conservation Research and Development	108,711
General Motors Company	GVS01142	81.086	ARRA-Conservation Research and Development	393,208
General Motors Corporation	TCS34042	81.135	ARRA-Advanced Research and Projects Agency Energy Financial Assistance Program	69,662
General Motors Holdings, LLC	GVS00485	81.086	ARRA-Conservation Research and Development	22,129
Hewlett-Packard Company	Fixed Price Agreement	81		126,833
Idaho National Laboratory	00101016	81		170,657
Idaho National Laboratory	00102030	81		470,183
Idaho National Laboratory	00102333	81		241,968
Idaho National Laboratory	00103195	81		355,161
Idaho National Laboratory	00104989	81		12,681
Integrated Sensors, LLC	Research Agreement	81		8,046
Krell Institute	Sponsor Award Letter	81		175
Lawrence Livermore National Security, LLC	B597912	81		39,686
Lawrence Livermore National Security, LLC	B598242	81		48,722
Los Alamos National Security, LLC	129021	81		119,621
Los Alamos National Security, LLC	123139-1	81		85,229
Los Alamos National Security, LLC	84168-001-10	81		35,997
Michigan State University	61-3212D	81		207,366
Michigan Technological University	MTU 050516Z16	81		32,545
Michigan Technological University	P0076114	81		46,219
Northwestern University	PROJ0001507	81		69,129
Northwestern University	611-8289300-60024673 PROJ00001	81.049	ARRA-Office of Science Financial Assistance Program	201,487
Oak Ridge National Laboratory	4000076759	81		18,441
Oak Ridge National Laboratory	4000079632	81		251,270
Ohio State University, The	60026686-UM/RF01261744	81		135,209

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Oregon State University	G0115A-A	81		60,230
Pacific Northwest National Laboratories	102038	81		10,943
Pennsylvania State University	3894-UM-DOE-4157	81		(360)
Radiation Monitoring Devices, Inc.	C-12-21	81		41,100
Robert Bosch Corporation	Roundtable Res Agmt 4/1/10	81		953,136
Sandia National Laboratories	651105	81		87,833
Sandia National Laboratories	768225	81		138
Sandia National Laboratories	875249	81		6,963
Sandia National Laboratories	943330	81		44,955
Sandia National Laboratories	1077298	81		170,394
Sandia National Laboratories	1081780	81		60,274
Sandia National Laboratories	1092082	81		40,000
Sandia National Laboratories	1110471	81		84,004
Sandia National Laboratories	1146658	81		64,310
Sandia National Laboratories	1156051	81		55,911
Sandia National Laboratories	1209963	81		19,763
Stanford University	96880	81		32,417
Stanford University	21747220-40367-B	81		166,659
Stony Brook University	#1801030-2-51055	81		332,543
United States Automotive Materials Partnership LLC	11-2602-AMP	81		36,081
United States Automotive Materials Partnership LLC	11-2609-AMP	81		95,488
Universal Display Corporation	Amend 7 to Sub dated 1/8/08	81		80,009
Universal Display Corporation	Amend ltr #5 Mstr Agmt	81		9,936
Universal Display Corporation	Amendment Letter No. 10	81		56,139
Universities Research Association	Gustafson, H. #11-F-07	81		5,011
University of California - Berkeley	00007824/po 2000087369	81		5,245
University of California - Lawrence Berkeley National Laboratory	6896522	81		55,311
University of California - Lawrence Berkeley National Laboratory	6906363	81		330,154
University of California - Lawrence Berkeley National Laboratory	7014080	81		2,187
University of California - Lawrence Berkeley National Laboratory	B598244	81		50,784
University of California - Santa Barbara	KK1113	81		73,611
University of Houston	R-12-0038	81		10,890
University of Notre Dame, The	209008	81.049	ARRA-Office of Science Financial Assistance Program	601,862
University of Oregon	234172K	81		57,055
University of Rochester	PO415385-G;UR Acct#5-23738	81		387,373
University of South Carolina	12-2009/PO #31715	81		90,446
University of Southern California	139304	81.049	ARRA-Office of Science Financial Assistance Program	99,744
University of Toledo	U/Toledo Agmt	81		1,183
University of Utah	PO# 0000150493 Award#10019241	81		19,551
University of Washington	737066	81		3,266
University of Wisconsin	238K523	81.049	ARRA-Office of Science Financial Assistance Program	55,228
UT-Battelle, LLC	400100844	81		106,310
UT-Battelle, LLC	4000067426	81		7,004
UT-Battelle, LLC	4000089179	81		22,147
UT-Battelle, LLC	4000089935	81		347
UT-Battelle, LLC	4000095462	81		53,947
UT-Battelle, LLC	4000095988	81		11,690
UT-Battelle, LLC	4000101356	81		600,969
UT-Battelle, LLC	4000109042	81		76,710
UT-Battelle, LLC	4000109889	81		922,712
Vortex Hydro Energy, LLC	Roundable Research Agreement	81		36,359
Environmental Protection Agency Direct		66		2,582,827

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Pass-Through:				
Alion Science and Technology	007931-001-BDM / SUB2191783 RE	66		51,699
Alion Science and Technology	PUR1191775	66		36,075
Alion Science and Technology	SCF1313301JF	66		47,158
American Chemistry Council	4949	66		56,082
Great Lakes Commission	GLAD 09-02	66		5,352
Great Lakes Commission	GLAD 2010-1	66		128,354
Great Lakes Observing System (GLOS)	Proj # EPA-636-03	66		169,963
Health Effects Institute	Res Agmnt #4782-RFA08-1/09-3-2	66		68,380
MACTEC	606409003 task order 0003	66		5,701
Michigan State University	61-3370UM	66		109,844
Michigan State University	61-3383F	66		9,990
Michigan State University	RC063384UM-BC	66		190,233
Michigan State University	RC063384UM-EC	66		135,545
Michigan State University	RC063384UM-P1	66		171,181
Michigan Tech Research Institute	P0084375 & Sub Award 100159Z1	66		7,073
Michigan, State of, Community Health, Department of	20100815	66		499
Michigan, State of, Community Health, Department of	20110395	66		4,794
Michigan, State of, Energy, Labor and Economic Growth, Department of	BES-11-044	66		5,202
State University of New York at Buffalo	GL00E00522-CILER	66		111,014
University of Washington	412177	66		127,146
University of Washington	690299	66		94,836
Water Environment Research Foundation	INFR6SG09	66		8,738
Water Environment Research Foundation	U1R09	66		72,975
Federal Reserve System				
Direct		18		37,084
Health and Human Services, Department of-Administration for Children and Families				
Pass-Through:				
Columbia University	1 (Acct#5-36803); PO 588902	93		183,425
Columbia University	1 (Acct#5-36804)	93		399,702
Research Foundation of State University of New York	1091186-7-55722	93		16,123
Research Foundation of State University of New York	1098400-7-59109	93		35,510
Health and Human Services, Department of-Administration on Aging				
Pass-Through:				
National Association of Area Agencies on Aging (n4a)	Subaward Agmt under 90CC00811	93		15,137
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93		4,153,480
Direct		93.715	ARRA-Recovery Act Comparative Effectiveness Research - AHRQ	1,121,978
Pass-Through:				
Abt Associates, Inc.	27082	93	ARRA	139,367
American Hospital Association	80399	93		171,400
Baylor Research Institute	5 R01 HS017718-03	93		15,980
Beth Israel Deaconess Medical Center	PrimGrnt#1R21HS019537-01	93		(2,828)
Health Research and Educational Trust	80384	93		308,114
Kaiser Permanente Northern California	115-9022-13	93.715	ARRA-Recovery Act Comparative Effectiveness Research - AHRQ	30,384
Massachusetts General Hospital	217197	93.715	ARRA-Recovery Act Comparative Effectiveness Research - AHRQ	168,028
Michigan State University	RC060967UM	93.715	ARRA-Recovery Act Comparative Effectiveness Research - AHRQ	134,631
University of California - Davis	Agmt # 201013395-7	93		36,769
University of Maryland, The	SR00002015	93		107,706
University of North Carolina	5-30939	93		18,279
University of North Carolina	5-51392	93		(1,848)

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Wayne State University	3100771 WSU09022-A3	93		1,146
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93		12,754,775
Pass-Through:				
Academy for Educational Development (AED)	1405	93		15,743
Association for Prevention Teaching and Research	TS-1410, 5U50CD3000-860-21	93		179,558
Association of American Medical Colleges	MM-1149-10/10	93		73,452
Genesee County	Contract dtd 10/01/10	93		12,585
Genesee County	Contract of October 1, 2011	93		64,008
Harvard Pilgrim Health Care	U01IP000143	93		24,730
Michigan, State of, Community Health, Department of	20110119	93		56,603
Michigan, State of, Community Health, Department of	20111734	93		(54,192)
Michigan, State of, Community Health, Department of	20120489	93		135,696
National Association for Chronic Disease Directors	0512012	93		8,201
National Association for Chronic Disease Directors	06222012	93		83,453
Special Olympics, Inc.	Award Notice dtd 5/12/11	93		4,946
The Center for Construction Research and Training (CPWR)	CPWR Awd ltr dtd 3/19/12	93		500
University of Chicago	41907	93		173,851
University of Cincinnati	COEUS #005814	93		32,170
University of Texas Medical Branch at Galveston (UTMB)	11-012/PO# UOSPC-0000000560	93		7,873
University of Texas Medical Branch at Galveston (UTMB)	11-083/PO #UOSPC-0000000623	93		60,954
University of Utah	10023181-00	93		49,100
University of Washington	725025	93		18,793
Yale University	M12A11320 (A08605)	93		15,434
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Direct		93		1,479,926
Pass-Through:				
Arbor Research Collaborative For Health	HHSM-500-T0001	93		2,336,038
Arkansas, State of	Contract#4600020055	93		(2,978)
Arkansas, State of	Contract#4600021164	93		429,917
Catapult Consultants, LLC	7038-2	93		61,409
Florida Medical Quality Assurance, Inc	Subcontract Agmt	93		21,099
Florida Medical Quality Assurance, Inc	Subcontract Agmt Dtd 9/1/11	93		218,808
Michigan, State of, Community Health, Department of	20111559	93		27,842
Michigan, State of, Community Health, Department of	20121288	93		10,053
Health and Human Services, Department of-Food and Drug Administration				
Direct		93		1,149,673
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93		2,057,766
Direct		93.405	ARRA-Public Health Traineeship Program	115,826
Direct		93.411	ARRA-Equipment to Enhance Training for Health Professionals	9,534
Pass-Through:				
Arbor Research Collaborative For Health	SubK Agrmnt 9/25/05	93		(961)
Lutheran Medical Center	Agreement	93		(7,023)
National Kidney Foundation of Michigan	NKFM Agrmnt dtd 9/1/10	93		24,069
University of California - Los Angeles	1920 G JB633	93		(48)
University of California - Los Angeles	2000 G KM384	93		25,376
University of Texas Southwestern Medical Center	GMO-901009	93		2,806
Health and Human Services, Department of-National Institutes of Health				
Direct		93		463,202,604
Direct		93.701	ARRA-Trans-NIH Recovery Act Research Support	32,508,589

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Direct		93.702	ARRA-National Center for Research Resources, Recovery Act Construction Support	416,520
Direct		93.HHSN276201000032C	ARRA	159,054
Pass-Through:				
Academy for Educational Development (AED)	4406-05-S-Umich-01	93		36,011
Albert Einstein College of Medicine	9-526-3086	93		36,726
Albert Einstein College of Medicine	Sub Grant # 9-526-3289	93		137,492
Allegheny-Singer Research Institute (ASRI)	R03 DE020118	93		4,630
Alluvium Biosciences, Inc	DRDA No. 09-0459	93		(883)
American College of Radiology	ACRIN 6654	93		43,733
American College of Radiology	Member Agreement	93		32,381
American College of Surgeons	#Z4033	93		498
American Institutes for Research	03111	93		70,076
Arbor Ultrasound Technologies, LLC	Agreement	93		35,726
ArchieMD, Inc.	Rsrch Agrmt	93		144,614
ArchieMD, Inc.	TOPIC Number 053	93		2,832
Arizona State University	11-669	93		55,726
Arizona State University	12-751	93		2,916
Baylor College of Medicine	101532647	93		49,624
Baylor College of Medicine	104510058/ PO 5600735405	93		88,197
Beckman Research Institute-City of Hope	22109.914987.6692/PO #B005959	93		16,124
Beckman Research Institute-City of Hope	Subaward 22390.914991.6695	93		16,287
Beth Israel Deaconess Medical Center	01024500	93		113,842
Beth Israel Deaconess Medical Center	Amendment #2	93		(7,033)
Beth Israel Deaconess Medical Center	01023704	93.701	ARRA-Trans-NIH Recovery Act Research Support	6,221
Beth Israel Deaconess Medical Center	01023719	93.701	ARRA-Trans-NIH Recovery Act Research Support	3,703
Biodiscovery LLC	Roundtable Research Agrmt	93		165,165
Boston College	1387-1	93.701	ARRA-Trans-NIH Recovery Act Research Support	363,345
Boston University	9500300288	93		29,158
Boston University	4145-5/PO#RA208158NGO	93		31,151
Boston University	4198-5, PO#RA208433NGC	93		(5)
Boston University	4421-5, PO#RA208422NGC	93		(31)
Boston University	4562-5	93		303,701
Boston University	9500231162, 450000082	93.701	ARRA-Trans-NIH Recovery Act Research Support	62,536
Breonics, Inc	Roundtable Rsrch Agrmt	93		14,761
Brigham and Women's Hospital	103385	93		7,798
Brigham and Women's Hospital	106694	93		9,723
Brigham and Women's Hospital	106933	93		59,751
Brigham and Women's Hospital	107049	93		96,861
Brigham and Women's Hospital	107404	93		29,250
Brigham and Women's Hospital	107591	93		14,379
Brigham and Women's Hospital	Purchased Agrmt	93		18,389
Brigham Young University	09-283	93.701	ARRA-Trans-NIH Recovery Act Research Support	(2,635)
Broad Institute	5215910-5500000191	93.701	ARRA-Trans-NIH Recovery Act Research Support	495,071
Brown University	00000319,P.O.#P263066	93		9,107
Brown University	00000329-PO#P263924	93		70,264
Butler Hospital	Subaward #9199	93		13,084
California Pacific Medical Center	2803227-S142/PO 118437	93		219,580
Carnegie-Mellon University	1090341-274134	93		97,348
Case Western Reserve University	RES505968	93		119,470

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Case Western Reserve University	RES506709	93		177,992
Case Western Reserve University	SUB #RES503857	93		(59)
Children's Hospital of Boston	0000233005	93		95,063
Children's Hospital of Boston	86739	93.701	ARRA-Trans-NIH Recovery Act Research Support	19,131
Children's Hospital of Los Angeles	NANT Master Clin Tr Rider Agmt	93		9,216
Children's Hospital of Philadelphia, The	950677RSUB	93		15,298
Children's Hospital of Philadelphia, The	951212RSUB	93		106,444
Children's Hospital of Philadelphia, The	950699RSUB	93.701	ARRA-Trans-NIH Recovery Act Research Support	9,385
Children's Memorial Hospital	900900-UMICH	93		9,977
Children's Research Institute	Subent #7928-04-04	93		1,450
Cincinnati Children's Hospital Medical Center	3100167966	93		9,528
Cincinnati Children's Hospital Medical Center	108712/PO #3100197465	93		35,049
Cincinnati Children's Hospital Medical Center	PO # 3100194255	93		1,810
Cincinnati Children's Hospital Medical Center	106691	93.701	ARRA-Trans-NIH Recovery Act Research Support	293
Cleveland Clinic Foundation (CCF)	Po 119SUB	93		69,562
Cold Spring Harbor Lab	54550114	93.701	ARRA-Trans-NIH Recovery Act Research Support	(5,201)
Colorado State University	G-4498-1	93		59,915
Colorado State University	G-4526-1	93		105,677
Colorado State University	G-4514-1	93.701	ARRA-Trans-NIH Recovery Act Research Support	(421)
Columbia University	1 (Acct #5-30233)	93		3,835
Columbia University	4 (Acct. #5-30254)	93		6,571
Columbia University	5-38337	93		471,163
Columbia University	Sub #2(Acct #5-76823)PO G02837	93		23,193
Columbia University	Sub award#2, (Acct#5-39891)	93		187,611
Columbia University	Subaward #3(Acct #5-30761)	93		2,347
Cornell University	10070943	93		21,982
Cornell University	12040475	93		579,286
Cornell University	12050660	93		785,345
Cornell University	1-N01-CN-43302	93		(83,729)
Cornell University	1-N01-CN43302-WA-24	93		167,736
Cornell University	60627-9339	93		20,882
Cornell University	1 RC2-MD-004767-01	93.701	ARRA-Trans-NIH Recovery Act Research Support	235,246
Creighton University	R01 AR054496	93		31,727
Dartmouth College	364	93		29,774
Dartmouth College	495	93		10,402
Dartmouth College	521	93		13,629
Dartmouth College	636	93		88,393
Dartmouth College	818	93		29,275
Duke University	151309	93		5,337
Duke University	11-NIH-1034	93		77,483
Duke University	12-NIH-1062	93		5,231
Duke University	12-NIH-1088	93		22,660
Duke University	203-1633	93		48,930
Duke University	CHEER Network	93		2,850
Duke University	Duke SPS No.155509(Site 51)	93		8,571
Duke University	Duke Univ U01 DK065176	93		8,790
Duke University	N01-A1-05419 SubK#10GC102970	93		14,497
Duke University	N01AI-05419	93		34,384
Duke University	PTN Site #UMH05	93		1,866
Duke University	SPS 169427	93		167,497

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Duke University	U 10 HL080413 prime	93		77,374
Duke University	Various protocols	93		3,428
Emory University	S272371	93		3,338,676
Emory University	S496432	93		49,833
Emory University	S610108	93		112,828
Emory University	S363827	93.701	ARRA-Trans-NIH Recovery Act Research Support	(1,995)
Florida State University	R01534	93		34,216
Florida State University	R01241 ARRA	93.701	ARRA-Trans-NIH Recovery Act Research Support	57,576
Forsyth Institute, The	21127UM-2335	93		347,983
Forsyth Institute, The	R01 DE016276	93		(1,252)
Genentech, Inc.	U10EY14231	93		1,300
General Electric Company	700174652	93		1,325
George Washington University	DPP1112	93		26,411
George Washington University	S-DPP1213-JB04	93		7,265
George Washington University	09-S41	93.701	ARRA-Trans-NIH Recovery Act Research Support	49,445
Georgetown University	RX 4265-053-UM-MORGENSTERN	93		49,663
Georgetown University	RX 4265-064-UM-SANCHEZ	93		231
Georgetown University	RX 4265-073-UM-SANCHEZ	93		14,581
Georgetown University	RX 4265-082-UM-Sanchez	93		64,971
Georgia Health Sciences University	25034-2	93		62,145
Georgia Health Sciences University	25034-3	93		68,059
Group Health Research Institute	PO#2011101752	93		31,397
HAMZTEC, LLC	Roundtable Research Agreement	93		139,584
Harvard	116061-5051313	93		176,718
Harvard University	123641	93		210,047
Harvard University	23570/114089	93		41,999
Harvard University	150075.0002	93.701	ARRA-Trans-NIH Recovery Act Research Support	7,638
Hektoen Institute for Medical Research, The	1215-324-UM1	93		62,342
Henry Ford Health System	SC under 1R01HL092412-01A2	93		77,019
Henry Ford Health System	SC under 5 R01 HL068971	93		30,049
Henry Ford Health System	Sub #5 R01 DK064695-08	93		28,207
Henry Ford Health System	Subcontract MENU Gen Y Stdy	93		26,788
Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc (HJF)	2194/63006-2194-75202	93		7,255,212
Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc (HJF)	2194/63006-2194-726591	93.701	ARRA-Trans-NIH Recovery Act Research Support	1,051,470
Hispanic Association of Colleges and Universities (HACU)	Fixed price Contract	93		17,451
Hutchinson, Fred, Cancer Research Center	0000693277	93		15,490
Hutchinson, Fred, Cancer Research Center	0000701012	93		30,630
Hutchinson, Fred, Cancer Research Center	0000722793	93		213,183
Hutchinson, Fred, Cancer Research Center	0000697127	93.701	ARRA-Trans-NIH Recovery Act Research Support	64,575
Indiana University	IN4686883UM; PO# 963639	93		107,365
Indiana University	PO 552182	93		72,953
Indiana University	PO 825954	93		(3,040)
Indiana University	IN4686836UMICH	93.701	ARRA-Trans-NIH Recovery Act Research Support	14,726
Indiana University	IUPUI-4693821-UM	93.701	ARRA-Trans-NIH Recovery Act Research Support	19,208
Industrial Science and Technology Network	Letter dtd 7/29/08	93		557
Innovative Biotherapies	Proj Spec Adden to Master Agmt	93		(32,544)
Innovative Biotherapies	Project Specific Addendum	93		71,715

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Instituto de Nutricion de Centro America y Panama	subcontract	93		55,320
Integrated Sensing Systems	Award ltr dtd 11/21/2011	93		50,079
Intelligent Prosthetic Systems	Roundtable Resrch Agmnt	93		89,343
Johns Hopkins University	2000348825	93		151,936
Johns Hopkins University	2000370613	93		(627)
Johns Hopkins University	2000786830	93		(8,809)
Johns Hopkins University	2000801825	93		161,920
Johns Hopkins University	Agmt of 5/1/05 (EY014660)	93		175,885
Johns Hopkins University	Agreement Dated 12/22/11	93		14,234
Johns Hopkins University	Agreement of 7/6/07	93		72,736
Johns Hopkins University	U01 CA084986	93		(21,463)
Johns Hopkins University	1 RC1 EY020140-01	93.701	ARRA-Trans-NIH Recovery Act Research Support	3,448
Joslin Diabetes Center	CTA to Protocol TINSAL-T2D	93		12,627
Joslin Diabetes Center	Sub3DoriaR03DK094484	93		6,936
Joslin Diabetes Center	Sub4DoriaR03Dk094484	93		11,317
Kaiser Foundation Research Institute	115-9834-03-M2	93		41,019
Kwame Nkrumah University of Science and Technology (KNUST)	819CHS051101/1R24TW00889901	93		296,984
Lynx Design	Resch Agmt dtd 9/23/11	93		32,024
M.D. Anderson Cancer Center	Basic Research Agreement	93		15,973
Magee Womens Research Institute	7230	93		9,876
Maine Medical Center	111-003	93		189,266
Massachusetts General Hospital	219923	93		89,417
Massachusetts General Hospital	Agmt under R01 NS042147-01A2	93		14
Massachusetts General Hospital	Prime#R01NS052592-02	93		1,540
Massachusetts General Hospital	Research Services Agreement	93		29,410
Mayo Clinic	2 P01 NS044233-06A2	93		261,506
Mayo Clinic	sub 5R01CA133049-04	93		25,536
Mayo Clinic	Sub Agmnt 5 R01 DK077950-04	93		135,249
Mayo Clinic	Subaward No. 1U01HL108712-01	93		37,157
Mayo Clinic	Subaward No.5R01DK058859-10	93		18,660
Mayo Clinic Rochester	2 R01 NS04155806 A2	93.701	ARRA-Trans-NIH Recovery Act Research Support	98,575
MC3 Inc.	Agreement	93		(666)
MC3 Inc.	Appendix C to Master Agreement	93		294,982
MedArray, Inc.	Research Agreement	93		43,905
Medical University of Ohio	942536	93		1,398
Michigan Critical Care Consultants, Inc.	Appendix B to Proj Mstr Agmnt	93		4,179
Michigan Critical Care Consultants, Inc.	Appendix E to Prjt Master Agmt	93		71,253
Michigan Critical Care Consultants, Inc.	Appendix F to Project Master A	93		87,145
Michigan Public Health Institute	C-87005-115-504200	93		23
Michigan Public Health Institute	K-30204-115-504200	93		26,121
Michigan State University	61-0029UM	93		13,639
Michigan State University	61-0037UM	93		90,243
Michigan State University	61-0047UM	93		148,563
Michigan State University	61-0850UM	93		73,118
Michigan State University	61-0860UM Prm#1U19AI08968301	93		69,448
Michigan State University	61-1407UM	93		1,221,930
Michigan State University	RC100161UM	93		25,510
Michigan State University	RC100246UMI	93		33,996
Michigan State University	RC100254UM	93		32,096
Michigan State University	RC100780UM	93		143,188
Michigan State University	RC060945UM	93.701	ARRA-Trans-NIH Recovery Act Research Support	54,621
Minneapolis Medical Research Foundation (MMRF)	Clinical Research Participatio	93		66,681
Molecular Innovations, Inc.	Prorenin-Phase I	93		12,939

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Mount Sinai Medical Center, The	0255-1215-4609	93		103,440
Mount Sinai Medical Center, The	0255-3683-4609	93		17,734
Mount Sinai Medical Center, The	0255-5031-4609	93		(29,812)
Mount Sinai Medical Center, The	0255-5032-4609	93		122,048
Mount Sinai Medical Center, The	Clin Rrsch Agrmnt dtd 8/19/11	93		360
Mount Sinai Medical Center, The	0256-4531-4609	93.701	ARRA-Trans-NIH Recovery Act Research Support	51,467
NanoBio Corporation	NIH Grnt#1R41AI085944-01	93		4,408
National Bureau of Economic Research	33-4118-07-2-80-147	93		172,115
National Bureau of Economic Research	40-4119-00	93		57,398
National Bureau of Economic Research	40-4128	93		121,043
National Bureau of Economic Research	B-33-4118-07-03-80-147	93		276,108
National Childhood Cancer Foundation	18746	93		11,951
National Childhood Cancer Foundation	19923	93		15,000
National Childhood Cancer Foundation	020751	93		246,119
National Childhood Cancer Foundation	Grant#U10 CA98543-09/Subcontra	93		14,911
National Childhood Cancer Foundation	U01CA9745209	93		57,643
National Childhood Cancer Foundation	19195	93.701	ARRA-Trans-NIH Recovery Act Research Support	(404)
National Childhood Cancer Foundation	19246	93.701	ARRA-Trans-NIH Recovery Act Research Support	(841)
National Childhood Cancer Foundation	19379	93.701	ARRA-Trans-NIH Recovery Act Research Support	588
National Jewish Health	Clin Study under NHLB Prime	93		21,502
National Marrow Donor Program (NMDP)	Master Agmt #13703	93		134,583
National Opinion Research Center	5644.035Michigan	93		(1,245)
National Opinion Research Center	11-PAF01232	93.701	ARRA-Trans-NIH Recovery Act Research Support	498,820
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Amendment #2 PFED16-MIC-01	93		1,990
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Michigan-YR23	93		11,812
NeoStem	Agreement	93		(32,984)
NeuroNexus Technologies, Inc.	Appendix D	93		31,605
New England Research Institute	Award Letter	93		14,172
New England Research Institute	Subcontract under U10 HL068270	93		35,682
New England Research Institute	U01HL068270	93		46,339
New England Research Institute	U10HL068270	93		6,925
New York University	10-00238; Proj#801795	93		5,221
New York University	F6393-01.PO#PW248293-3	93		253,472
New York University	UW408893-1	93		(107)
North Shore University Hospital	EH06-201 S25	93		57,373
North Shore-Long Island Jewish Health System	500491UMICH PO#186150	93		174,216
Northeastern University	500158 and 500159	93		(86,163)
Northeastern University	500208 and 500209	93		541,358
Northeastern University	50024178050/50024278050	93		84,057
Northern California Institute for Research & Education, Inc. (NCIRE)	YAF1637-07,081786	93		11,166
Northern California Institute for Research & Education, Inc. (NCIRE)	Sub Agmt 1456	93.701	ARRA-Trans-NIH Recovery Act Research Support	268,708
Northwestern University	SP0013157-PROJ0003518	93		10,272
Ohio State University Research Foundation	60020639, PO # RF01227474	93		12,910
Ohio State University, The	60024386, PO#RF01190509	93		21,785
Ohio State University, The	60026141/RF01210918	93		5,752
Ohio State University, The	60031135; PO RF01262745	93		9,290
Ohio State University, The	60031137; PO RF01264360	93		34,397
Ohio State University, The	PO #RF01091793 Proj #60011024	93		3,518
Ohio State University, The	Proj #60011543, PO# RF01167958	93		16,758
Ohio State University, The	RF01280314 / 60034706	93		137,225

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Ohio State University, The	60018596 PO# RF01179458	93.701	ARRA-Trans-NIH Recovery Act Research Support	44,079
Oregon Health and Science University	1001429UM	93		12,685
Patient Provider Communications, Inc	Agmt dtd 11/10/10	93		40,698
Pennsylvania State University	3140-UM-DHHS-0075	93		467,415
Pennsylvania State University	4245-UM-DHHS-0709	93		7,966
Pennsylvania State University	4263-UM-DHHS-8140	93		59,715
Pennsylvania State University	4434-UM-DHHS-9606	93		74,766
Pennsylvania State University	4579-UM-DHHS-6016	93		10,140
Pennsylvania State University	UMI EY018336-02	93		1,369
Phrixus Pharmaceuticals, Inc.	Agreement	93		96,558
Pixel Velocity	Roundtable Res.Agmt	93		40,783
Pixel Velocity	Roundtable Resch Agmt	93.701	ARRA-Trans-NIH Recovery Act Research Support	10,078
Portland State University	Index 203645/201REY321	93		69,850
Princeton University	00001809	93		24,216
Princeton University	00001869	93		21,356
Princeton University	00001912	93		65,764
PSA Team	Contract dtd 9/12/11	93		32,373
Purdue University	4102-41070	93		47,508
Purdue University	511-2048-01	93		(2,544)
Purdue University	4102-31814	93.701	ARRA-Trans-NIH Recovery Act Research Support	146,923
Radiation Monitoring Devices, Inc.	C09-26	93		13,899
Radiation Monitoring Devices, Inc.	C11-45	93		39,240
Rand Corporation	9920080002	93		120,169
Rand Corporation	9920080119	93		60,622
Rand Corporation	9920090060	93		(75,246)
Renova Life, Inc.	Contract dated 10/5/10	93		58,720
Research Foundation of State University of New York	RF Local File #1075090-2-48351	93		150,289
Rhode Island Hospital	HL077221	93		7,344
Roswell Park Cancer Institute	55-0949-02	93		20,793
Rutgers University	Rutgers #3766 / PO# S1236353	93		78,821
Sanford-Burnham Medical Research Institute	1177501	93		17,366
Science Applications International Corporation (SAIC)	27XS115	93		22,215
Science Applications International Corporation (SAIC)	29XS091	93		141,677
Science Applications International Corporation (SAIC)	29XS161	93		54,913
Scripps Research Institute, The	IH U19 AI063603	93		(800)
Seattle Children's Hospital	10118SUB	93.701	ARRA-Trans-NIH Recovery Act Research Support	8,071
Sonetics Ultrasound, Inc.	Fixed Price Research Agreement	93		45,277
Sonetics Ultrasound, Inc.	Research Agreement	93		44,804
Southern Illinois University Medical School	520317	93		525,620
Southern Illinois University Medical School	Agmt dtd 09/01/06	93		9,865
St. Jude Children's Research Hospital	111287160-7366641	93		4,003
Stanford University	22234140-39087A	93		9,464
State University of New York	11-14	93		19,440
State University of New York	1087781-2-54202	93.701	ARRA-Trans-NIH Recovery Act Research Support	70
State University of New York at Buffalo	R572942	93		(2,446)
Syracuse University	23620-02268 SO2	93		23,860
Technion - Israel Institute of Technology	R01 GM094792	93		92,192
The Buck Institute for Research on Aging	Subcontract # 2039	93		1,947
The Feinstein Institute for Medical Research	PO GRT286122	93		94,393
The Feinstein Institute for Medical Research	PO GRT286122, 500297	93		5,820
The Jackson Laboratory	633420 RR001183-33	93		267

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The Research Institute at Nationwide Children's Hospital	701111; PO# WX00194529	93		17,337
The University of Texas Health Science Center at Houston	0007721B	93		95,846
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Agreement	93		25,150
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Apendix B	93		3,982
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Master Research Agreement	93		(250)
Tufts Medical Center	5R21 DK077368-02	93		5,200
Tufts University	HS2648	93		56,403
Tulane University	TUL-612-10/11	93		29,032
University Hospitals/Rainbow Babies and Children's Hospital	N01-DK-6-2203	93		(11)
University of Alabama at Birmingham (UAB)	000383981-002	93		55,743
University of Arkansas for Medical Sciences	37347	93		38,116
University of Bath	RE-PA0278A	93		262,202
University of California	10313964	93		73,476
University of California	10314706-SUB	93		181,706
University of California - Berkeley	00007566	93		15,374
University of California - Davis	Sub # 0800038	93		164,489
University of California - Irvine	2011-2709	93		17,768
University of California - Los Angeles	1440 G PB 906	93		94,396
University of California - Los Angeles	1460 F KB114	93		72,962
University of California - Los Angeles	1550GNA961	93		22,623
University of California - Los Angeles	1556 GPC530	93		216,663
University of California - Los Angeles	1558 G NB524	93		12,870
University of California - Los Angeles	1580 B PB310	93		58
University of California - Los Angeles	1719 B PB601	93		66,510
University of California - Los Angeles	1719 P NB912	93		(1,882)
University of California - Los Angeles	1719 S PA548	93		183,388
University of California - Los Angeles	1920 G KB309	93		43,679
University of California - San Francisco	4516SC	93		58,121
University of California - San Francisco	4911sc	93		157,164
University of California - San Francisco	5375SC	93		(14,927)
University of California - San Francisco	5787SC	93		144,275
University of California - San Francisco	ITN10146-00sc	93		109,379
University of California - San Francisco	N01-AI-15416,Agmt ITN10203-00	93		28,694
University of California - San Francisco	sub award 5363sc amend #1	93		(462)
University of California - San Francisco	5766sc	93.701	ARRA-Trans-NIH Recovery Act Research Support	17,428
University of California - San Francisco	5824SC	93.701	ARRA-Trans-NIH Recovery Act Research Support	1,188,341
University of California - San Francisco	6386sc	93.701	ARRA-Trans-NIH Recovery Act Research Support	618
University of California - San Francisco	6596sc	93.701	ARRA-Trans-NIH Recovery Act Research Support	16,551
University of California-San Diego	10302052	93		70,019
University of California-San Diego	ADC-030	93		4,580
University of California-San Diego	ADC-037	93		1,529
University of California-San Diego	ADC-039	93		109,870
University of California-San Diego	Agmt 3/1/07	93		(18,423)
University of California-San Diego	Mstr Agrmt #6-00-ANDI	93		10,859
University of California-San Diego	PO# 10321837	93		52,420
University of California-San Diego	CTA #6-0 UMICH ADNI-GO	93.701	ARRA-Trans-NIH Recovery Act Research Support	20,968
University of Chicago	31069	93		(14)
University of Chicago	39778-5-30819	93		224,974
University of Chicago	39778-5-30972	93		(3,180)
University of Chicago	39778-530977,Proj RP3	93		196,136
University of Chicago	FP046846	93		93,317

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University of Chicago	HHSN26120062001C-TRACS 31249	93		52,624
University of Chicago	Subaward #5792	93		111,177
University of Chicago	35829-003S3-B	93.701	ARRA-Trans-NIH Recovery Act Research Support	19,722
University of Cincinnati	COEUS #005695/PO #L12-4500060	93		20,869
University of Cincinnati	Sub award No. 007532	93		52,500
University of Cincinnati	006467/PO No. L11-450052146	93.701	ARRA-Trans-NIH Recovery Act Research Support	7,009
University of Colorado	1547677, PO#10000168545	93		18,062
University of Colorado	FY10.220.006/2-5-50188	93.701	ARRA-Trans-NIH Recovery Act Research Support	6,082
University of Colorado	FY12.576.008/2-5-22958	93.701	ARRA-Trans-NIH Recovery Act Research Support	3,689
University of Florida, The	UF10177	93.701	ARRA-Trans-NIH Recovery Act Research Support	12,487
University of Hawaii	KA0014	93		69,816
University of Illinois at Chicago	2012-03036-01-00	93		169,546
University of Illinois at Chicago	Document #0411	93		28,659
University of Iowa	W000211688	93		11,584
University of Iowa	W000239032; PO 1000854166	93		13,771
University of Iowa	W000285700 / PO No. 1000787890	93		30,210
University of Iowa	W000333890	93		15,255
University of Kansas	QF847760	93		5,270
University of Kentucky	3048105116-09-228	93		113,716
University of Maryland, The	0000008687	93		296,057
University of Maryland, The	SR000001889	93		239,180
University of Maryland, The	SR00000236	93		310,578
University of Maryland, The	SR00001330	93.701	ARRA-Trans-NIH Recovery Act Research Support	2,743
University of Maryland-Baltimore County (UMBC)	PO # SR00001372	93.701	ARRA-Trans-NIH Recovery Act Research Support	7,701
University of Massachusetts	6114511/RFS900208	93.701	ARRA-Trans-NIH Recovery Act Research Support	2,766
University of Medicine and Dentistry of New Jersey (UMDNJ)	Prtcl #99-705	93		(66,412)
University of Miami, Florida, The	PO # M165251	93		3,153
University of Miami, Florida, The	U01 NS040406-10	93		687,700
University of Miami, Florida, The	M159075-66696G	93.701	ARRA-Trans-NIH Recovery Act Research Support	47,366
University of Minnesota	A485621505	93		66
University of Minnesota	A485621506	93		20,328
University of Minnesota	A844603902	93		45,815
University of Minnesota	N000460901	93		1,071
University of Minnesota	N000483802	93		6,886
University of Minnesota	N001204501	93		427,761
University of Minnesota	N001364902	93		4,007
University of Minnesota	P001344007	93		134,164
University of Missouri	C00027714-3	93		3,525
University of Missouri	C00028567-1	93		60,891
University of Nebraska	24-1106-0002-207	93		32,277
University of North Carolina	5-31525	93		120,390
University of North Carolina	5-50413	93		82,319
University of North Carolina	5-30069	93.701	ARRA-Trans-NIH Recovery Act Research Support	75,557
University of North Carolina at Greensboro	Subagreement 09-0293.3	93		(19,300)
University of North Carolina-Chapel Hill	5 U01 NS042167	93		(358)
University of North Carolina-Chapel Hill	5-30788	93		179,064

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University of North Carolina-Chapel Hill	5-31120	93		(1,366)
University of North Carolina-Chapel Hill	5-31833	93		58,378
University of North Carolina-Chapel Hill	5-52203	93		1,734
University of Pennsylvania	547810	93		24,372
University of Pennsylvania	552704	93		10,744
University of Pennsylvania	554393	93		51,295
University of Pennsylvania	558818	93		58,583
University of Pennsylvania	547061 PO# 2502577	93		6,703
University of Pennsylvania	549094/ PO 2473707	93		116,292
University of Pennsylvania	553478 / PO# 2525463	93		2,979
University of Pennsylvania	Empty	93		15,228
University of Pennsylvania	PO	93		203,433
University of Pennsylvania	PO # 2783754	93		41,670
University of Pennsylvania	PO# 2731587, Agmt. 554545	93		29,056
University of Pennsylvania	553356	93.701	ARRA-Trans-NIH Recovery Act Research Support	(33,732)
University of Pennsylvania	PO# 2332066 Sub Award# 553520	93.701	ARRA-Trans-NIH Recovery Act Research Support	7,274
University of Pittsburgh	0004651 / 111882-1	93		91,758
University of Pittsburgh	0009032(115597-1)	93		(3,004)
University of Pittsburgh	0011424 (118245-2) 116289-6	93		106,824
University of Pittsburgh	0011670 (117262-1)	93		22,385
University of Pittsburgh	0014136 (118907-2)	93		410,538
University of Pittsburgh	0018323 (118356-1)	93		54,372
University of Pittsburgh	0020149(118590-1)	93		191,226
University of Pittsburgh	0022996(406443-03)	93		67,494
University of Pittsburgh	9004611 (119264-)	93		64,873
University of Pittsburgh	Sub 0005432, Proj 112885-6	93		10,699
University of Pittsburgh	Sub awd#0001190	93		2,052
University of Pittsburgh	Subaward 8677; Proj #113901-1	93		5,906
University of Pittsburgh	Subawd #0021239(120181-1)	93		13,349
University of Pittsburgh	Subaward 0010681	93.701	ARRA-Trans-NIH Recovery Act Research Support	(30,525)
University of Rochester	415077-G 5-24613	93		931
University of Rochester	415740-G	93		26,739
University of Rochester	P.O.#412658-G	93		1,189
University of Rochester	UR Acct 5/24571/PO 415699-G	93		103,276
University of Rochester	000004-D	93.701	ARRA-Trans-NIH Recovery Act Research Support	26,687
University of South Carolina	12-2107(11530 FA55) P.O.#42158	93		5,913
University of South Carolina	Ltr dtd 2/3/12	93		9,900
University of South Carolina	PO#21833/11550-FA21/10-1749	93.701	ARRA-Trans-NIH Recovery Act Research Support	15,685
University of South Florida	Site #1326-1U01-DK61055	93		15,787
University of Southern California	140828	93		69,808
University of Southern California	157933	93		548,185
University of Southern California	H50856	93		67,082
University of Southern California	Subaward dtd 4/13/12	93		2,537
University of Texas	0006439A	93		91,388
University of Texas	11080798/98110450	93		3,625
University of Texas	150670/130450	93		(6,140)
University of Texas	0007224C	93.701	ARRA-Trans-NIH Recovery Act Research Support	30,521
University of Texas at Austin	UTA11-000402	93		106,187
University of Texas at Austin	UTA11-000668	93		16,773
University of Texas at Austin	UTA11-000820	93		30,263

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University of Texas Health Science Center at San Antonio	150428/130450	93		278,625
University of Texas Health Science Center at San Antonio	150671/131201	93		1,129,293
University of Texas Health Science Center at San Antonio	150673/131201	93		174,197
University of Texas Health Science Center at San Antonio	150956/131201	93		77,139
University of Texas Health Science Center at San Antonio	151146/131201	93		151,493
University of Texas Health Science Center at San Antonio	151253/151249	93		27,990
University of Texas Southwestern Medical Center	GMO 111129	93		15,152
University of Texas Southwestern Medical Center	GMO111129	93		110,751
University of Toledo	Agmt. No. NS 2005-080	93		3,621
University of Toledo	N2004-43, PO#19385	93		44,827
University of Toledo	N2012-105	93		47,603
University of Toledo	NS 2010-26	93.701	ARRA-Trans-NIH Recovery Act Research Support	73,301
University of Utah	10004099	93		5,046
University of Utah	10009050-18 Capitated	93		27,111
University of Utah	10009050-18, PO#0000151144	93	ARRA	37,813
University of Utah	2408022-09,	93		141,462
University of Virginia	GC11589-136499	93		33,971
University of Virginia	GC11617-130377	93		2,250
University of Virginia	GC11822-137684	93		209,491
University of Virginia	GC11822-140136	93		57,648
University of Virginia	GC12046-138143	93		112,296
University of Virginia	GC12107-138778	93		368,965
University of Virginia	ZC10062-134295	93.701	ARRA-Trans-NIH Recovery Act Research Support	6,074
University of Washington	300368	93		(1,634)
University of Washington	661125	93		161,238
University of Washington	684460	93		29,851
University of Washington	705170	93		(22)
University of Washington	721793	93		24,764
University of Wisconsin	257K386	93		81,223
University of Wisconsin	336K490	93		192,140
University of Wisconsin	379K363	93		59,612
University of Wisconsin	381K743	93		229,583
University of Wisconsin	836F463	93		92,943
University of Wisconsin	X493695	93		(5,430)
Van Andel Research Institute	UMDS-NCI-BH-10-40140-1	93		1,721
Van Andel Research Institute	UMIG-NCI-BH-10-40140-1	93		1,061
Van Andel Research Institute	UM-NCI-BH-10-40181-1	93		45,126
Van Andel Research Institute	UM-NCI-BH-10-40181-1	93		26,699
Van Andel Research Institute	UMPA-NCI-BH-10-40140-1	93		(2,787)
Vanderbilt University	U 01 CA114771 Prime	93		(2,309)
Vanderbilt University	VUMC 38482	93		23,824
Vanderbilt University	VUMC38231	93		11,420
Wake Forest University	WFUHS 30225	93		44,173
Washington University	Subaward # WU-09-375	93		7,744
Washington University	Subaward #WU-09-369	93		33,172
Washington University	WU-10-167, PO#2911457A	93		82,026
Washington University in St. Louis	WU-11-107/PO#2911193P	93		33,326
Washington University in St. Louis	WU-12-194	93		51,508
Wayne State University	CCG10252011, PO# P0518456	93		863
Wayne State University	P0492214 / WSU09077	93		12,726
Wayne State University	P0507698	93		388,082
Wayne State University	PO# P0507439	93		1,960
Wayne State University	WSU09018;PO#P0494592	93		19,965
Wayne State University	WSU11029	93		55,923

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Wayne State University	WSU11047-A2; PO# P0511378	93		22,469
Wayne State University	WSU11085.PO#P0516728	93		600
Wayne State University	WSU7068/PO# P0465988	93		18,408
Wayne State University	WSU09081-PO# P0495991	93.701	ARRA-Trans-NIH Recovery Act Research Support	21,203
Wayne, John, Cancer Institute	Agmt dtd 8/10/06	93		1,011
Wayne, John, Cancer Institute	Clinical Trial	93.701	ARRA-Trans-NIH Recovery Act Research Support	8,633
West Virginia University	83-109AUM / PO# 50069667	93		209,488
West Virginia University	PO #50054638	93		4,176
Western Interstate Commission for Higher Education	4475.00.5240	93.701	ARRA-Trans-NIH Recovery Act Research Support	25,700
Yale University	A08152(M11A11003)	93		77,279
Yale University	A08168(M11A10986)	93		20,634
Yale University	A08254(M11A11079)	93		22,557
Yale University	M08A00761 (A08383)	93		21,479
Yale University	M12A11207/ A08509	93		10,853
Yale University	M12A11333 (A08685)	93		101,283
Yale University	M12A11379 (A08021)	93		14,139
Yale University	Purchase Svcs Agmt	93		(9,915)
Yale University	Srv agm dtd 10/25/10	93		(32,163)
Yale University	Sub award C10A10829	93		142,878
Yale University	U10 D055925 prime	93		22,394
Yale University	M12A11301 (AS0201)	93.701	ARRA-Trans-NIH Recovery Act Research Support	76,186
Health and Human Services, Department of-Office of the Secretary				
Direct		93		6,059
Pass-Through:				
Educational Development Center, Inc.	90AP2672 11392.0.00.02.00.000	93		14,909
Michigan, State of, Community Health, Department of	20110787	93		110,599
Michigan, State of, Community Health, Department of	20111566	93		(74,936)
Michigan, State of, Community Health, Department of	20113213	93		13,979
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Direct		93		1,391,326
Pass-Through:				
American Indian Health and Family Services of SE Michigan, Inc (AIHFS)	8/16/10 under 5HS5SM058836-03	93		323
American Indian Health and Family Services of SE Michigan, Inc (AIHFS)	Agreement dtd 8/29/11	93		45,420
Starfish Family Services	Subgrant Agmt	93		8,120
Homeland Security, Department of				
Direct		97		1,947,066
Pass-Through:				
GE Global Research	PO 40074340	97		14,118
Johns Hopkins University	979910	97		66,693
Radiation Monitoring Devices, Inc.	C09-35	97		61,741
Radiation Monitoring Devices, Inc.	C11-24	97		142,606
Radiation Monitoring Devices, Inc.	Subcontract # C09-36	97		(1,113)
Texas A & M University	570775	97		40,360
University of Maryland, The	Z966301	97		2,442
Housing and Urban Development, Department of				
Direct		14		278,310
Institute of Museum and Library Services				
Direct		3		886,921
Pass-Through:				
University of Maryland, The	Z929605	3		44,429
Yale University	C09P10245	3		3,530

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Interior, Department of the				
Direct		15		163,855
Pass-Through:				
Michigan, State of, Natural Resources and Environment (MDNRE)	237000,PO#777P1300399	15		(23,515)
Michigan, State of, Natural Resources and Environment (MDNRE)	PO#777P1300488, proj 237016	15		63,131
Wisconsin, State of	PO#NMA00000033	15		1,165
Justice, Department of				
Direct		16		1,455,146
Pass-Through:				
Michigan Public Health Institute	C-27066-115-504200	16		12,161
Michigan Public Health Institute	C-27069-115-504200	16		10,166
Michigan, State of, Community Health, Department of	20111564	16.803	ARRA-Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	7,744
Library of Congress				
Direct		42		(11,699)
National Aeronautics and Space Administration				
Direct		43		12,043,128
Pass-Through:				
Alion Science and Technology	PO SCR1100627	43		147,057
Biomedware	Agmt dtd 8/2/11	43		14,448
California Institute of Technology	2-1087640	43		89,213
California Institute of Technology	44A-1085637	43		345,109
Carnegie Institution of Washington	DTM-3250-04	43		423,568
CFD Research Corporation	1484	43		31,932
Collier Research Corp	080821	43		(280)
Collier Research Corp	SUB-K #070327	43		(353)
ElectroDynamic Applications, Inc.	NNX11CC56C/PO# 11020001	43		44,318
ElectroDynamic Applications, Inc.	NNX11CF70P, PO 10090001	43		20,033
EPIR, Ltd.	F03P-11-SUMI-0002	43		16,926
Jet Propulsion Laboratory	1214369	43		13,629
Jet Propulsion Laboratory	1266313	43		647,073
Jet Propulsion Laboratory	1266314	43		88,085
Jet Propulsion Laboratory	1309693	43		(381)
Jet Propulsion Laboratory	1309768	43		958
Jet Propulsion Laboratory	1322807	43		497
Jet Propulsion Laboratory	1342966	43		(102)
Jet Propulsion Laboratory	1342979	43		3,345
Jet Propulsion Laboratory	1344183	43		11,137
Jet Propulsion Laboratory	1346017	43		16,311
Jet Propulsion Laboratory	1346899	43		359
Jet Propulsion Laboratory	1352405	43		103,309
Jet Propulsion Laboratory	1363062	43		61,042
Jet Propulsion Laboratory	1364924	43		14,145
Jet Propulsion Laboratory	1364989	43		380
Jet Propulsion Laboratory	1370331	43		(44,760)
Jet Propulsion Laboratory	1371383	43		11,680
Jet Propulsion Laboratory	1371476	43		36,135
Jet Propulsion Laboratory	1371593	43		71,301
Jet Propulsion Laboratory	1371639	43		19,008
Jet Propulsion Laboratory	1373822	43		14,977
Jet Propulsion Laboratory	1376898	43		6,693
Jet Propulsion Laboratory	1377380	43		34,799
Jet Propulsion Laboratory	1378586	43		8,308
Jet Propulsion Laboratory	1379206	43		(322)
Jet Propulsion Laboratory	1393453	43		157,123

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Jet Propulsion Laboratory	1401136	43		1,854
Jet Propulsion Laboratory	1401151	43		769
Jet Propulsion Laboratory	1403361	43		21,712
Jet Propulsion Laboratory	1409449	43		538,727
Jet Propulsion Laboratory	1411301	43		212,412
Jet Propulsion Laboratory	1416972	43		102,207
Jet Propulsion Laboratory	1416974	43		39,966
Jet Propulsion Laboratory	1418621	43		35,831
Jet Propulsion Laboratory	1427898	43		11,460
Jet Propulsion Laboratory	1427977	43		5,966
Jet Propulsion Laboratory	1430980	43		16,272
Jet Propulsion Laboratory	1431266	43		46,358
Jet Propulsion Laboratory	1434435	43		636,845
Jet Propulsion Laboratory	1434703	43		2,698
Jet Propulsion Laboratory	1435616	43		60,660
Jet Propulsion Laboratory	1442686	43		15,252
Jet Propulsion Laboratory	1445710	43		58,156
Jet Propulsion Laboratory	1447157	43		5,133
Jet Propulsion Laboratory	1449038	43		32,840
Jet Propulsion Laboratory	1456625	43		4,159
Michigan Tech Research Institute	PO# P0085592/090916Z1	43		105,326
Nevada System of Higher Education	663.1845.01	43		13,319
Northrop Grumman Corporation	7600010627	43		56,182
Northwestern University	PROJ0001363	43		(1,065)
Ohio State University, The	60014113	43		176,858
Picomatrix, Inc.	Subcontract	43		53,925
Raytheon Company	PO# 9500010969	43		38,496
Scientific Monitoring, Inc.	UoM1002	43		17,997
Southwest Research Institute	699056KC	43		58,258
Southwest Research Institute	A99154LM	43		(169)
Southwest Research Institute	A99201MO	43		852,986
Southwest Research Institute	B99073JD	43		25,504
Space Telescope Science Institute	HST-AR-11252.05	43		20,948
Space Telescope Science Institute	HST-AR-12129.01-A	43		30,996
Space Telescope Science Institute	HST-GO-10824.13-A	43		1,786
Space Telescope Science Institute	HST-GO-11583.01-A	43		56,062
Space Telescope Science Institute	HST-GO-11589.01-A	43		10,917
Space Telescope Science Institute	HST-GO11607.01-A	43		22,184
Space Telescope Science Institute	HST-GO-11608.01-A	43		1,429
Space Telescope Science Institute	HST-GO-11613.14-A	43		62,795
Space Telescope Science Institute	HST-GO-11616.03-A	43		543
Space Telescope Science Institute	HST-GO-12055.16-A	43		30,886
Space Telescope Science Institute	HST-GO-12060.52-A	43		52,583
Space Telescope Science Institute	HST-GO-12238.07-A	43		15,238
Space Telescope Science Institute	HST-GO-12557.01-A	43		71,636
Space Telescope Science Institute	HST-HF-51287.01-A	43		68,700
Streamline Numerics, Inc.	Fixed Price Research Agreement	43		33,505
United Negro College Fund Special Programs Corporation	Award letter	43		8,500
University of California - Berkeley	SA4765-26309 PO0001077462	43		31,942
University of California - Los Angeles	2090 G MA823	43		41,495
University of California - Los Angeles	2090 G NA117	43		10,935
University of Colorado	1548642, PO #1000031576	43		5,494
University of Florida, The	UF09150	43		73,924
University of Maryland, The	Z634020	43		256,751
University of Massachusetts	S120 000000 0016; PO0001268631	43		70,591
University of Notre Dame, The	201826	43		4,704

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University of Virginia	GR10008-129918	43		38,386
National Archives and Records Administration				
Direct		89		3,268
National Endowment for the Humanities				
Direct		6		82,234
Pass-Through:				
Michigan Humanities Council	2830 H11	6		6,799
National Science Foundation				
Direct		47		73,983,618
Direct		47.082	ARRA-Trans-NSF Recovery Act Research Support	8,455,872
Pass-Through:				
American Educational Research Association	Agreement	47		88,820
American Educational Research Association	Awd ltr dtd 4/22/09	47		1,519
American Educational Research Association	Letter dtd 6/22/11	47		14,714
Association for Institutional Research	DG10-209	47		(103)
Association for Institutional Research	RG10-129	47		(2,603)
Association for Institutional Research	RG10-131	47		1,479
Baker-Calling	Research Agmt	47		53,102
Boston University	4500000704	47		45,912
California Institute of Technology	75ADV 109481	47		14,030
Carnegie-Mellon University	1121322-236717	47.082	ARRA-Trans-NSF Recovery Act Research Support	50,669
Civionics, LLC	Research agreement dated 7/1/1	47		7,261
Columbia University	563900	47		536,482
Columbia University	563907	47		227,908
Columbia University	Sub #8(Acct 5/25191)PO#G03016	47		96,044
Columbia University	Sub#7(Acct#5-25191)PO#G03009	47		57,618
Computing Research Association (CRA)	CIF-B-144	47		(1,652)
Computing Research Association (CRA)	CIF-C-66	47		121,854
Consortium for Ocean Leadership	T319A2	47		1,737
Consortium for Ocean Leadership	T335A2	47		11,851
Cornell University	44771-7472	47		1,550,664
Cornell University	46222-7763	47		(13,967)
EKSO Bionics	Agreement	47		85,209
Florida International University	800001088-01	47		3,111
George Mason University	E2022091	47		42
Georgetown University	RX2745-401-UMICH	47		20,249
Georgia Institute of Technology	R9758-G4	47		46,506
Georgia Institute of Technology	Y0011-G8	47		1,239
Harvard University	108051-5021742	47		379,958
Harvard University	108075-5026906	47		146,784
Harvard University	123658 5039998	47		29,862
Harvard University	131926	47.082	ARRA-Trans-NSF Recovery Act Research Support	31,136
Hofstra University	25340 Michigan	47.070	ARRA-Computer and Information Science and Engineering	2,899
Inmatech	RT Research Agmt dtd 9/23/11	47		31,581
Intelligent Prosthetic Systems	Check# 1059 dtd 12/18/07	47		17,409
Internet 2	Subaward Agmt	47.082	ARRA-Trans-NSF Recovery Act Research Support	137,747
Iowa State University	420-72-34/19 69672 23	47		161,456
IUPUI (Indiana University Purdue University Indianapolis)	IN-4870110-UM	47		43,169
Marine Biological Laboratory	40985	47		91,143
Mathematical Association of America	MOU	47		17,449
Michigan State University	61 2019UM	47		916

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Michigan State University	61-2554UM	47		1,077
Michigan State University	RC062064UM	47		14,058
Michigan State University	RC065349UM	47		10,905
Michigan State University	RC100168UM	47		142,838
Michigan State University	RC101276UM	47		30,158
NanoMech, LLC	Research Agmt	47		840
Northwestern University	610-4738004-60019152	47		6,210
Northwestern University	610473800460019155proj0002699	47		(721)
Northwestern University	PROJ0002254	47		(1,279)
Oberlin College	CNS 0930153	47		12,973
OG Technologies, Inc.	PO# 3093	47		5,436
Ohio State University, The	EEC 0914790	47		8,440
Ohio State University, The	PO RF01227497	47		4,544
Pennsylvania State University	3743-UM-NSF-0404	47		3,461
PicoCal, Inc.	Check#1657-dtd 8/6/10	47		(16,152)
Princeton University	00002031	47		31,234
Purdue University	NEES 4101-31912	47		(6,046)
Rand Corporation	Sub #9920070065 -- SES-0624353	47		36,673
Raytheon Company	14059	47		28,854
RTI International	IP47402	47		4,289
South Dakota State University	3F0200	47		10,348
South Dakota State University	USD 1028	47		6,398
SRI International	115-000028	47		41,540
SRI International	115-000056	47		275
State University of New York at Buffalo	PTAEO#1087905/2/54259	47		57,023
The Algebra Project, Inc.	ESI-0822175	47		102,473
Thixomat, Inc.	Research Agreement	47		31,150
United States Civilian Research and Development Foundation	RUG1-2949-MO-09	47		4,508
United States Civilian Research and Development Foundation	RUP-2945-PE-09	47		(975)
University of Arizona	Y553599	47		64,174
University of Arizona	Y561457	47		2,023
University of Arizona	y562574	47		34,107
University of California - Berkeley	DRL0822119/00007899/BB00014193	47		48,170
University of California - Los Angeles	100 G NB315	47		54,694
University of California - Santa Barbara	KK1233	47		38,380
University of California-San Diego	10293887	47		111,380
University of California-San Diego	10301095	47		41,396
University of California-San Diego	PO# 10301277	47		12,857
University of Central Florida	UCF 65016192	47		74,215
University of Colorado	1549246/PO# 100104659	47		1,781
University of Georgia	RR246-005/5812127	47		25,206
University of Georgia	RR551-481/4784726	47		6,566
University of Illinois-Urbana-Champaign	2009 01053 01	47		96,355
University of Illinois-Urbana-Champaign	2009 04479 01	47		15,385
University of Illinois-Urbana-Champaign	2010-07322-01/A13408	47		106,712
University of Maryland, The	Z370804	47		26,884
University of Maryland, The	Z326101	47.082	ARRA-Trans-NSF Recovery Act Research Support	53,385
University of Massachusetts	06-003720M 00, PO#0001289847	47		6,215
University of Massachusetts	10-005620 A 00	47		19,381
University of Massachusetts	11-006642 G 00	47		37,299
University of Minnesota	A528605612	47		51,407
University of Minnesota	H002341902	47		14,816
University of Minnesota	H0441632901	47		2,148
University of Missouri	C00026277-1	47		12,536
University of Nebraska	25-0550-0001-129	47		26,271

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University of Notre Dame, The	201646	47		90,766
University of Pittsburgh	0016274 (011056-1)	47		14,342
University of Texas	UTA06-776	47		(396)
University of Virginia	GA10778-133387	47		4,612
University of Washington	431145	47		221,854
University of Wisconsin	028K755	47		42,693
University of Wisconsin	384K882	47		40,480
University of Wisconsin	159K832	47.082	ARRA-Trans-NSF Recovery Act Research Support	34,208
Virginia Commonwealth University	PT095050 - SC100044	47		139,575
Virginia Commonwealth University	PT106594-SC103006	47		14,550
Virginia Polytechnic Institute and State University	478195-19337	47		742
Vortex Hydro Energy, LLC	Roundtable Res Agmt	47		38,176
WayLogics, LLC	Sponsor ltr 7/20/10-Ck#994	47		1,979
Wesleyan University	WESU 5011048122	47		29,272
Woods Hole Oceanographic Institute	A100793	47		21,776
Nuclear Regulatory Commission				
Direct		77		1,138,858
Pass-Through:				
Oregon State University	X0105A-A	77		110,720
Smithsonian Institution				
Direct		60		496,073
Social Security Administration				
Direct		96		1,983,638
State, Department of				
Direct		19		514,286
Pass-Through:				
National Academy of Sciences	PGA-P210884	19		40,435
Transportation, Department of-Federal Aviation Administration				
Direct		20		146,166
Pass-Through:				
George Mason University	E2020272	20		(1,285)
Transportation, Department of-Federal Highway Administration				
Direct		20		5,346,445
Pass-Through:				
Michigan, State of, Transportation, Department of	2010-0296 Auth 9	20		55,592
Michigan, State of, Transportation, Department of	2010-0296, Auth 8	20		60,690
Michigan, State of, Transportation, Department of	2010-0436	20		263,936
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z4	20		46,529
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z6	20		22,144
Michigan, State of, Transportation, Department of	Contract 2010-0296 Auth 5	20		74,626
Michigan, State of, Transportation, Department of	Contract 2010-0296,Auth Z1	20		115,248
Michigan, State of, Transportation, Department of	Contract 2010-0296,Auth Z2	20		55,101
National Academy of Sciences	HR 17-57/SUB0000048	20		9,949
Southeast Michigan Council of Governments	P.O. 9800	20		46,321
University of California - Berkeley	Sub Agmt 00007475	20		25,000
Virginia Polytechnic Institute and State University	451054-19337	20		39,975
Wayne State University	P0519851 & Index #3-37438	20		23,715
Transportation, Department of-Federal Motor Carrier Safety Administration				
Direct		20		802,953
Transportation, Department of-Federal Railroad Administration				
Direct		20		94,372
Transportation, Department of-Federal Transit Administration				
Direct		20		23,130
Transportation, Department of-Maritime Administration				
Pass-Through:				

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University of Maryland, The	CA 12-21 07-5-25698	20		2,242
Transportation, Department of-National Highway Traffic Safety Administration				
Direct		20		1,539,725
Pass-Through:				
Meritor WABCO	Research Agmt	20		141,793
Michigan, State of, State Police, Department of	TR-12-13	20		36,676
Nissan Technical Center, North America	Agreement	20		9,362
Virginia Polytechnic Institute and State University	451012-19337	20		(2,690)
Virginia Polytechnic Institute and State University	451057-19337	20		181,328
Virginia Polytechnic Institute and State University	451127-19337	20		47,320
Transportation, Department of-Other				
Direct		20		269,867
Pass-Through:				
Battelle Memorial Institute	269974	20		316,262
Battelle Memorial Institute	US001-0000293848	20		52,008
Battelle Memorial Institute	US001-0000311804	20		40,105
Battelle Memorial Institute	US001-0000325639	20		5,935
Great Lakes Maritime Research Institute	144 051042 4/101610GLMR13	20		14,663
Michigan, State of, State Police, Department of	TR-11-01	20		71,299
Michigan, State of, State Police, Department of	TR-12-01	20		142,685
Michigan, State of, State Police, Department of	TS-12-03	20		36,957
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z1	20		75,383
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z2	20		11,487
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z3	20		6,778
Resource Systems Group, Inc. (RSG)	Agmt	20		6,354
Science Applications International Corporation (SAIC)	P010093870	20		42,464
University of Wisconsin	Univ#144 051055 4 - GLMR#10011	20		71,520
Virginia Polytechnic Institute and State University	451125-19337	20		186,167
Transportation, Department of-Research and Special Programs Administration				
Direct		20		418,409
United States Agency for International Development				
Direct		98		3,064
Pass-Through:				
Africare-Liberia	Subgrant to AID-OAA-A-10-00034	98		48,826
Oregon State University	RD011G-B	98		290,305
Research Triangle Institute	2-330-0212934	98		135,329
University of Wisconsin	164K894	98		211,186
University of Wisconsin	302K606	98		137,185
United States Institute of Peace				
Pass-Through:				
Princeton University	00001877	99		16,268
Veterans Affairs, Department of				
Direct		64		24,833
Pass-Through:				
Intelligent Prosthetic Systems	Letter dtd 12/23/08	64		13,398
Intelligent Prosthetic Systems	Sponsor Check #2197	64		(15,815)
Total research and development cluster				\$ 834,785,068

STUDENT FINANCIAL AID CLUSTER

Education, Department of				
Direct	84.007	Federal Supplemental Educational Opportunity Grant	\$	2,225,453
Direct	84.033	Federal Work-Study Program		4,704,872
Direct	84.038	Federal Perkins Loan Program Federal Capital Contributions (Note 5)		-

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Direct		84.063	Federal Pell Grant Program	45,287,408
Direct		84.268	William D. Ford Federal Direct Loan Program (Note 4)	-
Direct		84.376	National Science and Mathematics Access to Retain	33,164
Direct		84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	105,500
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Note 5)	-
Direct		93.364	Nursing Student Loans (Note 5)	-
Direct		93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds (Note 5)	291,536
Total student financial aid cluster				\$ 52,647,933
MEDICAID CLUSTER				
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Pass-Through:				
Michigan, State of, Community Health, Department of	20100053	93.778	Medical Assistance Program	\$ 938
Michigan, State of, Community Health, Department of	20100055	93.778	Medical Assistance Program	(4,682)
Michigan, State of, Community Health, Department of	20110233-20110244	93.778	Medical Assistance Program	457,163
Michigan, State of, Community Health, Department of	20111558	93.778	Medical Assistance Program	60,568
Michigan, State of, Community Health, Department of	20111560	93.778	Medical Assistance Program	342,077
Michigan, State of, Community Health, Department of	20120487	93.778	Medical Assistance Program	793,834
Michigan, State of, Community Health, Department of	20120495	93.778	Medical Assistance Program	44,632
Michigan, State of, Community Health, Department of	20120500	93.778	Medical Assistance Program	177,059
Michigan, State of, Community Health, Department of	20121288	93.778	Medical Assistance Program	610,090
Health and Human Services, Department of-Office of the Secretary				
Pass-Through:				
Michigan Primary Care Association	FY10-11 Agreement	93.778	Medical Assistance Program	172,214
Michigan Primary Care Association	FY11-12 Agreement	93.778	Medical Assistance Program	629,842
Michigan, State of, Community Health, Department of	20111565	93.778	Medical Assistance Program	50,284
Michigan, State of, Community Health, Department of	20120488	93.778	Medical Assistance Program	203,016
Michigan, State of, Community Health, Department of	20120480	93.778	Medical Assistance Program	63,041
Total Medicaid cluster				\$ 3,600,076
NAVAL ENGINEERING EDUCATION CONSORTIUM (NEEC)				
Defense, Department of-Navy, Department of the				
Direct		12.N65540-10-C-003		\$ 4,678,714
NON-CLUSTER				
Agriculture, Department of				
Pass-Through:				
Baker College of Owosso	Subcontract dtd 11/1/11			\$ 34,701
Michigan, State of, Education, Department of	810000039	10.558	Child and Adult Care Food Program	49,301
Ottawa, County of	Agreement approved on 1/16/12			4,963
Commerce, Department of-Economic & Statistics Administration				
Direct		11.50YABC266059		5,794
Commerce, Department of-National Institute of Standards & Technology				
Direct		11.618	National Institute of Standards and Technology Construction Grant Program	(132,966)

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Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct		11.417	Sea Grant Support	1,409,477
Direct		11.463	Habitat Conservation	422,812
Direct		11.IPA		252,129
Pass-Through:				
Consortium for Ocean Leadership	Check #64478	11.469	Congressionally Identified Awards and Projects	(2,192)
Great Lakes Observing System (GLOS)	NA10NOS0120041	11.012	Integrated Ocean Observing System (IOOS)	20,161
Great Lakes Observing System (GLOS)	MPA/SGN-09	11.473	Coastal Services Center	42,208
Commerce, Department of-Office of the Secretary				
Direct		11.313	Trade Adjustment Assistance for Firms	1,211,282
Direct		11.IPA		876
Pass-Through:				
University of Maryland, The	Z760004			509,304
Corporation for National and Community Service				
Pass-Through:				
Jump Start for Young Children, Inc.	Co-op Agmt 120200	94.006	AmeriCorps	12,011
Michigan, State of, Human Services, Department of	MACF-11-81325	94.006	AmeriCorps	135,330
National College Advising Corps	Check #01-757866 dtd 2/9/11			118,201
Defense, Department of-Air Force, Department of the				
Direct		12.800	Air Force Defense Research Sciences Program	13,099
Direct		12.Remote Access Form 6/7/11		23
Pass-Through:				
Massachusetts Institute of Technology	7000140603			1,859
Massachusetts Institute of Technology	7000179836			10,079
Soar Technology, Inc.	10191.01			13,031
Defense, Department of-Army, Department of the				
Direct		12.431	Basic Scientific Research	25,803
Direct		12.Award		25,000
Pass-Through:				
NextGen Aeronautics, Inc.	11-01			16,615
Defense, Department of-Defense Threat Reduction Agency				
Pass-Through:				
Brookhaven Science Associates, LLC	Ck #294223			37,471
Mercury Data Systems	UM-VINS-001			30,864
Defense, Department of-National Security Agency				
Direct		12.901	Mathematical Sciences Grants Program	13,195
Defense, Department of-Navy, Department of the				
Direct		12.IPA		152,505
Direct		12.N00140-06-G-0028		3,000
Pass-Through:				
BMT Designers & Planners, Inc.	2755-094-22/N00178-04-D-402322			(31,873)
GE Global Research	400093500			13,948
Ricardo, Inc.	PO #4500000844			6,157
Vortex Hydro Energy, LLC	Letter dated 9/16/2009			1,938
Vortex Hydro Energy, LLC	Signed Quote			520
Defense, Department of-Other				
Pass-Through:				
ICx Agentase	PO# 3238	12.114	Collaborative Research and Development	642
Institute for International Medical Education	NSEP-U631063-UMICH-ARA	12.550	The Language Flagship Grants to Institutions of Higher Education	253,515
Institute of International Education	sub NA NSEP U631023-	12.550	The Language Flagship Grants to Institutions of Higher Education	1,084,499
Education, Department of				
Direct		84.004	Civil Rights Training and Advisory Services	147,913

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Direct		84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	3,163,076
Direct		84.116	Fund for the Improvement of Postsecondary Education	165,970
Direct		84.170	Javits Fellowships	138,837
Direct		84.195	Bilingual Education_Professional Developmen	171,085
Direct		84.220	Centers for International Business Education	185,975
Pass-Through:				
Arizona, State of	E0PD2360			10,500
Arkansas, State of, Department of Workforce Education	Agmt dtd 7/1/10	84.002	Adult Education - Basic Grants to States	9,570
Arkansas, State of, Department of Workforce Education	PO #00029793	84.002	Adult Education - Basic Grants to States	17,095
Dickinson-Iron-Menominee Intermediate School District	MSPF2010	84.366	Mathematics and Science Partnerships	(1,725)
Massachusetts, State of	112300UMICHIGANIDEAL	84.002	Adult Education - Basic Grants to States	13,212
Massachusetts, State of	12230Umichiganideal	84.002	Adult Education - Basic Grants to States	10,837
Michigan Campus Compact/Michigan Nonprofit Association	CPC11-10	84.378	College Access Challenge Grant Program	1,774
Michigan Campus Compact/Michigan Nonprofit Association	SFACD10-07	84.387	Education for Homeless Children and Youth, Recovery Act	(1,404)
Michigan, State of, Education, Department of	100290-8524	84.367	Improving Teacher Quality State Grants	149,488
Michigan, State of, Education, Department of	110290-6625	84.367	Improving Teacher Quality State Grants	88,691
Michigan, State of, Education, Department of	111030-1011/PO#313P13000227	84.378	College Access Challenge Grant Program	247,059
Michigan, State of, Energy, Labor and Economic Growth, Department of	10-00-11	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	1,155
Michigan, State of, Energy, Labor and Economic Growth, Department of	10-00-12	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	9,174
Michigan, State of, Energy, Labor and Economic Growth, Department of	10-00-13	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	94
Michigan, State of, Energy, Labor and Economic Growth, Department of	10-00-17	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	23,178
Michigan, State of, Other Projects	PYMT DTD 5/16/12	84.372	Statewide Data Systems	6,977
Michigan, State of, Other Projects	PYMT DTD 5/16/12	84.384	ARRA-Statewide Data Systems, Recovery Act	71,023
Michigan, State of, Strategic Fund	11-00-12	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	38,577
Michigan, State of, Strategic Fund	11-00-18	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	5,569
Michigan, State of, Strategic Fund	11-00-19	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	8,509
Minnesota, State of	1049099	84.002	Adult Education - Basic Grants to States	1,791
Minnesota, State of	Agreement			16,297
Missouri, State of	Agmt dtd 07/01/11	84.002	Adult Education - Basic Grants to States	5,394
Missouri, State of	Agreement			(598)
Muskegon Area Intermediate School District	Agmt dtd 4/1/11	84.186	Safe and Drug-Free Schools and Communities_State Grants	41,444
National Writing Project	00-M103			30,043
New Mexico, State of	Agreement			663
North Carolina, State of, Community College System	NCCCS 2-23	84.002	Adult Education - Basic Grants to States	23,091
North Carolina, State of, Community College System	EP4756712			15,053
Oakland Schools	SC00000005299-1			(11)
Ohio State University Research Foundation	60026108/PO RF01262749	84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	8,098
Oklahoma, State of	Agreement			10,500
Pennsylvania, State of, Department of Education	CK#221914	84.002	Adult Education - Basic Grants to States	2,628
Pennsylvania, State of, Department of Education	10001543			1,664

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Texas, State of	Agreement			31,500
University of Washington	FIPSE2-UMICH09	84.116	Fund for the Improvement of Postsecondary Education	(5,725)
Energy, Department of				
Direct		81.086	Conservation Research and Development	104,464
Direct		81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	238,870
Direct		81.117	ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	1,147,798
Pass-Through:				
Battelle Energy Alliance, LLC	00102732			10,488
Clean Energy Coalition	CECgf2010-01	81.086	ARRA-Conservation Research and Development	759,712
Krell Institute	ORAU-FELLOWSHIP	81.049	Office of Science Financial Assistance Program	3,624
Michigan, State of, Energy, Labor and Economic Growth, Department of	BES-10-166	81.119	State Energy Program Special Projects	60,684
Oak Ridge National Laboratory	4000083689			84,048
Pacific Northwest National Laboratories	153063			85,420
Sandia National Laboratories	1097232			8,396
University of South Carolina	Subaward#11-1855/PO#31715	81.121	Nuclear Energy Research, Development and Demonstration	(10,403)
University of Wisconsin	255K415/Prime DE-EE003996	81.086	ARRA-Conservation Research and Development	5,646
Environmental Protection Agency				
Direct		66.469	Great Lakes Program	91,939
Health and Human Services, Department of-Administration for Children and Families				
Direct		93.652	Adoption Opportunities	820,395
Pass-Through:				
Michigan Human Services, Inc.	CSGRNT-12-81001	93.564	Child Support Enforcement Research	80,685
Michigan, State of, Human Services, Department of	ADMIN-12-99002	93.667	Social Services Block Grant	31,100
Michigan, State of, Human Services, Department of	ADMIN 12-82001	93.674	Chafee Foster Care Independence Program	20,093
Health and Human Services, Department of-Administration on Aging				
Pass-Through:				
Area Agency on Aging - Michigan	Agreement of October 1, 2010			21,430
Area Agency on Aging - Michigan	letter 7-1-11			39,427
Area Agency on Aging - Michigan	Various Checks			21,512
Catholic Social Services	Adult Day Service			29,682
Catholic Social Services	Agreement of October 1, 2010			20,843
Washtenaw, County of	40833-000-SC CR 41431			68,891
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93.226	Research on Healthcare Costs, Quality and Outcomes	44,890
Pass-Through:				
Improve Care Now, Inc.	Agreement			8,717
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93.068	Chronic Diseases: Research, Control, and Prevention	253,468
Direct		93.283	The Affordable Care Act: Centers for Disease Control and Prevention_ Investigations and Technical Assistance	346,575
Direct		93.200-2009-32618		112,578
Direct		93.IPA		14,588
Pass-Through:				

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Arizona State University	11-637	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	(9)
Hemophilia Foundation of Michigan	CDC11-12-HTC446	93.184	Disabilities Prevention	18,220
Hemophilia Foundation of Michigan	Grant Contract	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	8,811
McKing Consulting Corporation	Subcntrt Agmt #4554			201,761
Michigan Coalition Against Domestic and Sexual Violence, The (MCADSV)	Award ltr dtd 3/4/11	93.136	Injury Prevention and Control Research and State and Community Based Programs	34,972
Michigan, State of, Community Health, Department of	20110117	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	12,466
Michigan, State of, Community Health, Department of	20110118	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	13,004
Michigan, State of, Community Health, Department of	20111556	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	1,840
Michigan, State of, Community Health, Department of	20111557	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	1,162
Michigan, State of, Community Health, Department of	20120490	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	5,628
Michigan, State of, Community Health, Department of	20120499	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	1,061
Michigan, State of, Community Health, Department of	20122090	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	4,035
Michigan, State of, Community Health, Department of	20122091	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	429
Michigan, State of, Community Health, Department of	20112993	93.712	ARRA - Immunization	18,380
Michigan, State of, Community Health, Department of	20120484	93.712	ARRA - Immunization	19,407
National Kidney Foundation of Michigan	Agmt dtd 9/1/10	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	128,772
Public Health Foundation	10106877502	93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	1,335
RTI International	2-312-0211796			22,536
Health and Human Services, Department of-Food and Drug Administration Direct		93.HHSF223201000082C		185,336
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.127	Emergency Medical Services for Children	921,866
Direct		93.134	Grants to Increase Organ Donations	1,935,812
Direct		93.178	Nursing Workforce Diversity	337,992
Direct		93.247	Advanced Nursing Education Grant Program	131,096
Direct		93.264	Nurse Faculty Loan Program (NFLP) (Note 5)	-
Direct		93.359	Nurse Education, Practice Quality and Retention Grants	180,407
Direct		93.515	Affordable Care Act (ACA) Nurse-Managed Health Clinics	76,266

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Direct		93.516	Affordable Care Act (ACA) Public Health Training Centers Program, Resources Development and Academic Support to the Public Health Training Centers Program and Public Health Infrastructure and Systems Support	652,421
Direct		93.822	Health Careers Opportunity Program	342,855
Direct		93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	682,342
Pass-Through:				
Hemophilia Foundation of Michigan	2012-13 MCHB			23,000
Michigan, State of, Community Health, Department of	20120580	93.994	Maternal and Child Health Services Block Grant to the States	7,292
National Kidney Foundation of Michigan	Agreement	93.134	Grants to Increase Organ Donations	37,130
Health and Human Services, Department of-National Institutes of Health				
Direct		93.113	Environmental Health	19,775
Direct		93.173	Research Related to Deafness and Communication Disorders	100
Direct		93.242	Mental Health Research Grants	131,888
Direct		93.389	National Center for Research Resources	179,005
Direct		93.393	Cancer Cause and Prevention Research	5,610
Direct		93.846	Arthritis, Musculoskeletal and Skin Diseases Research	(29,261)
Direct		93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	2,799
Direct		93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	1,499
Direct		93.855	Allergy, Immunology and Transplantation Research	12,746
Direct		93.865	Child Health and Human Development Extramural Research	9,700
Direct		93.866	Aging Research	49,609
Direct		93.879	Medical Library Assistance	7,427
Direct		93.BRCF Invoices		125,848
Direct		93.Check# 184700		3,401
Direct		93.HHSN2612010000611	ARRA	60,000
Direct		93.HHSN261201000063I	ARRA	10,122
Direct		93.HHSN269201000281P		9,430
Direct		93.IPA		65,816
Pass-Through:				
American College of Radiology	Check #159245			7,157
Baylor College of Medicine	5600605770	93.395	Cancer Treatment Research	6,073
Cancer Trials Support Unit (CTSU)	Various Checks	93.395	Cancer Treatment Research	316,597
Children's Hospital of Denver	Sub Agmt 5 U54 DK078377			2,021
Duke University	Agmt of 5/1/02	93.395	Cancer Treatment Research	3,582
Duke University	Subcontract Agrmt	93.395	Cancer Treatment Research	5,961
Duke University	Sub award #203-9941	93.701	ARRA-Trans-NIH Recovery Act Research Support	667
Duke University	Protocol Dev Team Agmt			7,176
Econometrica	2241-0001-UM			20,775
Fenway Community Health Center	Agreement	93.865	Child Health and Human Development Extramural Research	16,427
Fenway Community Health Center	Agreement			19,489
Gynecologic Oncology Group	Research Agmt	93.395	Cancer Treatment Research	4,856
Harvard University	Recharge Approval	93.242	Mental Health Research Grants	14,040
Indiana University	Indiana Request			9,537

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International Union, UAW	Amend #5 to Res.Agmt 9/6/05	93.142	NIEHS Hazardous Waste Worker Health and Safety Training	223,755
Johns Hopkins University	PO# 2000473371	93.837	Cardiovascular Diseases Research	15,255
Medical College of Wisconsin	Estimate			27,008
National Academy of Sciences	IOM-2000000714			8,292
National Marrow Donor Program (NMDP)	C#10207/TC#592	93.395	Cancer Treatment Research	23,178
National Marrow Donor Program (NMDP)	19393	93.839	Blood Diseases and Resources Research	15,523
National Network of Libraries of Medicine (NN/LM)	N01-LM-6-3503			8,952
New England Research Institute	SubContract U01HL68270	93.837	Cardiovascular Diseases Research	450
New England Research Institute	Subcontract under U10 HL068270	93.837	Cardiovascular Diseases Research	19,219
Ohio State University, The	Agreement			2,764
Phrixus Pharmaceuticals, Inc.	Agreement			18,444
Purdue University	Quote Acceptance	93.855	Allergy, Immunology and Transplantation Research	9,967
Radiological Society of North America	HHSN268201000050C			51,608
Sanford-Burnham Medical Research Institute	Q195355			541
Science Applications International Corporation (SAIC)	28XS125			124,686
Science Applications International Corporation (SAIC)	Agreement # 12XS366			56,962
Sloan-Kettering Cancer Institute	Order form	93.395	Cancer Treatment Research	6,684
The Association of State and Territorial Health Officials (ASTHO)	16013_002			2,712
University of California - Berkeley	Quote			497
University of California-San Diego	Agreement			3,472
University of Illinois at Chicago	2010-06621	93.879	Medical Library Assistance	182
University of Massachusetts	6129468/RFS2011196			6,748
University of Miami, Florida, The	M123399	93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	595,517
University of Texas	PP#UTHSC-0000501176	93.846	Arthritis, Musculoskeletal and Skin Diseases Research	11,924
Various Sponsors	PO 514631			1,590
Various Sponsors	PO No 214726			400
Washington University	Sub no. WU-12-120, PO#2917401T	93.389	National Center for Research Resources	27,045
Washington University	Sub award WU-10-126	93.701	ARRA-Trans-NIH Recovery Act Research Support	21,863
Washington University	Agmt			1,166
Wayne State University	WSU Approval	93.310	Trans-NIH Research Support	3,838
Westat	Checks	93.395	Cancer Treatment Research	(326)
Health and Human Services, Department of-Office of the Secretary				
Pass-Through:				
Ingham, County of	Agreement of 10/1/02	93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	5,917
Michigan, State of, Community Health, Department of	20122981	93.070	Environmental Public Health and Emergency Response	4,431
Michigan, State of, Community Health, Department of	20112400	93.889	National Bioterrorism Hospital Preparedness Program	102,468
Michigan, State of, Community Health, Department of	20120501	93.889	National Bioterrorism Hospital Preparedness Program	308,483
Michigan, State of, Human Services, Department of	COUN-09-99475	93.556	Promoting Safe and Stable Families	63
Michigan, State of, Human Services, Department of	Admin 11-82001	93.674	Chafee Foster Care Independence Program	6,481
National Kidney Foundation of Michigan	70-6450-20-10-7341	93.290	National Community Centers of Excellence in Women's Health	25,934
Snow, John Inc.	Ltr			669
Health and Human Services, Department of-Substance Abuse and Mental Health Services Administration				
Pass-Through:				

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Inter-Tribal Council of Michigan, Inc.	Agreement dtd 10/01/11	93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	87,470
Michigan, State of, Community Health, Department of	20111561	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	11,183
Michigan, State of, Community Health, Department of	20120503	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	25,353
Homeland Security, Department of				
Direct		97.044	Assistance to Firefighters Grant	75,290
Direct		97.IPA		36,711
Pass-Through:				
Michigan, State of, State Police, Department of	PDMC-PL-05-MI-2009-006	97.047	Pre-Disaster Mitigation	15,016
Housing and Urban Development, Department of				
Direct		14.S1C5AAC0006		1,516
Institute of Museum and Library Services				
Direct		45.303	Conservation Project Support	57,013
Direct		45.312	National Leadership Grants	295,085
Direct		45.313	Laura Bush 21st Century Librarian Program	234,452
Pass-Through:				
Harvard University	137263-03			40,516
University of California - Los Angeles	0285 GMA123/FAU 4-622171	45.313	Laura Bush 21st Century Librarian Program	11,327
Interior, Department of the				
Direct		15.G10PX01406		13,073
Direct		15.G11PX02167		13,136
Direct		15.IPA		5,873
Pass-Through:				
Michigan, State of, Natural Resources and Environment (MDNRE)	Agmt 5/1/10-fed id C-8-M ID C-	15.614	Coastal Wetlands Planning, Protection and Restoration Act	19,518
National Fish and Wildlife Foundation	27916	15.663	National Fish and Wildlife Foundation	88,522
Justice, Department of				
Direct		16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	39,061
Direct		16.IPA		40,844
Pass-Through:				
Michigan, State of, State Police, Department of	20094108	16.803	ARRA-Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	(28,000)
Labor, Department of				
Pass-Through:				
Michigan, State of, Energy, Labor and Economic Growth, Department of	071B8200248, PO#641P1301119	17.260	ARRA-WIA Dislocated Workers	18,676
Michigan, State of, Management and Budget, Department of	071B8200248	17.260	WIA Dislocated Workers	736,522
Library of Congress				
Direct		42.LC0SI10C0115		13,339
National Aeronautics and Space Administration				
Direct		43.NNC10VJ97P		276
Direct		43.NNC12VA30P		990
Direct		43.NNG05GH68H		4,984
Direct		43.NNG09FG00C		210,990
Direct		43.NNG10DB02P		18,207
Direct		43.NNG11LE18P		64,853
Direct		43.NNG11PU50C		761,915
Direct		43.NNG11RE76P		42,834
Direct		43.NNX10AM46H		776,284

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Pass-Through:				
Jet Propulsion Laboratory	1401004			963
Jet Propulsion Laboratory	1406608			176,051
Jet Propulsion Laboratory	1456335			12,859
National Archives and Records Administration				
Direct		89.003	National Historical Publications and Records Grants	38,336
Direct		89.NAMA-10-C-0006		400,075
National Endowment for the Arts				
Direct		45.024	Promotion of the Arts_Grants to Organizations and Individuals	15,065
Pass-Through:				
Michigan, State of, Michigan Council for Arts and Cultural Affair	110P0099OS	45.025	Promotion of the Arts_Partnership Agreement:	6,305
Michigan, State of, Michigan Council for Arts and Cultural Affair	110P0100OS	45.025	Promotion of the Arts_Partnership Agreement:	8,924
Michigan, State of, Michigan Council for Arts and Cultural Affair	12OP0114OS	45.025	Promotion of the Arts_Partnership Agreement:	7,831
Michigan, State of, Michigan Council for Arts and Cultural Affair	12OP0171OS	45.025	Promotion of the Arts_Partnership Agreement:	6,736
Michigan, State of, Michigan Council for Arts and Cultural Affair	12OP0176PS	45.025	Promotion of the Arts_Partnership Agreement:	6,000
National Endowment for the Humanities				
Direct		45.149	Promotion of the Humanities_Division of Preservation and Access	257,262
Direct		45.160	Promotion of the Humanities_Fellowships and Stipends	186,028
Pass-Through:				
American Musicological Society	Award ltr dtd 1/19/12	45.161	Promotion of the Humanities_Research	72,003
American Musicological Society	RQ-50327			(1,629)
Michigan Humanities Council	2800 H 10	45.168	Promotion of the Humanities_We the People	809
Michigan Humanities Council	Contract for Services			9,657
National Science Foundation				
Direct		47.041	Engineering Grants	41,986
Direct		47.049	Mathematical and Physical Sciences	98,790
Direct		47.050	Geosciences	226,643
Direct		47.070	Computer and Information Science and Engineering	79,223
Direct		47.074	Biological Sciences	15,000
Direct		47.075	Social, Behavioral, and Economic Sciences	41,942
Direct		47.076	Education and Human Resources	1,664,705
Direct		47.079	International Science and Engineering (OISE)	36,171
Direct		47.080	Office of Cyberinfrastructure	3,612
Direct		47.IPA		1,204,180
Pass-Through:				
Puget Sound Center for Teaching, Learning & Technology (PSCTLT)	Memo of Understanding	47.076	Education and Human Resources	4,855
University of Colorado	000384810	47.050	Geosciences	62,790
University of Minnesota	CPS 0000889214			25,000
University of Washington	728670	47.074	Biological Sciences	25,574
Peace Corps				
Direct		8.PC-11-8-096		13,015
President, Executive Office of the				
Direct		99.IPA		144,008
State, Department of				
Direct		19.019	International Programs to Combat Human Trafficking	167,292
Direct		19.415	Professional and Cultural Exchange Programs - Citizen Exchanges	414,347
Transportation, Department of-Federal Highway Administration				
Direct		20.215	Highway Training and Education	5,000
Pass-Through:				

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Michigan, State of, Transportation, Department of	2006-0667			299,481
Transportation, Department of-Federal Transit Administration				
Pass-Through:				
Ann Arbor Transportation Authority	Agmt dtd 2/28/10	20.500	ARRA-Federal Transit_Capital Investment	133,366
Transportation, Department of-National Highway Traffic Safety Administration				
Pass-Through:				
National Safety Council	Award Letter dtd 11/10/11			10,781
Transportation, Department of-Other				
Pass-Through:				
Michigan, State of, Transportation, Department of	Contract 2009-0747,Auth Z5			2,461
Treasury, Department of the				
Direct		21.008	Low Income Taxpayer Clinics	49,576
Veterans Affairs, Department of				
Direct		64.506-C01508 / VA251-P-0856		(1,023)
Direct		64.506-C10101		10,408
Direct		64.506C10102		7,400
Direct		64.506C10105		9,695
Direct		64.506D07038		19,760
Direct		64.506-D17002		21,456
Direct		64.506D27010/VA-251-P-0924		21,060
Direct		64.506D27027		3,178
Direct		64.523D27014		45,405
Direct	160 ind. Intergovernmental Personnel Agreements	64.IPA		4,414,929
Direct		64.VA House Officers		9,939,329
Direct		64.VA248-P-1617, PO# 673-D05084		7,631
Direct		64.VA-251-11-RP-0131		2,666
Direct		64.VA-251-11-RQ0253; PO 553D15061		23,795
Direct		64.VA251-BO-0150 (PO 506C10103)		11,815
Direct		64.VA251-P-0976; PO 506-C21045		21,545
Direct		64.VA251-P-1016/506-D27008		84,520
Direct		64.VA251-P-1068/506-D27003		37
Direct		64.VA251-P-1087/506-D27004		13,728
Direct		64.VA251-P-1094/506-D27017		41,829
Direct		64.VA251-P-1098 PO#506D17044		41,107
Direct		64.VA251PO451		1,098
Direct		64.VA526D15030		7,985
Direct		64.VA673-D15136/PO 673-D15136		14,849
Pass-Through:				
Chesapeake Health Education Program, Inc. (CHEP)	Agmt dtd 2/1/11			13,105
	Total non-cluster			\$ 48,489,951
	Total federal expenditures			\$ 944,201,742

University of Michigan

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the “SEFA”) includes all federal grant transactions of the University of Michigan (the “University”) recorded on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the presentation of, the consolidated financial statements. Negative amounts presented in the Schedule represent adjustments, in the normal course of business, to expenditures reported in prior years. Complete CFDA numbers (except for direct R&D awards which are listed in total by Federal awarding agency) and pass-through numbers are provided on the SEFA when available.

2. Indirect Costs

The University’s cognizant agent (the Department of Health and Human Services) has approved predetermined, indirect cost rates for the University’s organized research, instruction, and other sponsored activities through June 30, 2014, as follows:

On-campus research	55.5%
Off-campus research	26%
On-campus instruction	54%
Other sponsored activities	30%

3. Subrecipient Awards

During 2012, the University disbursed approximately \$77,711,000 to subrecipients. Of that amount, \$71,005,000 related to research and development cluster awards and \$6,706,000 related to non-cluster awards.

The University of Michigan
Notes to Schedule of Expenditures of Federal Awards

4. Federal Direct Loan Program

Under the William D. Ford Federal Direct Loan Program, students and parents borrow funds directly from the federal government; the University is responsible for verifying student eligibility, electronically transmitting the loan records to the federal processor and distributing the loan funds directly to the student account or parent borrower. During the fiscal year ended June 30, 2012, the University's students and parents received the following amount of new loans under this program.

	<u>CFDA</u> <u>Number</u>	<u>Loans issued</u>
Direct Student Loans:		
Undergraduate subsidized	84.268	\$ 127,290,640
Undergraduate unsubsidized	84.268	158,131,445
Graduate	84.268	25,152,996
Direct Parent Loans for Undergraduate Students	84.268	62,127,665
		<u>\$ 372,702,746</u>

5. University-Administered Federal Loan Programs

The University administers the following federal loan programs:

	<u>CFDA</u> <u>Number</u>	<u>Outstanding</u> <u>balance at</u> <u>June 30, 2012</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 68,727,776</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	2,960,315
Health Professions Loan Program - Pharmacy	93.342	1,406,488
Health Professions Loan Program - Dentistry	93.342	7,286,275
		<u>11,653,078</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	2,497,053
Disadvantaged Student Loan Program - Pharmacy	93.925	77,799
Disadvantaged Student Loan Program - Dentistry	93.925	37,520
		<u>2,612,372</u>
Nursing Student Loan - Baccalaureate	93.364	2,054,790
Nursing Student Loan - Graduate	93.364	207,482
		<u>2,262,272</u>
Nursing Faculty Loan Program	93.264	<u>2,372,230</u>
Total federal loans outstanding		<u><u>\$ 87,627,728</u></u>

The University of Michigan
Notes to Schedule of Expenditures of Federal Awards

5. University-Administered Federal Loan Programs (continued)

The total of new loans issued during the fiscal year ended June 30, 2012 is identified below.

	CFDA	
	<u>Number</u>	<u>Loans issued</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 9,969,219</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	148,917
Health Professions Loan Program - Pharmacy	93.342	164,000
Health Professions Loan Program - Dentistry	93.342	<u>852,948</u>
		<u>1,165,865</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	<u>295,854</u>
		<u>295,854</u>
Nursing Student Loan - Baccalaureate	93.364	331,466
Nursing Student Loan - Graduate	93.364	<u>45,322</u>
		<u>376,788</u>
Nursing Faculty Loan Program	93.264	<u>452,618</u>
Total federal loans issued July 1, 2011 – June 30, 2012		<u>\$ 12,260,344</u>

Loan cancellations for the fiscal year ended June 30, 2012 totaled \$810,920 for the Federal Perkins Program and \$77,589 for the Nursing Faculty Loan program.



Report of Independent Auditors 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*

The Regents of the University of Michigan

We have audited the financial statements listed in the accompanying index, which collectively comprise the financial statements of the University of Michigan (the "University"), as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University'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 University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University'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 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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 the Regents of the University of Michigan, the Finance, Audit and Investment Committee, management, 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.

PricewaterhouseCoopers LLP

September 19, 2012



**Report of Independent Auditors 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**

The Regents of the University of Michigan

Compliance

We have audited the compliance of University of Michigan (the "University") with the types of compliance requirements described in the 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, 2012, except as described in the second paragraph of this report. The University's major federal programs 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 the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the requirements governing billing, record-keeping, payment processing, reporting and due diligence compliance requirements specified by the Federal Perkins Loan Program and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the University's compliance with those requirements, is based solely on the report of the other auditors.

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 the University'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 the University's compliance with those requirements.

In our opinion, based on our audit and the report of other auditors, the University complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-01.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, except as noted in the following paragraph, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the 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 University's internal control over compliance.

We did not consider internal control over compliance with the billing, record-keeping, payment processing, reporting and due diligence compliance requirements specified by Federal Perkins Loan Program and described in the OMB Circular A-133 *Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the University's internal control over those compliance requirements, is based solely upon the report of the other auditors.

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 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 and the other auditors' consideration of the 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. Also, the report of the other auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses, as defined above.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Regents of the University of Michigan, the Finance, Audit and Investment Committee, management, 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.

PricewaterhouseCoopers LLP

March 8, 2013

**The University of Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012**

Section I – Summary of Independent Accountant’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 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 not considered to be material weakness(es)? 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 Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
93.778	Medicaid Cluster
12.N65540-10-C-003	Naval Engineering Education Consortium

Dollar threshold used to distinguish between Type A and Type B programs: \$4,210,910

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None.

The University of Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section III – Federal Award Findings and Questioned Costs

Finding No. 2012-1 – Monitoring Vendors for Suspension and Debarment (Research and Development Cluster and Navel Education Engineering Consortium)

Grantor(s): Various

Award(s):

Research and Development Cluster:

- Department of Commerce, National Oceanic and Atmospheric Administration, Cooperative Institute for Limnology and Ecosystems Research, CFDA No. 11.432, Sponsor Reference No. NA07OAR432006
- Department of Commerce, Office of the Secretary, Cyber-enabled Wireless Monitoring Systems for Protection of Deteriorating National Infrastructure Systems, CFDA No. 11.616, Sponsor Reference No. 70NANB9H9008
- Departments of Health and Human Services, National Institutes of Health, Drug Use and Life Styles of American Youth, CFDA No. 93.279, Sponsor Reference No. 5 R01 DA001411-37
- Department of Transportation, Federal Highway Administration, Safety Pilot Model Deployment, CFDA No. 20.RD, Sponsor Reference No. DTFH61-11-C-0040

Other:

- Department of Defense, Navy, Naval Engineering Education Consortium, CFDA No. / Sponsor Reference No. 12.N65540-10-C-003

Criteria – Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e. subawards to subrecipients), irrespective of award amount, are considered covered transactions.

Condition – We selected ten procurement expenditures for testing. Although none of the vendors associated with these transactions were on the Federal Government’s excluded parties list, we noted that for seven of these expenditures, there was no evidence that the University performed a verification check in the current year to determine whether the vendor associated with the covered transaction is suspended or debarred by the Federal Government other than the purchase order which references the terms and conditions applicable to awards issued under Federal Government Grants, including no debarment or suspension.

Questioned Costs – None.

**The University of Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section III – Federal Award Findings and Questioned Costs (continued)

Context – The University performs a verification check of vendor's status for a covered transaction when a vendor is entered into their system as a new vendor. When the vendor is identified as being suspended or debarred, the University will not enter into a contract with the vendor. However, there is no evidence of a process in place to perform regular verification checks after the initial verification check to monitor any subsequent changes in vendor's status. In March 2012, the University implemented the Visual Compliance Database which consistently monitors the vendors' status and notifies the University when there is any change. Only vendors who became a new vendor after the implementation of the database in March 2012 are monitored in this database, and existing vendors are not formally monitored.

Effect – The University may enter into a transaction with vendors who are suspended or debarred by the Federal Government.

Recommendation – The University should implement procedures to perform regular verification checks of vendors' status to ensure that they are not entering into a contract with vendors who are either suspended or debarred by the Federal Government.

Views of Responsible Officials – The University concurs with the auditor's finding and recommendation. We have a project underway to explore options for ensuring that all vendors are consistently monitored for changes in status subsequent to the initial verification that is done before we add a new vendor. A course of action will be finalized by June 30, 2013 and fully implemented by December 31, 2013. In the meantime, as a mitigating control, all purchase orders, requests for quotation and contracts include a vendor acknowledgement that the entity is not presently debarred excluded or suspended and that they will notify the university if their status changes. In addition, the University participates in a network of peer institutions that shares information about vendors that have experienced a change in status and been added to the excluded parties listing.

The University of Michigan

Schedule of Status of Prior Year Findings and Questioned Costs

Finding No. 2011-1 – Return of Title IV Funds (Student Financial Aid Cluster)

Grantor(s): Department of Education

Award(s): Various – Student Financial Aid Cluster

Criteria – When a recipient of Title IV grant or loan assistance does not begin attendance or withdraws from an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds are to be returned in accordance with the calculation and timeline prescribed by the Code of Federal Regulations (34 CFR 682.607). Title IV funds that have been disbursed in excess of the earned amount are required to be processed to and accepted by the Department of Education’s Common Origination and Disbursement system as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

Condition – For 11 of the 45 Dearborn campus students selected for testing from a list of students who withdrew during the 2010-11 year, Title IV funds were returned to the federal government outside of the 45 day parameter. No instances of noncompliance were noted for the 60 students selected from the University’s main Ann Arbor campus.

Questioned Costs – None.

Context - The Dearborn campus maintains a separate financial aid office from the University’s main campus in Ann Arbor. All instances of late returns of occurred on the Dearborn campus with the number of days late ranging from 2 to 11 days. The finding was isolated to unofficial category of student withdrawals for the winter 2011 semester, which ended April 27, 2011. An unofficial withdrawal for Title IV purposes occurs at the end of a semester when a student does not receive any earned grades.

Effect – The Department of Education does not receive return of Title IV funds within the required timelines.

Cause – The University did not have adequate control procedures or adequate staffing in place at the Dearborn campus to ensure Title IV funds were returned on a timely basis.

Recommendation – The University should implement procedures to ensure that Title IV funds that are required to be returned due to student withdrawals are done so on a timely basis in accordance with 34 CFR 682.607.

The University of Michigan

Schedule of Status of Prior Year Findings and Questioned Costs

Views of Responsible Officials – The University’s Dearborn Campus Office of Financial Aid is taking actions to ensure that all necessary returns of Title IV funds are done on a timely basis. Planned actions include:

- Establish a detailed master calendar with timelines for each semester’s deadlines and conduct semiannual training to remind staff of regulatory requirements and timelines
- Process official student withdrawal reports more frequently (at least weekly) and generate the unofficial student withdrawal reports as soon as notification received from the Registrar that all grades have been processed
- Increase the number of staff responsible for this process to allow for a primary and back-up team
- Add formal director, associate director and peer reviews of student withdrawal processes for more targeted monitoring and timely oversight and review
- Conduct organizational review of the Dearborn Financial Aid Office, including consideration of reorganization of current roles and assignments for efficiency and effectiveness as well as adding additional staffing

Current Status – Corrected, the corrective action plan has been implemented. No similar findings of this type were noted in the current year.

Finding No. 2011-2 – Enrollment Reporting (Student Financial Aid Cluster)

Grantor(s): Department of Education

Award(s): Federal Direct Loan Program

Criteria – As required by the University’s participation in the Federal Direct Loan Program, enrollment reporting must be completed in a timely and accurate manner to meet regulatory requirements. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of absence. The University utilizes the National Student Clearinghouse as an agent to report enrollment changes to the Department of Education and guarantors, lenders, and servicers of student loans.

Condition – Of the 40 students selected from a listing of students who graduated or withdrew from the University during the 2010-2011 year, two did not have their status changed from full-time student to graduated student in the National Student Clearinghouse records.

The University of Michigan

Schedule of Status of Prior Year Findings and Questioned Costs

Questioned Costs – None.

Context – The University Registrar’s Office practice has been to submit degree verify files to the National Student Clearinghouse monthly for degrees awarded. The University sends enrollment data on all students to the Clearinghouse, not just those students who receive financial aid.

On May 13, 2011 after a transmission of a degree verify file to the Clearinghouse earlier in the day, a group of 107 degrees was posted by the Registrar’s Office to the university’s student information system. When the degree verify file was prepared and transmitted to the Clearinghouse the following month, it included new degrees posted subsequent to the date of the last submission. This resulted in the 107 degrees posted on May 13, 2011 after the submission to the Clearinghouse not being included in the degree verify file transmitted to the Clearinghouse on June 15, 2011. One student in our sample was part of this group. After being identified, the updated status for the students in this group was submitted to the National Student Clearinghouse on August 16, 2011.

One other student in our sample did not have an updated graduation status because a notation flag added by the Clearinghouse for that student did not allow the degree verify submission to process. On June 6, 2011, the Clearinghouse contacted the Registrar’s Office to inquire about the status of a student that had graduated subsequent to the last degree verify submission. Based on the information received, the Clearinghouse changed the student’s status to “degree verify pending.” This student was included in the June 15, 2011 degree verify submission of all students with a degree conferred the previous four weeks. However, the “degree verify pending” flag that the Clearinghouse had added earlier in the month resulted in this degree verify submission being rejected as a duplicate record. The University was not aware that this student’s enrollment status change was not processed by the Clearinghouse. After being identified, the University contacted their Clearinghouse representative on August 16, 2011 to update the enrollment status for this student.

Effect – The Department of Education may not receive notification of student status changes timely.

Cause – The University did not have adequate procedures in place to detect incomplete updates to the National Student Clearinghouse data on a timely basis.

Recommendation – The University should implement procedures to ensure that file transmissions to the National Student Clearinghouse are complete and that any items rejected by the Clearinghouse are identified and cleared on a timely basis.

The University of Michigan

Schedule of Status of Prior Year Findings and Questioned Costs

Views of Responsible Officials – To ensure that file transmissions are complete in the future, the University has revised its degree posting and Clearinghouse submission procedures. The Registrar's Office will generate the degree verify submission to the Clearinghouse in the afternoon instead of the morning and, once the process is run, will not post any additional degrees in the university's student information system until the next business day. In addition, the Registrar's Office will increase the frequency of sending degree files to the Clearinghouse, particularly during peak award times, as well as request and review a rejected records list from the Clearinghouse after every file transmission.

Current Status – Corrected, the corrective action plan has been implemented. No similar findings of this type were noted in the current year.

Finding No. 2011-3 – American Recovery and Reinvestment Act Reporting

Grantor(s): Various

Award(s): All American Recovery and Reinvestment awards

Criteria – Section 1512 of the American Recovery and Reinvestment Act (the "Recovery Act") requires reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009). All data contained in each quarterly report will be cumulative in order to encompass the total amount of funds expended to date. This means that reports due on October 10, 2009, will include funding from February 17, 2009 (the date the Act was enacted by Congress) through September 30, 2009. Each subsequent quarterly report will also be cumulative.

Condition – Due to the volume of awards received by the University, and the due date of reports ten days after each quarter end, the University took a position that the best available data to use for quarterly Section 1512 reporting was the data as of the month end of the month preceding the quarter-end (e.g. data through August 31 utilized for the September 30 reporting cycle). We selected 25 Section 1512 reports for testing and noted that each report was submitted timely with the quarterly data lagging one month in arrears pursuant to the University's reporting plan. However, the Office of Management and Budget's current interpretation is that reporting one month in arrears is not an acceptable use of best available data.

Cause – Due to the volume of Section 1512 reporting to complete, the University has a very short time period between when its monthly general ledger is closed and the 10-day period each quarter-end when Section 1512 reports are due in order to meet Federal requirements. In order to ease the administrative burden and increase data accuracy, the University adopted a process that seemed to be supported by the federal agencies in the university research community whereby each quarter cumulative financial results are reported one month in arrears.

The University of Michigan

Schedule of Status of Prior Year Findings and Questioned Costs

Effect – The University's Section 1512 reports did not include complete quarterly data covering the periods required.

Questioned Costs – None.

Recommendation – Prospectively, the University should implement a policy to modify the data reported in its Section 1512 reports to capture data through the actual quarter-end in order to ensure compliance with Section 1512 reporting requirements, utilizing the continuous correction period, if necessary. Should the cutoff of the last month in the cutoff period be not available or complete to facilitate timely reporting, the use of reasonable estimates would be acceptable.

Views of Responsible Officials – The University's position to use a one-month reporting lag as best available data for quarterly Section 1512 reporting was consistent with guidance we received during our participation at federal agency panel meetings during fiscal 2010. In addition, no issues were identified with this method of reporting during a federal agency on-campus audit of Recovery Act fund utilization and reporting. We understand that interpretations of best available data have evolved and have developed new processes for quarterly Section 1512 reporting which discontinue the use of a one month lag which were implemented commencing with the quarter ended September 30, 2011 for prime awards and the quarter ended December 31, 2011 for subrecipient awards.

Current Status – Corrected, the corrective action plan has been implemented. No similar findings of this type were noted in the current year.

The University of Michigan

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CHERYL L. SOPER
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March 8, 2013

RE: Reporting Package [_.320(c)(4)] - Corrective action plan [_.315(c)]

1. Name of the contact person responsible for corrective actions planned:

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2. Corrective actions planned:

The corrective action plan for each finding is contained in the Views of Responsible Officials section below.

Finding No. 2012-1 – Monitoring Vendors for Suspension and Debarment (Research and Development Cluster and Navel Education Engineering Consortium)

Grantor(s): Various

Award(s):

Research and Development Cluster:

- Department of Commerce, National Oceanic and Atmospheric Administration, Cooperative Institute for Limnology and Ecosystems Research, CFDA No. 11.432, Sponsor Reference No. NA07OAR432006
- Department of Commerce, Office of the Secretary, Cyber-enabled Wireless Monitoring Systems for Protection of Deteriorating National Infrastructure Systems, CFDA No. 11.616, Sponsor Reference No. 70NANB9H9008
- Departments of Health and Human Services, National Institutes of Health, Drug Use and Life Styles of American Youth, CFDA No. 93.279, Sponsor Reference No. 5 R01 DA001411-37
- Department of Transportation, Federal Highway Administration, Safety Pilot Model Deployment, CFDA No. 20.RD, Sponsor Reference No. DTFH61-11-C-0040

Other:

- Department of Defense, Navy, Naval Engineering Education Consortium, CFDA No. / Sponsor Reference No. 12.N65540-10-C-003

Criteria – Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e. subawards to subrecipients), irrespective of award amount, are considered covered transactions.

Condition – We selected ten procurement expenditures for testing. Although none of the vendors associated with these transactions were on the Federal Government’s excluded parties list, we noted that for seven of these expenditures, there was no evidence that the University performed a verification check in the current year to determine whether the vendor associated with the covered transaction is suspended or debarred by the Federal Government other than the purchase order which references the terms and conditions applicable to awards issued under Federal Government Grants, including no debarment or suspension.

Questioned Costs – None.

Context – The University performs a verification check of vendor's status for a covered transaction when a vendor is entered into their system as a new vendor. When the vendor is identified as being suspended or debarred, the University will not enter into a contract with the vendor. However, there is no evidence of a process in place to perform regular verification checks after the initial verification check to monitor any subsequent changes in vendor's status. In March 2012, the University implemented the Visual Compliance Database which consistently monitors the vendors' status and notifies the University when there is any change. Only vendors who became a new vendor after the implementation of the database in March 2012 are monitored in this database, and existing vendors are not formally monitored.

Effect – The University may enter into a transaction with vendors who are suspended or debarred by the Federal Government.

Recommendation – The University should implement procedures to perform regular verification checks of vendors' status to ensure that they are not entering into a contract with vendors who are either suspended or debarred by the Federal Government.

Views of Responsible Officials – The University concurs with the auditor’s finding and recommendation. We have a project underway to explore options for ensuring that all vendors are consistently monitored for changes in status subsequent to the initial verification that is done before we add a new vendor. A course of action will be finalized by June 30, 2013 and fully implemented by December 31, 2013. In the meantime, as a mitigating control, all purchase orders, requests for quotation and contracts include a vendor acknowledgement that the entity is not presently debarred excluded or suspended and that they will notify the university if their status changes. In addition, the University participates in a network of peer institutions that shares information about vendors that have experienced a change in status and been added to the excluded parties listing.

Anticipated Completion Date: December 31, 2013