

The University of Michigan
Reports on Federal Awards in Accordance
with OMB Circular A-133
For the Year Ended June 30, 2010
EIN 38-6006309

The University of Michigan
Contents

Pages (s)

Part I – Financial Information

Report of Independent Auditors 1-2

Management’s Discussion and Analysis 3-28

Consolidated Financial Statements:

 Consolidated Financial Statements 29-32

 Notes to Consolidated Financial Statements 33-66

Supplementary Information:

 Schedule of Expenditures of Federal Awards 67-100

 Notes to Schedule of Expenditures of Federal Awards 101-103

Part II – OMB Circular A-133 Supplemental Reports

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* 104-105

Report of Independent Auditors on Compliance with Requirements Applicable
to Each Major Program and on Internal Control Over Compliance in Accordance
with OMB Circular A-133 106-108

Schedule of Findings and Questioned Costs 109-112

Schedule of Status of Prior Year Findings and Questioned Costs 113

Corrective Action Plan 114-116

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") at June 30, 2010 and 2009, and its consolidated revenues, expenses and changes in its 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. 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.

As described in Note 1 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of July 1, 2009.

The Management's Discussion and Analysis ("MD&A") on pages 3 through 26 is not a required part of the financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the MD&A. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2010 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, 2010. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2010 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Princeton University Cooper LLP

September 10, 2010

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, 2010 and 2009 and its activities for the three fiscal years ended June 30, 2010. 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 58,000 students and 6,900 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, in total, employs more than 41,000 permanent employees and 11,000 temporary staff. The University also maintains one of the largest health care complexes in the world through its Hospitals and Health Centers ("HHC"). HHC consists of three hospitals, 40 health centers and more than 120 outpatient clinics. HHC is an integral part of the University's Health System which also includes the University's Medical School and Michigan Health Corporation, a wholly-owned corporation created to pursue joint venture and managed care initiatives.

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.

THE UNIVERSITY OF MICHIGAN

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

Financial Highlights

The University's financial position remains strong, with assets of \$13.7 billion and liabilities of \$4.3 billion at June 30, 2010, compared to assets of \$12.9 billion and liabilities of \$4.2 billion at June 30, 2009. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, totalled \$9.4 billion at June 30, 2010 as compared to \$8.7 billion at June 30, 2009. Changes in net assets represent the University's results of operations and are summarized for the years ended June 30, 2010 and 2009 as follows:

	2010	2009
	(in millions)	
Operating revenues and educational appropriations	\$ 5,010.5	\$ 4,687.3
Total operating and net interest expenses	5,306.8	5,119.3
	(296.3)	(432.0)
Net investment income (loss)	796.4	(1,851.9)
Gifts and other nonoperating revenues, net	198.3	195.5
Increase (decrease) in net assets	<u>\$ 698.4</u>	<u>\$ (2,088.4)</u>

Net assets increased \$698 million in fiscal 2010, primarily due to net investment income which totalled \$796 million. Net assets decreased \$2.1 billion in fiscal 2009, primarily due to net investment losses which totalled \$1.9 billion.

The results of operations reflect the University's focus on maintaining its national standards academically, and in research and health care, while addressing declining base state appropriations and rising health care, regulatory, and facility costs in a competitive recruitment environment for faculty and health care professionals. Operating revenues and educational appropriations increased 7 percent, or \$323 million, due primarily to increases in federal grants and patient care revenues. Total operating and net interest expenses increased 4 percent, or \$188 million, which reflects increases in patient care and sponsored research activities, offset by aggressive cost cutting and productivity gains.

Net investment income totalled \$796 million in 2010, as compared to net investment losses of \$1.9 billion in 2009. 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, while the University's endowment is invested in a long-term strategy where a greater allocation to equity and equity-like investments left it more exposed to the effects of the global financial crisis in 2009. The impact of endowment investment activities is muted by the University's spending policy which seeks to insulate University operations from expected volatility in the capital markets and provide for a stable and predictable level of spending from the endowment.

THE UNIVERSITY OF MICHIGAN

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

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 GASB principles, which establish standards for external financial reporting for public colleges and universities.

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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in millions)	
Current assets	\$ 1,685	\$ 1,825
Noncurrent assets:		
Endowment, life income and other investments	6,807	6,215
Capital assets, net	4,956	4,627
Other	268	265
Total assets	13,716	12,932
Current liabilities	1,346	1,669
Noncurrent liabilities	3,007	2,598
Total liabilities	4,353	4,267
Net assets	\$ 9,363	\$ 8,665

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, 2010 and 2009, 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.

THE UNIVERSITY OF MICHIGAN

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

Current assets consist primarily of cash and cash equivalents, operating and capital investments, and accounts receivable. Total current assets decreased \$140 million, to \$1.7 billion at June 30, 2010, primarily due to decreases in cash and investments. Cash, cash equivalents and operating investments totalled \$767 million at June 30, 2010, 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 decreased \$323 million, to \$1.3 billion at June 30, 2010, primarily due to a decrease in net long-term bonds payable subject to remarketing. The variable rate portion of bonds payable has remarketing features which allow bondholders to put debt back to the University and is, accordingly, classified as a current liability unless supported by long-term liquidity agreements which can refinance the debt on a long-term basis.

Endowment, Life Income and Other Investments

The University's endowment, life income and other investments increased \$592 million, to \$6.8 billion at June 30, 2010. This increase primarily resulted from unrealized gains on investments and the receipt of new endowment funds through gifts and transfers, offset by endowment distributions to beneficiary units for operations. The composition of the University's endowment, life income and other investments at June 30, 2010 and 2009 is summarized as follows:

	2010	2009
	(in millions)	
Endowment investments	\$ 6,564	\$ 6,001
Life income investments	94	89
Noncurrent portion of insurance and benefits obligations investments	149	125
	<u>\$ 6,807</u>	<u>\$ 6,215</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 OF MICHIGAN

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

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 7,100 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.

The University's endowment spending rate policy provides for an annual distribution of 5 percent of the one-quarter lagged, seven-year moving average fair value of University Endowment Fund assets, with distributions limited to 5.3 percent of current fair value. 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 totalled \$255 million, \$244 million and \$227 million and withdrawals from funds functioning as endowment totalled \$5 million, \$46 million and \$20 million in 2010, 2009 and 2008, respectively. Total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 5.1 percent, 5.9 percent and 4.0 percent of the current year average fair value of the University Endowment Fund for 2010, 2009 and 2008, respectively. Over the past ten years, total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 5.8 percent.

THE UNIVERSITY OF MICHIGAN

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 totalled \$695 million in 2010, as compared to \$844 million in 2009. 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 \$521 million, as well as debt proceeds of \$172 million and state capital appropriations of \$2 million.

Construction in progress, which totalled \$546 million at June 30, 2010 and \$786 million at June 30, 2009, includes important new facilities for patient care, research, instruction, athletics and student residential life.

At June 30, 2010, construction continues on a new facility for C.S. Mott Children's Hospital and Von Voigtlander Women's Hospital to meet increasing patient demand and accommodate future research, education and clinical care innovations. The new state-of-the art facility will further enhance specialty services for newborns, children and pregnant 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 will be approximately 1.1 million square feet. After the new facility is completed in fiscal 2012, the existing C.S. Mott Children's Hospital and Women's Hospital will be used to benefit the entire Health System.

Construction projects are also underway at the Law School. 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 Quad, a new four-story academic and administrative building is under construction to 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 will occupy the currently unused grassy area between Hutchins Hall and the Legal Research Building. This structure will include a main floor café and a lower level designed to facilitate student meetings and study groups. This project also includes life safety upgrades to Hutchins Hall and the Cook Library. These projects are scheduled to be completed in fiscal 2012.

THE UNIVERSITY OF MICHIGAN

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

The renovation of Couzens Residence Hall serves to meet the contemporary and future needs of students, by thoroughly updating the building's infrastructure while preserving its traditional design. New and reorganized spaces within the facility will revitalize the old residence hall and create spaces for living-learning and academic initiatives, student interaction, and creation of community. The building's infrastructure will also be thoroughly upgraded, from high-speed network access to renovated bath facilities, accessibility improvements, and new plumbing, heating, cooling, ventilation, fire detection and fire suppression systems. In addition, energy conservation measures will be implemented to improve the energy performance of the overall building. This renovation, scheduled to be completed in Spring 2011, is part of the University's residential life initiatives and follows deep renovations to Mosher Jordan and Stockwell residence halls in previous years.

Expansion and renovation projects completed in 2010 include Brehm Tower, North Quad Residential and Academic Complex, Stockwell Residence Hall and Michigan Stadium.

Brehm Tower provides a new state-of-the-art eye center that more than doubles capacity for eye care, research and education, as well as provides scientists more space to search for a cure for Type 1 diabetes. This new facility, which is connected to the current Kellogg Eye Center Tower includes eight floors for clinics, surgery and research, serving the growing number of patients who need advanced eye care and access to the latest research discoveries. Large windows and a full wall of glass panels on the building's façade allow natural light to fill the clinics and common space, of particular benefit to patients whose vision is impaired. The Tower's clinics have space for patient education and comfortable waiting areas designed to aid patient flow. Research areas feature open laboratories to encourage collaboration and provide flexibility as research projects grow. The new facility also houses the Brehm Center for Type 1 Diabetes Research and Analysis, which provides significant opportunities for collaboration among diabetes and vision scientists, particularly on vision loss caused by diabetes.

Construction of the first new student residence hall on the Ann Arbor campus in more than 40 years was completed this summer. The North Quad Residential and Academic Complex combines sophisticated classroom and academic space with residence space for 460 students. This results in an environment in which interactions among students and faculty flow from classrooms to hallways to faculty offices to living quarters. The living spaces, like the whole of the project, are designed to facilitate student learning, social and programmatic needs. The academic space will provide classrooms, studios and offices for five information and communications-related university programs.

THE UNIVERSITY OF MICHIGAN

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

The comprehensive renovation of Stockwell Residence Hall, which was completed in Fall 2009, meets the contemporary and future needs of students, while preserving the building's historic character. The building's infrastructure was thoroughly upgraded, from high-speed network access to renovated bath facilities, accessibility improvements, and new plumbing, heating, cooling, ventilation, fire detection and fire suppression systems. In addition, because dining services formerly located within the building are now provided in the new Hill Dining Center, space was available for the creation of meeting and community spaces for student interaction and living and learning activities.

A comprehensive renovation and expansion of Michigan Stadium was finished in time for the start of the 2010-11 football season. Renovation to the stadium itself resulted in improvements in the number and quality of restrooms and concession stands; wider aisles, handrails and additional entry and exit points for improved crowd circulation and safety; and additional dedicated seating for fans with impaired mobility. The expansion added 400,000 square feet encompassed by two multi-story masonry structures on both the east and west sides of the stadium, leaving the end zones open. These structures include 83 suites and approximately 3,000 club seats.

In June 2009, the University completed the acquisition of the former Pfizer pharmaceutical research complex for approximately \$114 million, which includes liabilities of approximately \$6 million that were assumed as part of the purchase. This investment, which was funded primarily with Health System resources provides a transformational opportunity for the University to develop and utilize the 30 buildings and nearly 174 acres of land acquired. Known collectively as the North Campus Research Complex ("NCRC"), these buildings with nearly 2 million square feet of sophisticated laboratory facilities and administrative space will provide much needed space to help attract new research funding and faculty to the University.

During 2010, \$30 million of the acquired NCRC property was placed in service, including administrative and utility buildings and a 300-space parking lot at the southern end of the property open to university commuters. The first phase of administrative building occupancy encompassed groups involved in supporting research and approximately 300 current employees were moved into four office buildings in the complex. These office-related functions were readily moved, primarily from leased space, into the NCRC with minimal improvements to the facilities. Other property in the complex, especially laboratories, has longer commissioning and activation timelines and will be the focus of occupancy efforts in 2011 and beyond. The unoccupied portion of the NCRC is classified as property held for future use and totalled \$84 million at June 30, 2010. A small, dedicated NCRC staff is moving forward with implementation of the research growth plans developed in 2010, which will involve research groups from multiple schools and colleges across the university.

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. During December 2009, Moody's Investors Service, Inc. ("Moody's") affirmed its highest credit rating (Aaa) for bonds backed by a broad revenue pledge based on the University's 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 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.

The University maintains a combination of fixed and variable rate debt, which totalled \$1.5 billion at June 30, 2010. Long-term debt activity for the year ended June 30, 2010, 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	\$ 102	\$ 8	\$ 23	\$ 87
Bonds and Notes:				
General revenues	754	365	69	1,050
Hospital revenues	540		240	300
Faculty Group Practice revenues	89		24	65
Student residences revenues	2			2
	\$ 1,487	\$ 373	\$ 356	\$ 1,504

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, 2010 and 2009, commercial paper totalled \$87 million and \$102 million, respectively, and is included in current liabilities.

Consistent with capital and debt financing plans, the University issued fixed rate general revenue bonds in 2010 to refund variable rate debt supported by specific lines of revenue and support capital projects. Total bond proceeds of \$365 million, which included a net original issue premium of \$18 million, were utilized to refund variable rate hospital and medical service plan revenue supported bonds of \$201 million as well as provide \$164 million for capital projects and debt issuance costs. In addition, the University refunded \$46 million of variable rate Series 2005B General Revenue Bonds in 2010, utilizing a portion of proceeds from the Series 2009A (fixed rate) and Series 2009B (variable rate) General Revenue Bonds issued in 2009, and extinguished \$56 million of variable rate Series 1992A Hospital Revenue Refunding Bonds.

THE UNIVERSITY OF MICHIGAN

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

The University continues 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 are subject to less volatility from liquidity and interest rate perspectives. The University's fixed and variable rate debt as of June 30, 2010 and 2009 is summarized as follows:

	2010	2009
	(in millions)	
Variable rate:		
Commercial paper	\$ 87	\$ 102
Demand bonds	760	1,075
Fixed rate bonds	657	310
	<u>\$ 1,504</u>	<u>\$ 1,487</u>

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 debt is put back to the University by the debt holder, management believes that it 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 three remarketing agents to achieve a wide distribution of its variable rate debt.

Interest expense net of federal subsidies received for interest on taxable Build America Bonds and interest capitalized during construction increased 6 percent, to \$27 million in 2010. The University maintains a combination of variable and fixed rate debt, with effective interest rates that averaged approximately 2 percent in 2010 and 2009, including the amortization of bond premiums and discounts and net of federal subsidies for interest on taxable Build America Bonds.

THE UNIVERSITY OF MICHIGAN

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

Obligations for Postemployment Benefits

The University implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, during 2008. This Statement requires accrual-based measurement and recognition of the cost of postemployment benefits during the periods when employees render their services. Previously, the University recognized obligations for most postemployment benefits as they were paid.

Using current actuarial assumptions, and presuming a continuation of the current level of benefits, the University's obligations for postemployment benefits totalled \$1.61 billion and \$1.56 billion at June 30, 2010 and 2009, 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 totalled \$199 million and \$201 million at June 30, 2010 and 2009, respectively.

By implementing a series of health benefit initiatives over the past few years, the University has favorably impacted its obligations for postemployment benefits by \$281 million. In accordance with GASB Statement No. 45, the University's obligations for postemployment benefits at June 30, 2010 do not reflect anticipated Medicare Part D prescription drug subsidies for future years of \$179 million.

THE UNIVERSITY OF MICHIGAN

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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in millions)	
Invested in capital assets, net of related debt	\$ 3,503	\$ 3,276
Restricted:		
Nonexpendable:		
Permanent endowment corpus	1,214	1,144
Expendable:		
Net appreciation of permanent endowments	924	808
Funds functioning as endowment	1,447	1,291
Restricted for operations and other	439	606
Unrestricted	1,836	1,540
	\$ 9,363	\$ 8,665

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 \$227 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 \$70 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 totalled \$2.8 billion at June 30, 2010, as compared to \$2.7 billion at June 30, 2009.

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, 2010 and 2009 totalled \$1.8 billion and \$1.5 billion, respectively. At June 30, 2010, unrestricted net assets included funds functioning as endowment of \$2.9 billion offset by unfunded obligations for postemployment benefits of \$1.6 billion. At June 30, 2009 unrestricted net assets included funds functioning as endowment of \$2.6 billion offset by unfunded obligations for postemployment benefits of \$1.6 billion. Unrestricted net assets at June 20, 2010 and 2009 also included other net resources of \$500 million.

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, 2010 is summarized as follows:

	2010	2009	2008
	(in millions)		
Operating revenues:			
Student tuition and fees, net of scholarship allowances	\$ 863.9	\$ 826.3	\$ 791.2
Sponsored programs	990.3	897.3	832.5
Patient care revenues	2,372.0	2,220.6	2,105.4
Other	372.2	344.4	354.8
	4,598.4	4,288.6	4,083.9
Operating expenses	5,280.1	5,094.2	4,820.0
Operating loss	(681.7)	(805.6)	(736.1)
Nonoperating and other revenues (expenses):			
State educational appropriations	362.1	373.8	404.0
State fiscal stabilization funds	10.1		
Federal Pell grants	39.9	24.9	20.7
Private gifts for operating activities	105.2	96.5	136.7
Net investment income (loss)	796.4	(1,851.9)	620.2
Interest expense	(30.0)	(25.1)	(33.6)
Federal subsidies for interest on Build America Bonds	3.3		
State capital appropriations	2.0	12.2	11.8
Endowment and capital gifts and grants	88.7	88.4	160.1
Other	2.4	(1.6)	(21.0)
Nonoperating and other revenues (expenses), net	1,380.1	(1,282.8)	1,298.9
Implementation of GASB Statement No. 45, postemployment benefits obligations as of July 1, 2007			(1,306.9)
Increase (decrease) in net assets	698.4	(2,088.4)	(744.1)
Net assets, beginning of year	8,664.6	10,753.0	11,497.1
Net assets, end of year	\$ 9,363.0	\$ 8,664.6	\$ 10,753.0

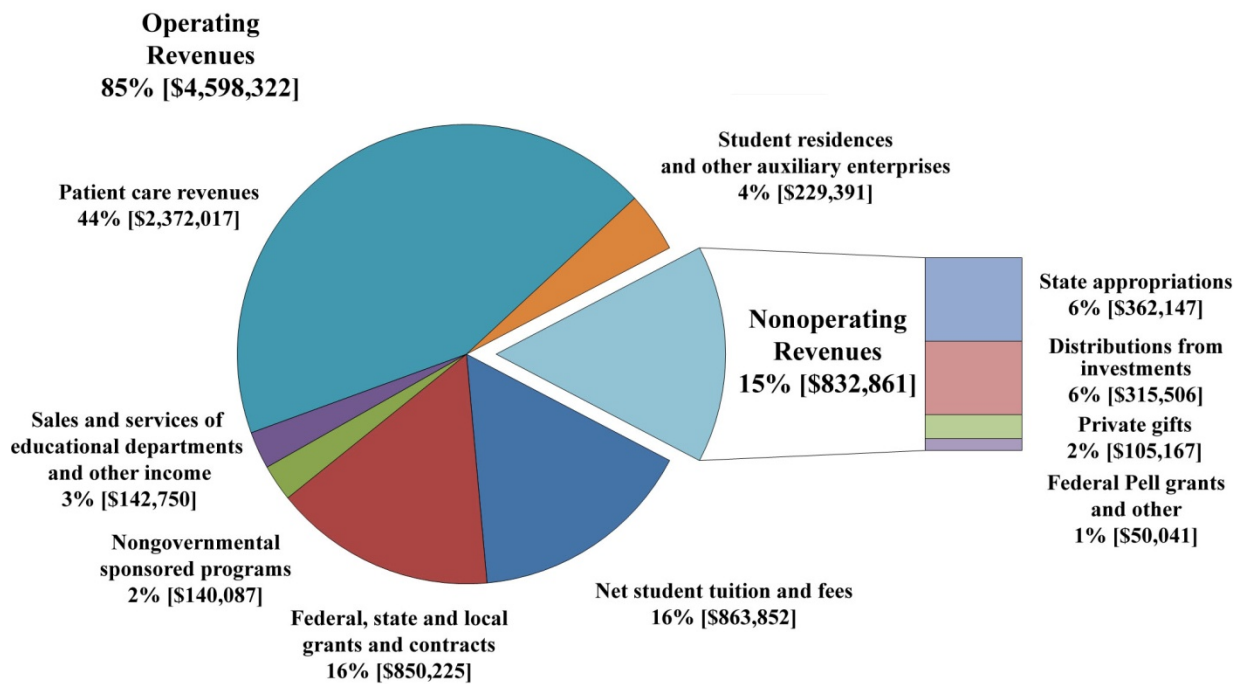
One of the University's greatest strengths is the diverse streams of revenue that supplement its student tuition and fees, including private support from individuals, foundations and corporations, along with government and other sponsored programs, state appropriations and investment income. The University 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.

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, 2010 (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 2010 Revenues for Operating Activities

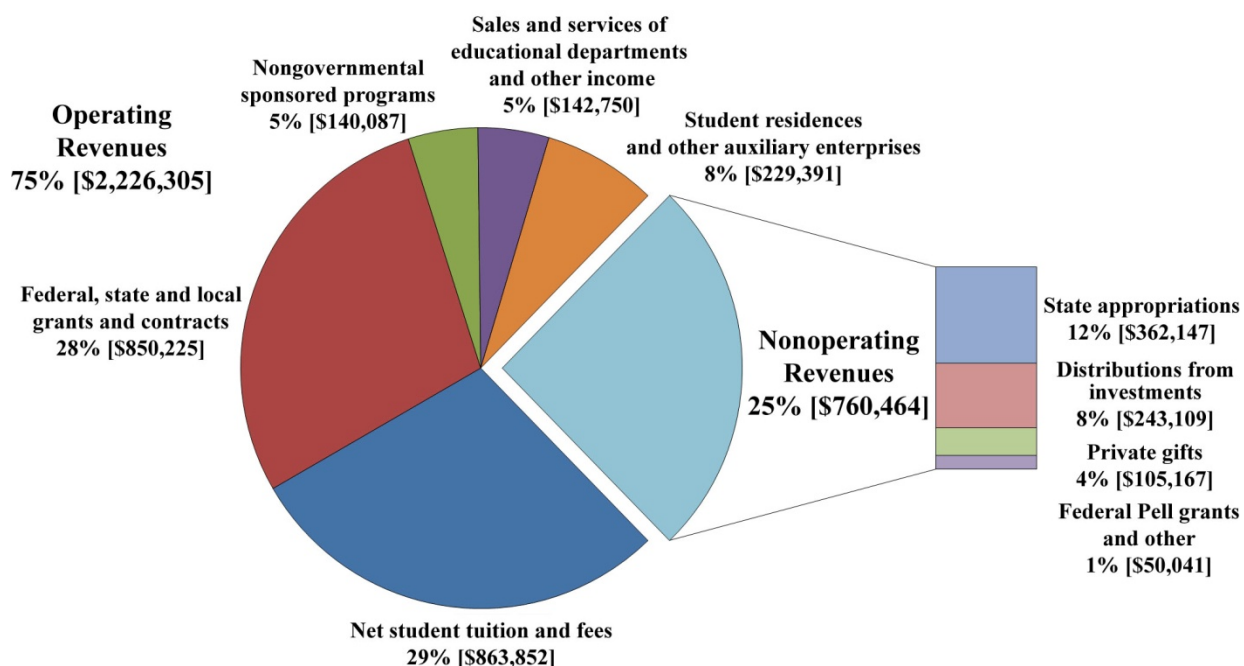


THE UNIVERSITY OF MICHIGAN

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, 2010 (amounts are presented in thousands of dollars).

**Fiscal Year 2010 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 direct 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 base state appropriations increased 2 percent, or \$26 million, to \$1.23 billion in 2010, as compared to 3 percent, or \$39 million, to \$1.20 billion in 2009.

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. For the three years ended June 30, 2010, state educational appropriations revenue consisted of the following components:

	2010	2009	2008
	(in millions)		
Base appropriations	\$ 362.1	\$ 373.8	\$ 370.1
Net restoration			33.9
	<u>\$ 362.1</u>	<u>\$ 373.8</u>	<u>\$ 404.0</u>

Due to ongoing pressures and volatility in the state budget, the University's base appropriations continue to be constrained, decreasing \$8 million or 2 percent, over the past two years. The \$34 million net restoration in 2008 represents the return of part of a 2007 mid-year rescission, which totalled \$40 million.

To maintain academic excellence and offset constrained base state appropriations, net student tuition and fees revenue increased 9 percent, or \$73 million, over the past two years. For the three years ended June 30, 2010, net student tuition and fees revenue consisted of the following components:

	2010	2009	2008
	(in millions)		
Student tuition and fees	\$ 1,097.5	\$ 1,029.2	\$ 975.3
Scholarship allowances	(233.6)	(202.9)	(184.1)
	<u>\$ 863.9</u>	<u>\$ 826.3</u>	<u>\$ 791.2</u>

In 2010, net student tuition and fees revenue increased 5 percent, or \$38 million, to \$864 million, which reflects a 7 percent, or \$68 million, increase in gross tuition and fee revenues offset by a 15 percent, or \$31 million increase in scholarship allowances. Tuition rate increases in 2010 were 5.6 percent for all undergraduate and most graduate students on the Ann Arbor campus, with a 6.7 percent tuition rate increase for all undergraduates and 3.1 percent increase for most graduate students on the Dearborn campus, and a 6.5 percent tuition rate increase for most undergraduate students on the Flint campus. The University also experienced a modest growth in the number of students on all three campuses.

In 2009, net student tuition and fees revenue increased 4 percent, or \$35 million, to \$826 million, which reflects a 6 percent, or \$54 million, increase in gross tuition and fee revenues offset by a 10 percent, or \$19 million, increase in scholarship allowances. Tuition rate increases in 2009 were 5.6 percent for all undergraduate students on the Ann Arbor campus, with a 6.5 percent tuition rate increase for the Dearborn campus, a 5.9 percent tuition rate increase for the Flint campus and a 5 percent increase for most graduate tuition rates. The University also experienced a modest growth in the number of students.

THE UNIVERSITY OF MICHIGAN

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

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

In 2010, the University received \$10 million from the State Fiscal Stabilization Fund program, a one-time appropriation under the American Recovery and Reinvestment Act of 2009. The U. S. Department of Education awarded state governors funds in exchange for a commitment to advance essential education reforms to benefit students from early learning through post-secondary education, including college. These funds were also awarded to help stabilize state and local government budgets in order to minimize and avoid reductions in education and other essential public services. The University used its \$10 million allocation in 2010 to provide financial aid to resident students.

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 totalled \$105 million in 2010, as compared to \$97 million in 2009 and \$137 million in 2008.

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. Revenues for sponsored programs increased 12 percent, or \$108 million, to \$1.0 billion in 2010, as compared to an increase of 8 percent, or \$69 million, to \$922 million in 2009. A significant portion of the University's sponsored programs revenues relate to federal research and its growth is consistent with the national trends of increasing activity after several years of stabilized federal research activity. The increase in federal support for sponsored programs in 2010 was especially fueled by federal stimulus funds from the American Recovery and Reinvestment Act of 2009. Revenues earned from federal stimulus funds for sponsored programs totalled \$60 million in 2010, with \$58 million specifically for research.

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 7 percent, or \$151 million, to \$2.4 billion in 2010, as compared to an increase of 5 percent, or \$115 million, to \$2.2 billion in 2009. 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.

THE UNIVERSITY OF MICHIGAN

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

Net investment income totalled \$796 million in 2010, compared to net investment loss of \$1.9 billion in 2009 and net investment income of \$622 million in 2008. Financial markets rebounded strongly in 2010 from the losses in the prior year, with most asset classes experiencing double digit positive returns. The real estate segment of the University's investment portfolio, however, continued to experience losses in 2010. Real estate investments represented 11 percent and 12 percent of the University's total investments at June 30, 2010 and 2009, respectively.

In 2009, the financial market turmoil that followed the banking crisis in 2008 resulted in broad losses across the University's public and private equity and equity-like investments, with the largest losses occurring in areas that had experienced the greatest gains in recent years, such as real estate, energy and other alternative investments. Despite the losses in 2009, these assets remain the University's highest performing investments over longer time periods. Fixed income investments in the University's working capital and long-term pools performed in line with expectations and proved to be a stabilizing factor on the University's overall investment portfolio.

It was also a difficult year for public equities in 2008, but the University's returns in nonmarketable limited partnerships and absolute return strategies, aided by strong returns from its energy holdings and hedging strategies, resulted in positive investment income.

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.

Private gifts for permanent endowment purposes totalled \$60 million in 2010, as compared to \$61 million in 2009 and \$94 million in 2008. Capital gifts and grants totalled \$29 million in 2010, as compared to \$28 million in 2009 and \$66 million in 2008. Over the past three years, major capital gifts have been received in support of the University's wide-ranging building initiatives, which include the Stephen M. Ross School of Business, Health System, Intercollegiate Athletics, Law School and College of Engineering.

THE UNIVERSITY OF MICHIGAN

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

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 66 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, 2010 is as follows (amounts in millions):

	2010		2009		2008	
Operating:						
Compensation and benefits	\$ 3,529.3	66%	\$ 3,390.5	66%	\$ 3,234.2	67%
Supplies and services	1,276.9	24	1,255.1	24	1,167.6	24
Depreciation	360.1	7	341.5	7	319.4	6
Scholarships and fellowships	113.8	2	107.1	2	98.8	2
	5,280.1	99	5,094.2	99	4,820.0	99
Nonoperating:						
Interest, net	26.7	1	25.1	1	33.6	1
	<u>\$ 5,306.8</u>	<u>100%</u>	<u>\$ 5,119.3</u>	<u>100%</u>	<u>\$ 4,853.6</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 4 percent, or \$139 million, to \$3.5 billion in 2010, as compared to a 5 percent, or \$156 million increase, to \$3.4 billion in 2009.

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 insurance plan that meets their needs and share a larger portion of health insurance 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 University utilizes a Pharmacy Benefits Advisory Committee, which consists of internal experts including Health System physicians, School of Pharmacy faculty and an on-staff pharmacist, to monitor the safety and effectiveness of covered medications as well as to optimize appropriate prescribing, dispensing and cost effective use of prescription drugs. The University also actively promotes and manages generic drug utilization and has achieved a 72 percent generic dispensing rate in 2010, as compared to 71 percent in 2009 and 68 percent in 2008.

THE UNIVERSITY OF MICHIGAN

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

The University's MHealthy initiative is a campus-wide effort to encourage healthier living through increased activity, attention to physical safety in the workplace, and other health and wellness efforts. The health and wellness programs offered by the University through this initiative have resulted in greater integration of evidence-based wellness programming into the University's benefit programs. During 2010, MHealthy completed the second university-wide health risk assessment, with more than 15,000 faculty and staff completing an online health risk questionnaire. Data gathered from this assessment will be used to design programs to address the greatest areas of community health risk and thereby reduce the costs incurred by the University.

Effective January 1, 2010, after careful review by the University's nationally recognized health policy faculty and financial experts, the University commenced a new health benefits cost sharing program which is being phased in over two years. 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 will be 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 will be reduced from 100 percent to 80 percent of the contribution made for full-time staff in the lowest salary band. Once fully implemented in 2011, these changes are expected to reduce the University's annual health care expenses by approximately \$31 million.

Beginning January 1, 2010, newly hired faculty and staff are subject to a one year waiting period before receiving the University's ten percent retirement savings plan contribution. This change is expected to result in annual savings of \$11 million.

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

THE UNIVERSITY OF MICHIGAN

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

Supplies and services expenses increased 2 percent, or \$22 million, to \$1.3 billion in 2010, as compared to an increase of 7 percent, or \$88 million, to \$1.3 billion in 2009. The increases in 2010 and 2009 are primarily due to increases in patient care and sponsored research activities offset by aggressive cost cutting and productivity gains.

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, 2010 is as follows (amounts in millions):

	2010		2009		2008	
Operating:						
Instruction	\$ 858.6	16%	\$ 820.3	16%	\$ 784.7	16%
Research	671.5	13	622.6	12	571.7	12
Public service	135.8	2	126.5	2	121.9	2
Institutional and academic support	485.0	9	485.2	10	448.7	9
Auxiliary enterprises:						
Patient care	2,244.0	42	2,164.5	42	2,046.0	42
Other	145.3	3	148.6	3	179.6	4
Operations and maintenance of plant	266.0	5	277.9	5	249.2	5
Depreciation	360.1	7	341.5	7	319.4	7
Scholarships and fellowships	113.8	2	107.1	2	98.8	2
	5,280.1	99	5,094.2	99	4,820.0	99
Nonoperating:						
Interest, net	26.7	1	25.1	1	33.6	1
	\$ 5,306.8	100%	\$ 5,119.3	100%	\$ 4,853.6	100%

Instruction and public service expenses increased 5 percent, or \$48 million, to \$994 million in 2010, as compared to 4 percent, or \$40 million, to \$947 million in 2009. These increases are consistent with the modest level of growth in the related revenue sources.

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 \$1.139 billion in 2010, as compared to \$1.017 billion in 2009 and \$929 million in 2008. This represents an increase of 23 percent, or \$210 million, from 2008 to 2010. This increase includes the impact of stimulus funds from the American Recovery and Reinvestment Act of 2009, which increased the total volume of research expenditures by 5 percent in 2010.

Patient care expenses increased 4 percent, or \$80 million, to \$2.2 billion in 2010, as compared to a 6 percent, or \$119 million increase, to \$2.2 billion in 2009. The increases in 2010 and 2009 are the result of increased patient activity, including costs of medical supplies and pharmaceuticals.

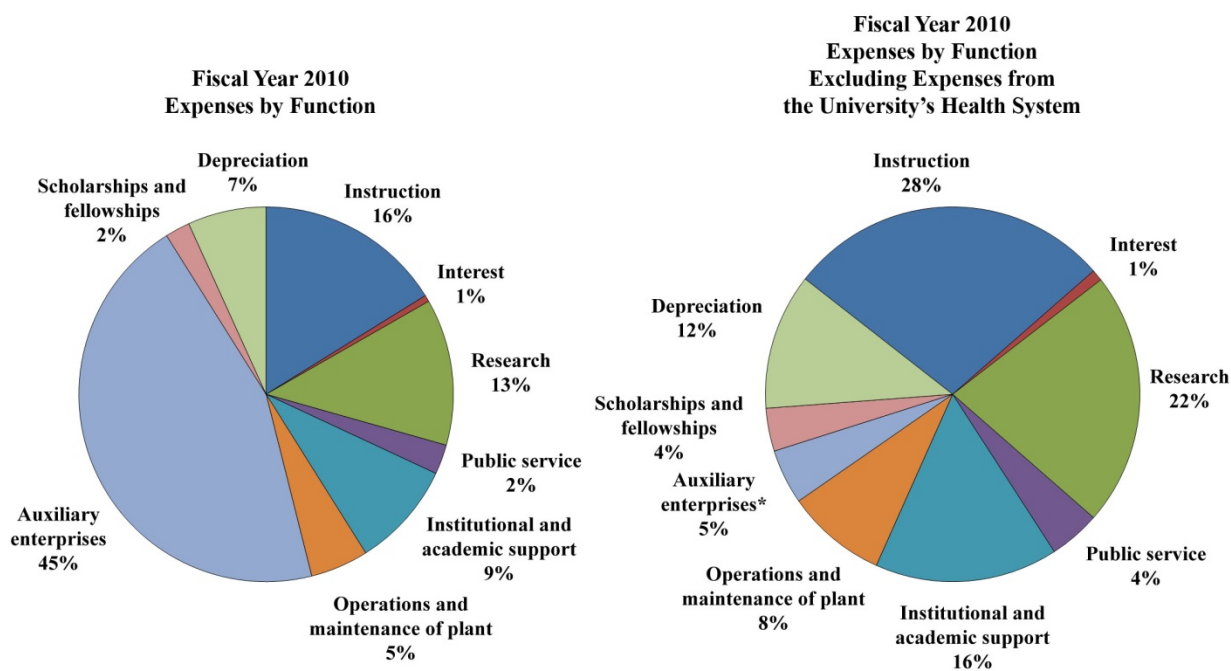
THE UNIVERSITY OF MICHIGAN

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

Total scholarships and fellowships provided to students aggregated \$365 million in 2010, as compared to \$327 million in 2009 and \$300 million in 2008, an increase of 22 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, 2010 are summarized as follows:

	2010	2009	2008
	(in millions)		
Paid directly to students	\$ 113.8	\$ 107.1	\$ 98.8
Applied to tuition and fees	233.6	202.9	184.1
Applied to University Housing	17.4	16.5	16.7
	\$ 364.8	\$ 326.5	\$ 299.6

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 \$2.4 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, 2010 and 2009 is as follows:

	2010	2009
	(in millions)	
Cash received from operations	\$ 4,584.1	\$ 4,310.3
Cash expended for operations	(4,881.0)	(4,699.3)
Net cash used in operating activities	(296.9)	(389.0)
Net cash provided by investing activities	212.0	256.1
Net cash used in capital and related financing activities	(658.7)	(575.0)
Net cash provided by noncapital financing activities	579.8	571.2
Net decrease in cash and cash equivalents	(163.8)	(136.7)
Cash and cash equivalents, beginning of year	358.4	495.1
Cash and cash equivalents, end of year	<u>\$ 194.6</u>	<u>\$ 358.4</u>

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. Cash and cash equivalents decreased \$164 million and \$137 million in 2010 and 2009 respectively, primarily due to planned capital additions.

THE UNIVERSITY OF MICHIGAN

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

Economic Factors That Will Affect the Future

The University continues to successfully 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 level of excellence in service to students, patients, the research community, the state and the nation.

A crucial element to the University's future continues to be a strong relationship with the state of Michigan. Historically, there has been a direct relationship between the growth or reduction of state support and the University's ability to control tuition increases, as reduced growth in state appropriations generally necessitates increased tuition levels. The University's budget for 2011 achieves the lowest tuition rate increase for Ann Arbor campus resident undergraduates since 1984 of 1.5 percent through aggressive cost reduction, reallocation and willingness to make tough decisions regarding priorities. To support the University's commitment to both academic excellence and accessibility, the budget for 2011 also includes an increased investment in financial aid for undergraduates. Based on state revenue forecasts, the University is also preparing for further declines in state support for higher education in 2012 and beyond.

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 and research methodologies. Authorized costs to complete construction and other projects totalled \$792 million at June 30, 2010. Funding for these projects is anticipated to include \$766 million from gifts and net assets designated for capital purposes as well as future borrowings, \$24 million from the utilization of unexpended debt proceeds and \$2 million from the State Building Authority. Economic pressures are expected to affect the State's future support.

The University's investment in the North Campus Research Complex is expected to result in significant economic benefits for both the University and the surrounding region by making strategic use of University resources and strengthening Michigan's life sciences industry. When fully developed, this complex could enable the University to create up to 3,000 new faculty and staff positions over the next ten years.

THE UNIVERSITY OF MICHIGAN

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

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.

In July 2010, the Regents approved a change in the University's endowment spending rate policy. Commencing with the quarter ending September 30, 2010, the distribution rate will begin to be lowered from 5.0 percent to 4.5 percent to more effectively protect the purchasing power of the University's endowments and the distributions they provide. The distribution rate will continue to be based upon the one-quarter lagged seven-year moving average fair value of University Endowment Fund assets, with distributions limited to 5.3 percent of current fair value.

This change is a continuation of the university's prudent financial management strategy that has allowed us to weather the recent recession while avoiding drastic measures taken by many of our prestigious peer institutions, such as faculty hiring freezes, furloughs, program cuts or halting construction. To avoid negative impacts of this change on near-term budgets, the reduced distribution rate will be implemented gradually over a number of years. Distributions will be managed towards the 4.5 percent distribution rate by keeping quarter to quarter distributions per share unchanged and only moving toward the 4.5 percent when prior increases in share value otherwise would 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.

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.

THE UNIVERSITY OF MICHIGAN

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

The University continues to utilize its nationally recognized health policy experts to guide future health plan strategies. A committee on retiree health benefits was formed in 2010 to help address the acceleration of health benefits costs for current and future retirees and their dependents. This committee's work, now underway, will result in a long-term plan to keep the University's retiree benefits competitive with peer institutions while producing a minimum of \$7 million in savings to the University over the next ten years, and more than \$80 million by 2040. In addition, a member engagement health plan design committee, also formed in 2010, will recommend changes in our health plan design for 2012 which will include incentives for our members to engage in health and well-being activities, and have positive effects on overall wellness and the University's health care cost trend.

Additionally, U.S. health care reform will influence university benefits planning. Now that health insurance reform legislation has been signed into law, new regulatory requirements will affect health plans, providers and employers alike, and the implementation of the changes will span several years into the future. 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 next decade of regulatory change.

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,	
	2010	2009
	(As Adjusted)	
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 194,645	\$ 358,373
Operating investments	572,374	345,207
Investments for capital activities	305,386	541,577
Investments for student loan activities	41,033	31,483
Accounts receivable, net	461,622	434,798
Current portion of notes and pledges receivable, net	57,960	64,055
Current portion of prepaid expenses and other assets	52,468	49,529
Total Current Assets	1,685,488	1,825,022
Noncurrent Assets:		
Endowment, life income and other investments	6,807,012	6,215,286
Notes and pledges receivable, net	211,642	219,823
Prepaid expenses and other assets	55,158	44,724
Capital assets, net	4,956,457	4,627,498
Total Noncurrent Assets	12,030,269	11,107,331
Total Assets	\$ 13,715,757	\$ 12,932,353
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 173,923	\$ 184,595
Accrued compensation and other	330,042	311,221
Deferred revenue	184,422	187,519
Current portion of insurance and benefits reserves	66,103	67,133
Current portion of obligations for postemployment benefits	51,629	58,401
Commercial paper and current portion of bonds payable	122,581	178,690
Long-term bonds payable subject to remarketing, net	384,550	652,285
Deposits of affiliates and others	32,656	29,705
Total Current Liabilities	1,345,906	1,669,549
Noncurrent Liabilities:		
Accrued compensation	71,610	76,924
Insurance and benefits reserves	89,169	85,912
Obligations for postemployment benefits	1,556,479	1,504,569
Obligations under life income agreements	49,245	47,843
Government loan advances	88,555	87,548
Bonds payable	996,771	656,341
Deposits of affiliates and other	155,034	139,030
Total Noncurrent Liabilities	3,006,863	2,598,167
Total Liabilities	4,352,769	4,267,716
Net Assets:		
Invested in capital assets, net of related debt	3,502,716	3,275,855
Restricted:		
Nonexpendable	1,213,962	1,143,668
Expendable	2,810,016	2,705,369
Unrestricted	1,836,294	1,539,745
Total Net Assets	9,362,988	8,664,637
Total Liabilities and Net Assets	\$ 13,715,757	\$ 12,932,353

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,	
	2010	2009
	(As Adjusted)	
	(in thousands)	
Operating Revenues		
Student tuition and fees	\$ 1,097,450	\$ 1,029,240
Less scholarship allowances	233,598	202,946
Net student tuition and fees	863,852	826,294
Federal grants and contracts	844,026	741,487
State and local grants and contracts	6,199	7,240
Nongovernmental sponsored programs	140,087	148,578
Sales and services of educational departments	139,992	117,690
Auxiliary enterprises:		
Patient care revenues	2,372,017	2,220,551
Student residence fees (net of scholarship allowances of \$17,441,000 in 2010 and \$16,542,000 in 2009)	85,725	81,391
Other revenues	143,666	142,988
Student loan interest income and fees	2,758	2,334
Total Operating Revenues	4,598,322	4,288,553
Operating Expenses		
Compensation and benefits	3,529,271	3,390,470
Supplies and services	1,276,931	1,255,078
Depreciation	360,089	341,462
Scholarships and fellowships	113,753	107,127
Total Operating Expenses	5,280,044	5,094,137
Operating loss	(681,722)	(805,584)
Nonoperating Revenues (Expenses)		
State educational appropriations	362,147	373,816
State fiscal stabilization funds	10,136	
Federal Pell grants	39,905	24,929
Private gifts for other than capital and endowment purposes	105,167	96,529
Net investment income (loss)	796,399	(1,851,937)
Interest expense, net	(30,018)	(25,136)
Federal subsidies for Build America Bonds interest	3,303	
Total Nonoperating Revenues (Expenses), Net	1,287,039	(1,381,799)
Income (loss) before other revenues (expenses)	605,317	(2,187,383)
Other Revenues (Expenses)		
State capital appropriations	2,002	12,244
Capital gifts and grants	29,143	27,791
Private gifts for permanent endowment purposes	59,595	60,602
Other	2,294	(1,656)
Total Other Revenues, Net	93,034	98,981
Increase (decrease) in net assets	698,351	(2,088,402)
Net Assets, Beginning of Year	8,664,637	10,753,039
Net Assets, End of Year	\$ 9,362,988	\$ 8,664,637

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,	
	2010	2009
	(in thousands)	
Cash Flows From Operating Activities		
Student tuition and fees	\$ 866,513	\$ 826,536
Federal, state and local grants and contracts	838,436	749,499
Nongovernmental sponsored programs	134,956	147,246
Sales and services of educational departments and other	280,930	260,275
Patient care revenues	2,359,444	2,228,907
Student residence fees	85,768	81,203
Payments to employees	(2,678,274)	(2,578,312)
Payments for benefits	(800,175)	(739,668)
Payments to suppliers	(1,277,777)	(1,258,755)
Payments for scholarships and fellowships	(113,721)	(107,081)
Student loans issued	(11,016)	(15,488)
Student loans collected	15,280	14,319
Student loan interest and fees collected	2,758	2,334
Net Cash Used in Operating Activities	(296,878)	(388,985)
Cash Flows From Investing Activities		
Interest and dividends on investments, net	74,579	84,634
Proceeds from sales and maturities of investments	2,508,663	4,635,466
Purchases of investments	(2,438,641)	(4,535,346)
Net decrease in cash equivalents from noncurrent investments	59,090	57,479
Net increase in deposits of affiliates and others	8,328	13,852
Net Cash Provided by Investing Activities	212,019	256,085
Cash Flows From Capital and Related Financing Activities		
State capital appropriations	2,870	22,379
Private gifts and other receipts	39,488	39,527
Proceeds from issuance of capital debt	372,936	336,440
Principal payments on capital debt	(355,272)	(90,893)
Interest payments on capital debt	(27,361)	(27,908)
Federal subsidies for Build America Bonds interest	2,062	
Payments for bond refunding and related costs	(402)	(277)
Purchases of capital assets	(694,600)	(855,834)
Proceeds from sales of capital assets	1,594	1,501
Net Cash Used in Capital and Related Financing Activities	(658,685)	(575,065)
Cash Flows From Noncapital Financing Activities		
State educational appropriations	364,269	373,143
State fiscal stabilization funds	5,416	
Federal Pell grants	39,705	24,877
Private gifts and other receipts	171,379	173,729
Student direct lending receipts	343,778	299,404
Student direct lending disbursements	(342,076)	(298,857)
Amounts received for annuity and life income funds	3,630	5,034
Amounts paid to annuitants and life beneficiaries and related expenses	(6,285)	(6,129)
Net Cash Provided by Noncapital Financing Activities	579,816	571,201
Net decrease in cash and cash equivalents	(163,728)	(136,764)
Cash and Cash Equivalents, Beginning of Year	358,373	495,137
Cash and Cash Equivalents, End of Year	\$ 194,645	\$ 358,373

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,	
	2010	2009
	(in thousands)	
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (681,722)	\$ (805,584)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	360,089	341,462
Changes in assets and liabilities:		
Accounts receivable, net	(22,156)	(2,603)
Prepaid expenses and other assets	(1,882)	(4,920)
Accounts payable	(1,817)	(1,075)
Accrued compensation and other	6,342	(1,302)
Deferred revenue	(3,097)	8,881
Insurance and benefits reserves	2,227	4,999
Obligations for postemployment benefits	45,138	71,157
Net cash used in operating activities	\$ (296,878)	\$ (388,985)

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements

June 30, 2010 and 2009

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 58,000 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 the 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 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.

During 2010, the University adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which requires all derivative instruments within its scope to be reported at fair value in the statement of net assets. 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). GASB Statement No. 53 also requires additional disclosures about the University’s derivative instruments.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

The provisions of GASB Statement No. 53 have been applied to the years presented. The following table summarizes the effect of this implementation on the statements of net assets, revenues, expenses and changes in net assets as of June 30, 2009 and July 1, 2008 and for the year ended June 30, 2009:

	As Previously Reported	Implementation of GASB Statement No. 53 (in thousands)	As Adjusted
June 30, 2009:			
Noncurrent assets:			
Prepaid expenses and other assets	\$ 21,425	\$ 23,299	\$ 44,724
Noncurrent liabilities:			
Deposits of affiliates and other	\$ 113,393	\$ 25,637	\$ 139,030
Net assets	\$ 8,666,975	\$ (2,338)	\$ 8,664,637
July 1, 2008:			
Net assets	\$ 10,754,674	\$ (1,635)	\$ 10,753,039
Year ended, June 30, 2009:			
Net investment income (loss)	\$ (1,851,234)	\$ (703)	\$ (1,851,937)

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: The accompanying financial statements have been prepared on the accrual basis. The University reports as a special purpose government entity engaged primarily in business type activities, as defined by GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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 operating investments.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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.

Investments in nonmarketable limited partnerships are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2010 and 2009, as adjusted by cash receipts, cash disbursements, and securities distributions through June 30, 2010 and 2009, 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, 2010 and 2009. 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.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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.

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 totalled \$924,000,000 and \$808,000,000 at June 30, 2010 and 2009, 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. 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.

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, state fiscal stabilization funds, 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.

Reclassifications: In accordance with the GASB *Comprehensive Implementation Guide*, federal Pell grant revenue, which totalled \$24,929,000 in 2009, has been reclassified from operating revenues to nonoperating revenues within the statement of revenues, expenses and changes in net assets and from cash flows from operating activities to cash flows from noncapital financing activities within the statement of cash flows.

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. 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 University Investment Pool is invested together with the University's insurance and other benefit 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 University Investment Pool 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, energy 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.

Distributions are made from the University Endowment Fund to the University entities that benefit from the endowment fund. The endowment spending rule provides for an annual distribution of 5 percent of the one-quarter lagged seven year moving average fair value of fund units, limited to 5.3 percent of the current fair value to protect endowment principal in the event of a prolonged market downturn. Distributions are also made from the University Investment Pool 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 University Investment Pool are funded by investment returns.

Cash and Cash Equivalents: Cash and cash equivalents, which totalled \$194,645,000 and \$358,373,000 at June 30, 2010 and 2009, 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 limits in the amount of \$6,838,000 and \$10,788,000 at June 30, 2010 and 2009, respectively. The University does not require deposits to be collateralized or insured.

Investments: At June 30, 2010 and 2009, the University's investments, which are held by the University or its agents in the University's name, are summarized as follows:

	2010	2009
	(in thousands)	
Cash equivalents, noncurrent	\$ 122,474	\$ 181,564
Fixed income securities	1,372,232	1,261,477
Commingled funds	1,379,961	1,399,681
Equity securities	819,510	781,719
Nonmarketable alternative investments	4,024,853	3,502,987
Other investments	6,775	6,125
	\$ 7,725,805	\$ 7,133,553

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 5.1 years at June 30, 2010, compared to 5.0 years at June 30, 2009. 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, 2010 and 2009, along with credit quality and effective duration measures, is summarized as follows:

	2010					
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	Duration (in years)
U.S. Treasury	\$ 92,098				\$ 92,098	8.7
U.S. Treasury inflation protected	309,926				309,926	3.7
U.S. government agency	178,941				178,941	0.6
Mortgage backed		\$ 24,696	\$ 19,930		44,626	1.8
Asset backed		40,857	3,676		44,533	2.9
Corporate and other		680,954	13,235	\$ 7,919	702,108	6.8
	\$ 580,965	\$ 746,507	\$ 36,841	\$ 7,919	\$ 1,372,232	5.1

	2009					
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	Duration (in years)
U.S. Treasury	\$ 67,363				\$ 67,363	6.3
U.S. Treasury inflation protected	306,078				306,078	2.3
U.S. government agency	88,632				88,632	1.3
Mortgage backed		\$ 40,293	\$ 9,979		50,272	1.5
Asset backed		54,384	3,296		57,680	4.6
Corporate and other		641,313	39,693	\$ 10,446	691,452	6.8
	\$ 462,073	\$ 735,990	\$ 52,968	\$ 10,446	\$ 1,261,477	5.0

Of the University's fixed income securities, 97 percent and 95 percent were rated investment grade or better at June 30, 2010 and 2009, with 48 percent and 44 percent of these securities rated AAA/Aaa or better at June 30, 2010 and 2009, 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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Absolute return	\$ 638,864	\$ 743,480
U.S. equities	77,588	67,080
Non-U.S./global equities	585,743	525,366
U.S. fixed income	8,607	8,452
Other	69,159	55,303
	<u>\$ 1,379,961</u>	<u>\$ 1,399,681</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, 2010 and 2009, approximately 80 percent are redeemable within one year, with 51 percent and 44 percent, respectively, redeemable within 90 days. 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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Private equity	\$ 1,085,145	\$ 849,529
Real estate	811,071	836,498
Absolute return	828,903	737,541
Energy	705,180	613,981
Venture capital	594,554	465,438
	<u>\$ 4,024,853</u>	<u>\$ 3,502,987</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, 2010 and 2009, 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 the 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 at June 30, 2010 and 2009 totalled \$906,342,000, or 12 percent of total investments, and \$793,952,000, or 11 percent of total investments, respectively, and is summarized as follows:

	2010	2009
	(in thousands)	
Euros	\$ 419,172	\$ 329,417
British pounds sterling	125,487	126,282
Japanese yen	83,596	78,537
Other	278,087	259,356
	\$ 906,342	\$ 793,592

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, 2010 and 2009. 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 \$4,422,000 and \$3,889,000 at June 30, 2010 and 2009, 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 \$115,515,000 and \$234,288,000 in securities loans outstanding at June 30, 2010, and 2009, respectively. Since the University does not possess or control the collateral and neither the University nor its lending agent has the ability to pledge or sell collateral unless the borrower defaults, the related collateral assets and liabilities are not recorded in the accompanying financial statements.

Note 3--Accounts Receivable

The composition of accounts receivable at June 30, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Patient care	\$ 377,316	\$ 355,395
Sponsored programs	82,464	72,001
State appropriations, educational and capital	65,875	68,865
Student accounts	21,626	21,118
Other	35,999	33,568
	583,280	550,947
Less provision for uncollectible accounts receivable	121,658	116,149
	\$ 461,622	\$ 434,798

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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Notes:		
Federal student loan programs	\$ 94,432	\$ 99,710
University student loan funds	20,756	19,753
Other	734	761
	<u>115,922</u>	<u>120,224</u>
Less allowance for doubtfully collectible notes	2,800	2,800
Total notes receivable, net	<u>113,122</u>	<u>117,424</u>
Gift pledges outstanding:		
Capital	112,790	123,976
Operations	61,764	62,329
	<u>174,554</u>	<u>186,305</u>
Less:		
Allowance for doubtfully collectible pledges	6,925	7,114
Unamortized discount to present value	11,149	12,737
Total pledges receivable, net	<u>156,480</u>	<u>166,454</u>
Total notes and pledges receivable, net	269,602	283,878
Less current portion	57,960	64,055
	<u>\$ 211,642</u>	<u>\$ 219,823</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, 2010 are expected to be received in the following years ended June 30 (in thousands):

2011	\$ 50,398
2012-2015	97,789
2016 and after	26,367
	<u>\$ 174,554</u>

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 \$68,580,000 and \$91,587,000 at June 30, 2010 and 2009, 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, 2010 and 2009 is summarized as follows:

	2010			
	Beginning Balance	Additions	Retirements	Ending Balance
	(in thousands)			
Land	\$ 89,217	\$ 4,747		\$ 93,964
Land improvements	97,743	4,857	\$ 326	102,274
Infrastructure	200,271	13,501		213,772
Buildings	5,112,648	760,634	10,485	5,862,797
Construction in progress	786,480	(240,885)		545,595
Property held for future use	114,029	(29,690)		84,339
Equipment	1,509,299	160,590	46,602	1,623,287
Library materials	428,609	21,522	289	449,842
	8,338,296	695,276	57,702	8,975,870
Less accumulated depreciation	3,710,798	360,089	51,474	4,019,413
	\$ 4,627,498	\$ 335,187	\$ 6,228	\$ 4,956,457

	2009			
	Beginning Balance	Additions	Retirements	Ending Balance
	(in thousands)			
Land	\$ 88,893	\$ 324		\$ 89,217
Land improvements	96,399	1,344		97,743
Infrastructure	185,163	15,108		200,271
Buildings	4,702,944	413,893	\$ 4,189	5,112,648
Construction in progress	646,908	139,572		786,480
Property held for future use	-	114,029		114,029
Equipment	1,414,315	137,215	42,231	1,509,299
Library materials	405,928	22,681		428,609
	7,540,550	844,166	46,420	8,338,296
Less accumulated depreciation	3,410,720	341,462	41,384	3,710,798
	\$ 4,129,830	\$ 502,704	\$ 5,036	\$ 4,627,498

The decrease in construction in progress of \$240,885,000 in 2010 represents the amount of capital assets placed in service of \$845,404,000 net of capital expenditures for new projects of \$604,519,000. The increase in construction in progress of \$139,572,000 in 2009 represents the amount of capital expenditures for new projects of \$556,578,000 net of capital assets placed in service of \$417,006,000. Interest of \$5,640,000 and \$1,370,000 was capitalized in 2010 and 2009, 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 approximately \$114,000,000, including liabilities assumed in the purchase. During 2010, \$29,690,000 of the acquired 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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Commercial Paper:		
Tax-exempt, variable rate (.30%)*	\$ 81,110	\$ 96,070
Taxable, variable rate (.35%)*	6,095	6,435
General Revenue Bonds:		
Series 2010A, taxable - Build America Bonds, 4.926% to 5.593% through 2040	163,110	
Series 2010C, 2.00% to 5.00% through 2027	184,225	
unamortized premium	17,635	
Series 2009A, 2.00% to 5.00% through 2029	95,310	98,555
Series 2009B, variable rate (.29%)* through 2039	118,710	118,710
unamortized premium	7,668	8,150
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 (.20%)* to fixed via swap through 2026	115,205	116,800
and variable rate 2027 through 2028		
Series 2005A, 5.00% through 2018	26,345	30,430
unamortized premium	1,472	1,955
unamortized loss on extinguishment	(175)	(241)
Series 2005B, variable rate		46,070
Series 2002, variable rate (.28%)* to fixed via swap through 2018		
and variable rate 2019 through 2032	106,775	112,845
General Revenue Refunding Bonds:		
Series 2003, 3.50% to 5.00% through 2015	18,000	23,850
unamortized premium	614	1,031
unamortized loss on extinguishment	(106)	(184)
Hospital Revenue Bonds:		
Series 2007A, variable rate (.14%)* through 2038	26,195	50,120
Series 2007B, variable rate (.26%)* through 2038	44,310	100,235
Series 2005A, variable rate (.15%)* through 2036	69,315	69,315
Series 2005B, variable rate (.28%)* to fixed via swap through 2026	68,705	71,940
Series 1995A, variable rate		100,000
Hospital Revenue Refunding Bonds:		
Series 2002A, 5.00% to 5.25% through 2022	47,585	49,095
unamortized premium	672	946
unamortized loss on extinguishment	(1,755)	(2,036)
Series 1998A-2, variable rate (.15%)* to fixed via swap through 2025	44,670	44,670
Series 1992A, variable rate		56,000
Medical Service Plan Revenue Bonds:		
Series 1995A, variable rate (.18%)* through 2028	26,200	48,200
Series 1991, 7.05% capital appreciation through 2012	4,099	5,945
Medical Service Plan Revenue Refunding Bonds:		
Series 1998A-1, variable rate (.15%)* to fixed via swap through 2022	34,345	34,695
Housing Energy Conservation HUD Loan, 3.00% through 2021	1,943	2,090
	1,503,902	1,487,316
Less:		
Commercial paper and current portion of bonds payable	122,581	178,690
Long-term bonds payable subject to remarketing, net	384,550	652,285
	\$ 996,771	\$ 656,341

*Denotes variable rate at June 30, 2010

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

The variable rate portion 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, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Variable rate bonds payable subject to remarketing	\$ 760,240	\$ 1,075,410
Less:		
Current principal maturities	13,110	57,920
Long-term liquidity agreements:		
Unsecured lines of credit	150,000	250,000
Standby bond purchase agreements	212,580	115,205
Long-term bonds payable subject to remarketing, net	\$ 384,550	\$ 652,285

The University also has a \$150,000,000 line of credit to provide short-term liquidity for up to five days. The University's available lines of credit and standby bond purchase agreement were entirely unused at June 30, 2010.

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, 2010 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
		(in thousands)		
Commercial Paper:				
General revenues	\$ 102,505	\$ 7,770	\$ 23,070	\$ 87,205
Bonds and Notes:				
General revenues	753,596	365,166	68,349	1,050,413
Hospital revenues	540,285		240,588	299,697
Faculty Group Practice revenues	88,840	349	24,545	64,644
Student residences revenues	2,090		147	1,943
	<u>\$ 1,487,316</u>	<u>\$ 373,285</u>	<u>\$ 356,699</u>	<u>\$ 1,503,902</u>

The University maintains a combination of variable and fixed rate debt, with effective interest rates that averaged approximately 2 percent in 2010 and 2009, 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 2010, the University issued \$347,335,000 of General Revenue Bonds with a net original issue premium of \$17,830,961. Total bond proceeds of \$365,165,961 were utilized to refund variable rate hospital and medical service plan revenue supported bonds of \$201,250,000 as well as provide \$162,110,000 for capital projects and \$1,805,961 for debt issuance costs.

General Revenue Bonds issued in 2010 include \$163,110,000 of fixed rate taxable Build America Bonds (Series 2010A) and \$184,225,000 of fixed rate tax-exempt bonds (Series 2010C). Variable rate bonds refunded with proceeds from this debt issuance include \$100,000,000 of Series 1995A Hospital Revenue Bonds, \$23,925,000 of Series 2007A Hospital Revenue Bonds, \$55,925,000 of Series 2007B Hospital Revenue Bonds and \$21,400,000 of Series 1995A Medical Service Plan Revenue Bonds. In 2010, the University also refunded \$46,070,000 of variable rate Series 2005B General Revenue Bonds, utilizing a portion of proceeds from the Series 2009A (fixed rate) and Series 2009B (variable rate) General Revenue Bonds issued in 2009, and extinguished \$56,000,000 of variable rate Series 1992A Hospital Revenue Refunding Bonds.

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 2040. 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)		
2011	\$ 119,991	\$ 32,323	\$ 152,314
2012	46,100	31,306	77,406
2013	54,206	29,902	84,108
2014	42,441	28,714	71,155
2015	43,566	27,772	71,338
2016-2020	210,949	123,984	334,933
2021-2025	286,929	90,174	377,103
2026-2030	280,865	47,814	328,679
2031-2035	228,240	20,321	248,561
2036-2040	164,590	7,805	172,395
	1,477,877	\$ 440,115	\$ 1,917,992
Plus unamortized premiums, net	26,025		
	<u>\$ 1,503,902</u>		

* Interest on variable rate debt is estimated based on rates in effect at June 30, 2010; 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 2011 would increase to \$504,541,000 and the total principal payments due in 2012 would increase to \$393,955,000. Accordingly, principal payments due in subsequent years would be reduced to \$36,571,000 in 2013; \$24,046,000 in 2014; \$24,346,000 in 2015; \$106,719,000 in 2016 through 2020; \$151,614,000 in 2021 through 2025; \$158,495,000 in 2026 through 2030; \$35,260,000 in 2031 through 2035; and \$42,330,000 in 2036 through 2040. 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

During 2010, the University adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which requires all derivative instruments within its scope to be reported at fair value in the statement of net assets. 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, 2010 and 2009 are summarized as follows:

	2010		2009	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	(in thousands)			
Investment Derivative Instruments:				
Investment portfolios:				
Futures	\$ 284,993	\$ 3,058	\$ 242,097	\$ 614
Foreign currency forwards	368,749	(3,254)	396,487	16,486
Other	71,522	(744)	20,916	(575)
	<u>\$ 725,264</u>	<u>\$ (940)</u>	<u>\$ 659,500</u>	<u>\$ 16,525</u>
Floating-to-fixed interest rate swap on debt	\$ 52,145	\$ (3,266)	\$ 58,215	\$ (2,339)
Effective Cash Flow Hedges:				
Floating-to-fixed interest rate swaps on debt	\$ 246,210	\$ (32,658)	\$ 249,795	\$ (23,299)

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 investment derivative instruments in the University's investment portfolios consist primarily of interest rate swaps, credit default swaps and total return swaps used to carry out investment and portfolio strategies. Prior to implementation of GASB Statement No. 53, derivative instruments in the University's investment portfolios were reported as investments at fair value. Accordingly, implementation of this Statement did not impact the carrying value of derivative instruments in the University's investment portfolios.

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, 2010 and 2009, the fair value of floating-to-fixed interest rate swaps associated with the University's variable rate debt is a liability of \$35,924,000 and \$25,637,000, 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 totalled \$32,658,000 and \$23,299,000, at June 30, 2010 and 2009, respectively. Prior to implementation of GASB Statement No. 53, interest rate swaps associated with the University's bonds payable were not recorded in the statement of net assets.

The change in fair value of derivative instruments, which includes realized gains and losses on positions closed, for the years ended June 30, 2010 and 2009 is summarized as follows:

	2010	2009
	(in thousands)	
Investment Derivative Instruments:		
Investment portfolios:		
Futures	\$ 19,320	\$ 9,495
Foreign currency forwards	8,458	846
Other	(717)	(636)
	\$ 27,061	\$ 9,705
Floating-to-fixed interest rate swap on debt	\$ (927)	\$ (703)
Effective Cash Flow Hedges:		
Floating-to-fixed interest rate swaps on debt	\$ (9,359)	\$ (13,323)

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 as follows.

The floating-to-fixed interest rate swap associated with the Series 2008B General Revenue Bonds has a notional amount of \$98,490,000 at June 30, 2010 and 2009 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, 2010 and 2009 and has a fair value of (\$9,187,000) and (\$5,321,000), respectively.

The floating-to-fixed interest rate swap associated with the Series 2005B Hospital Revenue Bonds has a notional amount of \$68,705,000 and \$71,940,000 at June 30, 2010 and 2009, 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, 2010 and 2009 and has a fair value of (\$6,539,000) and (\$4,073,000), respectively.

The floating-to-fixed interest rate swap associated with the Series 2002 General Revenue Bonds has a notional amount of \$52,145,000 and \$58,215,000 at June 30, 2010 and 2009, 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 edge at June 30, 2010 and 2009 and has a fair value of (\$3,266,000) and (\$2,339,000), 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, 2010 and 2009 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, 2010 and 2009 and has a fair value of (\$11,088,000) and (\$8,907,000), 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 \$34,345,000 and \$34,695,000 at June 30, 2010 and 2009, 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 Securities Industry and Financial Markets Association (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, 2010 and 2009 and has a fair value of (\$5,844,000) and (\$4,998,000), respectively.

Using rates in effect at June 30, 2010, 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)			
2011	\$ 7,050	\$ 500	\$ 8,238	\$ 15,788
2012	9,045	483	8,010	17,538
2013	11,680	459	7,680	19,819
2014	12,155	435	7,292	19,882
2015	12,665	408	6,889	19,962
2016-2020	69,060	1,613	27,837	98,510
2021-2025	112,520	753	13,475	126,748
2026-2030	12,035	17	221	12,273
	\$ 246,210	\$ 4,668	\$ 79,642	\$ 330,520

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 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 2009, on one occasion the University was required to post collateral of \$1,156,000 for less than 30 days for the interest rate swap associated with the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds.

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, 2010 and 2009 are summarized as follows:

	2010	2009
	(in thousands)	
Balance, beginning of year	\$ 153,045	\$ 142,565
Claims incurred and changes in estimates	396,414	360,002
Claim payments	(394,187)	(349,522)
Balance, end of year	155,272	153,045
Less current portion	66,103	67,133
	\$ 89,169	\$ 85,912

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 35,000 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 OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 9--Postemployment Benefits--Continued

The University also provides income replacement benefits, retirement savings contributions and health and life insurance benefits to substantially all permanent University employees who 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.

In 2008, the year GASB Statement No. 45 was implemented, the University elected to amortize its initial unfunded actuarial accrued liability over one year, the minimum period allowed by GASB Statement No. 45. 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 net OPEB obligation recorded in the statement of financial condition 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, 2010, the net OPEB obligation and the actuarial accrued liability totalled \$1,608,108,000 and \$1,278,617,000, 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, 2010 and 2009 are summarized as follows:

	2010		
	Retiree Health and Welfare	Long-term Disability (in thousands)	Total
Balance, beginning of year	\$ 1,428,800	\$ 134,170	\$ 1,562,970
Service cost	43,340	6,196	49,536
Amortization of assumption changes, plan changes, and actuarial (gains) losses	(58,647)	2,448	(56,199)
Interest cost	91,443	10,734	102,177
Payments of current premiums and claims	(36,373)	(14,003)	(50,376)
Balance, end of year	1,468,563	139,545	1,608,108
Less current portion	36,958	14,671	51,629
	<u>\$ 1,431,605</u>	<u>\$ 124,874</u>	<u>\$ 1,556,479</u>
	2009		
	Retiree Health and Welfare	Long-term Disability (in thousands)	Total
Balance, beginning of year	\$ 1,360,175	\$ 131,638	\$ 1,491,813
Service cost	49,749	5,439	55,188
Amortization of assumption changes and actuarial (gains) losses	(28,941)	328	(28,613)
Interest cost	87,051	10,531	97,582
Payments of current premiums and claims	(39,234)	(13,766)	(53,000)
Balance, end of year	1,428,800	134,170	1,562,970
Less current portion	42,287	16,114	58,401
	<u>\$ 1,386,513</u>	<u>\$ 118,056</u>	<u>\$ 1,504,569</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 totalled \$198,655,000 of actuarial accrued liability at June 30, 2010 and \$201,294,000 at June 30, 2009. In accordance with GASB Statement No. 45, the University's liability for postemployment benefit obligations at June 30, 2010 is not reduced by the anticipated Medicare Retiree Drug Subsidy for future periods of \$178,822,000 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 \$114,522,000 and \$141,206,000 at June 30, 2010 and 2009, 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, 2010, 2009 and 2008 as a percentage of covered payroll of \$2,551,273,000, \$2,456,343,000 and \$2,311,422,000, was 63, 64 and 65 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, 2010 and 2009 are as follows:

	2010	
	<u>Retiree Health and Welfare</u>	<u>Long-term Disability</u>
Discount Rate	6.4%	8.0%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	9.0%-7.5%/5.0%	9.0%-7.5%/5.0%
Immediate/Ultimate Rx Trend Rate	7.5%/5.0%	7.5%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Projected to 2015	2005 SOA Life Waiver (Modified)
	2009	
	<u>Retiree Health and Welfare</u>	<u>Long-term Disability</u>
Discount Rate	6.4%	8.0%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	9.0%-8.0%/5.0%	9.0%-8.0%/5.0%
Immediate/Ultimate Rx Trend Rate	8.0%/5.0%	8.0%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Projected to 2015	2005 SOA Life Waiver (Modified)

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, 2010 are summarized as follows:

	2010	2009	2008
	(in thousands)		
University contributions	\$ 215,905	\$ 208,707	\$ 194,962
Employee contributions	\$ 106,389	\$ 102,705	\$ 96,015
Payroll covered under plan	\$ 2,551,273	\$ 2,456,343	\$ 2,311,422
Total payroll	\$ 2,698,219	\$ 2,580,373	\$ 2,444,522

Note 11--Unrestricted Net Assets

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, the Board of Regents. All of the unrestricted net assets, which totalled \$1,836,294,000 at June 30, 2010, have been designated for academic and research programs and initiatives, and capital programs.

Note 12--Federal Direct Lending Program

The University distributed \$342,076,000 and \$298,857,000 for the years ending June 30, 2010 and 2009, 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 payable of \$871,000 and \$2,573,000 at June 30, 2010 and 2009, respectively, for DoED funding received in advance of 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, 2010 were \$791,863,000. Of these expenditures, approximately \$766,291,000 will be funded by internal sources, gifts and future borrowings, \$24,136,000 will be funded using unexpended debt proceeds and the remaining \$1,436,000 will be funded by the State Building Authority.

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, 2010, the University had committed, but not paid, a total of \$2,214,711,000 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):

2011	\$ 504,723
2012	602,030
2013	392,869
2014	197,361
2015	167,964
2016 and beyond	349,764
	<u>\$ 2,214,711</u>

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):

2011	\$ 30,540
2012	25,784
2013	18,110
2014	10,423
2015	7,458
2016-2020	12,374
2021-2025	2,852
2026-2027	599
	<u>\$ 108,140</u>

Operating lease expenses totalled \$34,523,000 and \$32,467,000 in 2010 and 2009, 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 several 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, 2010 and 2009 is as follows:

	2010	2009
	(in thousands)	
Condensed Statement of Net Assets		
Assets:		
Current assets	\$ 393,830	\$ 415,451
Noncurrent assets	2,455,854	2,290,005
Total assets	<u>\$ 2,849,684</u>	<u>\$ 2,705,456</u>
Liabilities:		
Current liabilities	\$ 281,385	\$ 415,106
Noncurrent liabilities	966,483	753,041
Total liabilities	<u>1,247,868</u>	<u>1,168,147</u>
Net assets:		
Invested in capital assets, net of related debt	670,052	609,050
Restricted:		
Nonexpendable	2,868	2,646
Expendable	92,463	70,262
Unrestricted	836,433	855,351
Total net assets	<u>1,601,816</u>	<u>1,537,309</u>
Total liabilities and net assets	<u>\$ 2,849,684</u>	<u>\$ 2,705,456</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating revenues	\$ 1,974,517	\$ 1,836,837
Operating expenses other than depreciation expense	(1,778,788)	(1,691,520)
Depreciation expense	(135,887)	(129,974)
Operating income	59,842	15,343
Nonoperating revenues (expenses), net	105,238	(297,293)
Net income (expenses) before transfers	165,080	(281,950)
Transfers to other University units, net	(100,573)	(59,192)
Increase (decrease) in net assets	64,507	(341,142)
Net assets, beginning of year	1,537,309	1,878,451
Net assets, end of year	<u>\$ 1,601,816</u>	<u>\$ 1,537,309</u>
Condensed Statement of Cash Flows		
Net cash provided by operating activities	\$ 196,653	\$ 175,354
Net cash provided by investing activities	85,533	61,485
Net cash used in capital and related financing activities	(257,400)	(147,389)
Net cash used in noncapital financing activities	(59,246)	(56,187)
Net (decrease) increase in cash and cash equivalents	(34,460)	33,263
Cash and cash equivalents, beginning of year	190,275	157,012
Cash and cash equivalents, end of year	<u>\$ 155,815</u>	<u>\$ 190,275</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, 2010 and 2009 are summarized as follows:

	2010				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
Instruction	\$ 739,459	\$ 119,120			\$ 858,579
Research	463,421	208,061			671,482
Public service	96,469	39,295			135,764
Academic support	183,306	43,182			226,488
Student services	67,277	16,837			84,114
Institutional support	134,366	40,066			174,432
Operations and maintenance of plant	42,291	223,708			265,999
Auxiliary enterprises	1,802,682	586,662			2,389,344
Depreciation			\$ 360,089		360,089
Scholarships and fellowships				\$ 113,753	113,753
	\$ 3,529,271	\$ 1,276,931	\$ 360,089	\$ 113,753	\$ 5,280,044

	2009				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
Instruction	\$ 708,171	\$ 112,082			\$ 820,253
Research	427,564	195,079			622,643
Public service	86,682	39,782			126,464
Academic support	178,111	46,773			224,884
Student services	66,127	17,063			83,190
Institutional support	134,631	42,452			177,083
Operations and maintenance of plant	43,718	234,166			277,884
Auxiliary enterprises	1,745,466	567,681			2,313,147
Depreciation			\$ 341,462		341,462
Scholarships and fellowships				\$ 107,127	107,127
	\$ 3,390,470	\$ 1,255,078	\$ 341,462	\$ 107,127	\$ 5,094,137

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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		\$ 966,849
Pass-Through:				
Biotechnology Research and Development Corporation	146	10		108,310
Cornell University	53997-8517	10		(2,867)
Michigan State University	61-4080G	10		11,571
Michigan Technological University	P0074554	10		24,767
Middle Michigan Development Corporation	Letter dtd 6/25/08	10		45,813
T/J Technologies, Inc.	USDA-II-07	10		(9,483)
University of Chicago	35843-F	10		9,560
US-Israel Binational Agricultural Research and Development Fund (BARD)	IS-3869-06	10		26,043
Central Intelligence Agency				
Pass-Through:				
Seventh Sense Biosystems, Inc.	Proj Append 1 Proj Mstr Agmt	13		255,622
Commerce, Department of-Economic & Statistics Administration				
Direct		11		92,942
Commerce, Department of-Economic Development Administration				
Direct		11		1,057,547
Commerce, Department of-National Institute of Standards & Technology				
Direct		11		1,954,678
Direct		11.SB1341-10-SE-0206	ARRA	29,961
Pass-Through:				
Powertrain Engineering & Manufacturing Alliance (PEMA)	SubK dtd 2/18/08	11		1,004,379
Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct		11		5,196,436
Pass-Through:				
Michigan, State of, Natural Resources and Environment (MDNRE)	09-309-15	11		46,337
Michigan, State of, Natural Resources and Environment (MDNRE)	09-309-16	11		33,214
Michigan, State of, Natural Resources and Environment (MDNRE)	10-309-09	11		659
Ohio State University Research Foundation	RF01066360	11		9,821
University of Maryland, The	Cooperative Agreement 07-14	11		133,957
University of Vermont	23869/Watzin/Beletsky Init	11		1,287
Von Braun Center for Science & Innovation (VCSI)	Fixed Price Ltr Contract	11		77,582
Commerce, Department of-Office of the Secretary				
Pass-Through:				
POM Group, Inc., The	Faxed SubK dtd 8/10/04	11		(13,161)
Defense, Department of-Air Force, Department of the				
Direct		12		12,502,216
Pass-Through:				
Advanced Ceramics Manufacturing, Inc	Roundtable Res Agmt	12		860
Arinc, Inc	240947	12		8,814
Comet Technology Corp	Roundtable Rsrch agmt 1/1/10	12		61,865
Comet Technology Corp	RT Res Agmt dated 9/15/08	12		15,461
Create, Inc.	57172	12		102
Delcross Technologies, LLC	RT Res. Agmt. dtd 12/21/07	12		184,871
Electrodynamic Applications, Inc.	PO20090101	12		75,542
Fracture Analysis Consultants	Agmt Subent# PW-07-1	12		(27,802)
Harvard University	133486 -09	12		57,909
Honeywell International, Inc	AD554A MAI HON-6	12		(41,153)
HyPerComp, Inc	Sponsor email dtd 10/15/08	12		(2,260)
HyPerComp, Inc	HPCI-Michigan-2010-01	12		14,361

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Johns Hopkins University	2000457358	12		75,553
Kent State University	444286-P8061716	12		219,366
Massachusetts Institute of Technology	5710001867	12		80,758
NextGen Aeronautics, Inc	09-27	12		81,874
NextGen Aeronautics, Inc	09-29	12		22,287
NumerEx, Inc.	10-001	12		3,724
Ohio State University, The	60006916	12		113,243
Ohio State University, The	GRT00008581/RF60012388	12		143,942
Pennsylvania State University	4011-UM-AFOSR-0646	12		27,152
Picomatrix, Inc.	Contract	12		99,121
Pohang University of Science & Technology (Postech)	Agreement	12		118,972
Purdue University	4104-18065	12		20,414
Rolls Royce, PLC	PO#5100000451	12		(81)
Signal Innovations Group, Inc	43.001	12		76,639
Spectral Sciences, Inc	8576	12		8,321
Streamline Numerics, Inc	aGREEMENT 11/8/07	12		83,397
UES, Inc.	S-854-000-001	12		77,047
Universal Technology Corporation	568-069-01-C1	12		184,410
Universal Technology Corporation	Subcontr 09-S568-072-01-C1	12		97,633
University of Illinois-Urbana-Champaign	2003-07178-01-00	12		9,021
University of Maryland, The	0000005315	12		82,728
University of Massachusetts	0001255673	12		36,478
University of Wisconsin	A867086	12		(1,013)
University of Wisconsin	124K821	12		194,739
Virginia Polytechnic Institute and State University	416214-19337	12		156,672
Defense, Department of-Army, Department of the Direct		12		25,059,301
Pass-Through:				
BAE Systems	316095	12		1,641,809
BBN Technologies	13765019	12		36,457
Center for Rotorcraft Innovation (CRI)	2008-B-11-01.7-A1	12		(14,159)
Center for Rotorcraft Innovation (CRI)	2009-B-41-T2.1-A17	12		11,637
Center for Rotorcraft Innovation (CRI)	2010-B-11-05.3-A17	12		21,961
Center for Rotorcraft Innovation (CRI)	2010-B-41-T2.1-A17	12		25,822
Columbia University	5-21124	12		86,557
DCS Corporation	20900-S36 Task Order	12		163,135
Electrodynamic Applications, Inc.	W911SR-10-P-0001 #20100201	12		9,533
EPIR, Ltd.	0106-08-SUMI-0001	12		41,114
Focus: Hope	40522	12		76,048
Georgia Institute of Technology	R7443-S1	12		235,918
Global ET	PO# 1562-V2G	12		3,366
Global Technologies Connection Inc	Letter dtd 10/12/07	12		7,822
Innovative Biotherapies	Master Res Agmt & Proj Specifi	12		177,388
Mayaterials Company	Letter dtd 9/30/08	12		1,870
McQ, Inc	PO-000155	12		16,000
Medical Informatix LLC	Agmt	12		201,314
Michigan State University	61-3536A	12		35,000
Micro Analysis and Design, Inc.	DAAD19-01-2-0009	12		88,613
Nico Technologies Corporation	W81XWH-05-C-0128	12		15,368
Omni Sciences, Inc.	R T Res. Agmt Dtd 4/9/07	12		(14,992)
OptiGrate	C-4134-2	12		80,472
Pennsylvania State University	3655-UM-USA-0395	12		86,724
Science & Technology International	W81XWH-07-C-0086	12		(19,164)
Stemnion Inc.	Agmt dtd 08/24/06	12		189,534

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
T.E.A.M., Inc	1886	12		93,126
Telcordia Technologies	SubK#10085872-9/1/03	12		38,241
Tulane University	TUL-572-08/09	12		19,530
University of California - San Francisco	4591sc	12		(388)
University of Illinois-Urbana-Champaign	2009-04242-03, A2436	12		38,539
University of Leeds	R.G.ELEC.473923	12		56,473
University of Maryland, The	Z851302	12		116,115
University of Maryland, The	Z918809	12		61,713
University of Washington	145611	12		177,298
Vertical Lift Consortium (VLC)	2009-B-11-5.3-A17	12		49,633
Defense, Department of-Defense Advanced Research Projects Agency				
Direct		12		3,305,528
Pass-Through:				
Adaptive Materials Inc	prime W911QX-09-C0070	12		240,040
BAE Systems	Subcontract 081718	12		29,612
Carnegie-Mellon University	1041388-237996	12		35,463
CBRITE	Ltr -HARDI-081507-002 8/28/07	12		(3,872)
Duke University	N66001-07-C-2024	12		43,243
Duke University	SPS 160423	12		60,139
Electro Chemical Finishing Company	Agreement	12		112,406
Georgia Institute of Technology	R9292-G1	12		123,755
HRL Laboratories, LLC	900279-BS	12		394,409
Integrated Science & Technology, Inc.	27-0005	12		296,895
Intelligent Automation, Inc.	666-1	12		128,980
International Business Machines Corporation	W0853330	12		97,582
Johns Hopkins University	907975	12		2,864
Michigan Tech Research Institute	080427Z1	12		1,925
Princeton University	00001762	12		406,812
Rice University	R16181	12		125,695
University of California - Berkeley	SA4242-79952	12		447,080
University of California - Berkeley	SA4474-32446	12		(30,463)
University of California - Berkeley	SA5611-11559	12		2,120
University of California - Berkeley	SA7005	12		113,664
University of California - Los Angeles	0205-S-JD499	12		89,447
Defense, Department of-Defense Threat Reduction Agency				
Direct		12		828,062
Pass-Through:				
General Electric Company	400026386	12		168,183
ICx Radiation	subcontract agreement 7/8/09	12		137,467
Massachusetts Institute of Technology	5710002583	12		128,477
Defense, Department of-National Geospatial-Intelligence Agency				
Direct		12		242,392
Pass-Through:				
Scientific Modeling	HM1582-07-C-0013	12		(8,720)
Defense, Department of-National Security Agency				
Direct		12		57,746
Pass-Through:				
Nico Technologies Corporation	Research Agmt	12		25,206
Defense, Department of-Navy, Department of the				
Direct		12		10,029,786
Pass-Through:				
Advanced Cooling Technologies, Inc.	9130	12		177,808
Agiltron	225551	12		21,260
AlphaSense, Inc	608-1	12		1,812

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
BMT Designers & Planners, Inc.	D.O.#FD0120 Task 2755-037-22	12		81,285
Delcross Technologies, LLC	R T Res. Agmt dtd 7/22/08	12		32,507
Eastern Michigan University	P0032027	12		107,152
EMAG Technologies, Inc.	Res. Agmt. dtd 11/12/08	12		3,792
Focus: Hope	39786	12		132,333
Focus: Hope	41175	12		15,105
Focus: Hope	Membership Agmt	12		26,504
Georgia Institute of Technology	R7570-G1	12		91,510
Michigan Engineering Services	Agreement	12		63,092
Nico Technologies Corporation	Research Agmt	12		10,644
North Carolina A & T State University	210100F	12		(607)
OptiGrate	Subcontract M-0081-1	12		3,651
Praxis, Inc	SC20090018	12		52,314
QuesTek Innovations, LLC	PO# 05-194	12		100,396
San Diego State University Foundation	55171B 7827 Encumbrance# E000	12		74,680
San Diego State University Foundation	55961A 7841	12		41,729
University of California - Santa Barbara	KK5152	12		13,884
University of California - Santa Barbara	KK5153	12		15,026
University of California - Santa Barbara	KK8153.Prime: N00014-08-1-0655	12		84,683
University of California-San Diego	10293740	12		154,058
University of Chicago	27499	12		(7,596)
University of Maryland, The	Z885204	12		203,393
University of New Mexico	271130-871E	12		2,118
University of New Mexico	271286-871E	12		122,072
Vyalex Inc.	Res Agmt 8/7/07	12		(19)
Defense, Department of-Other				
Direct		12		494,681
Pass-Through:				
Alion Science and Technology	Subc Agmt #19185KR	12		1,214,443
Avera Research Institute	Contract	12		297,271
CBRITE	W 15P7T-08-C-P410-01	12		905,659
Clemson University	1272-7559-225-2006738	12		38,862
Focus: Hope	PO# 38813 dtd 8/21/07	12		56,965
Galt LLC	Roundtable Resch Agmt	12		18,263
Omni Sciences, Inc.	RT Res Agmt 4/09/07	12		(12,911)
Robotic Research, LLC	Agreement	12		105,389
Sarcoma Alliance for Research Through Collaboration (SARC)	Clinical Trial SARC 006	12		9,743
Science Applications International Corporation	4400154903	12		170,642
University Hospitals of Cleveland	sub to grmt# W81XWH-07-1-0409	12		106,569
Education, Department of				
Direct		84		5,653,342
Pass-Through:				
Association for Institutional Research	DG 09-173	84		19,895
Corporation for Public Broadcasting	Agmt For CPB#9811	84		1,178,376
Florida State University	R00874	84		9,078
Huron Valley Public Schools	09-01394	84		52,155
Learning Point Associates	S2008-054 PO-01243	84		133,941
Learning Point Associates	S2008-058 PO-00541	84		186,341
Learning Point Associates	Cont # S2008-053;PO-1248	84		118,723
Livonia Public Schools	Agreement	84		38,498
Michigan, State of, Education, Department of	P.O. #313P7200478	84		139,703
Michigan, State of, Treasury, Department of	PO#271N9200143	84		25,745
Northwestern University	PROJ0000198	84		241,281
Texas A & M University	S090025-Acct 415099	84		195,582

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
United States Automotive Materials Partnership LLC	081936	84		48,307
University of Chicago	Subawd32638	84		93,532
University of Minnesota	X9106023103	84		(1,788)
University of Pennsylvania	Agmt #5-43287-A - PO#2007425	84		193
University of Pittsburgh	0005455	84		107,297
University of South Florida	1205-1053-00-B; PO# 0000153645	84		36,565
University of Washington	675536	84		(24,254)
University of Washington	Subcontract #681473	84		84,801
Vanderbilt University	18748-S7	84		142,792
Energy, Department of				
Direct		81		17,507,749
Direct		81.049	ARRA-Office of Science Financial Assistance Program	2,826,296
Direct		81.087	ARRA-Renewable Energy Research and Development	53,092
Pass-Through:				
Alliance for Sustainable Energy, LLC	XEJ-9-99035-01	81		58,736
Alliance for Sustainable Energy, LLC	XFT-8-88508-01	81		70,569
Alliance for Sustainable Energy, LLC	ZEE-9-99406-01	81		16,086
Argonne National Laboratory	9F-30001	81		75,280
Argonne National Laboratory	OF-33041	81		18,953
Battelle Energy Alliance, LLC	00087993	81		109,061
Battelle Energy Alliance, LLC	00088043	81		128,065
Battelle Energy Alliance, LLC	00088615	81		103,230
Battelle Energy Alliance, LLC	00089536	81		92,553
Battelle Energy Alliance, LLC	00089651	81		121,583
Battelle Energy Alliance, LLC	00091752	81		69,335
Battelle Energy Alliance, LLC	0091877	81		34,158
Battelle Energy Alliance, LLC	00092040	81		83,488
Battelle Energy Alliance, LLC	00096443	81		30,061
Battelle Memorial Institute	46827	81		11,572
Carnegie-Mellon University	1070083-202847	81		235,926
Consortium for Plant Biotechnology Research	GO12026-281	81		21,953
Electric Power Research Institute	EP-P18924/C9349	81		33,040
Fermi National Accelerator Laboratory	588515 & 588518	81		80,036
Ford Motor Company	A10 PO09157787	81		48,415
GE Global Reseach	400034495	81	ARRA	30,177
General Motors Company	GVS00274	81.086	ARRA-Conservation Research and Development	32,022
General Motors Corporation	GVS00286	81.086	ARRA-Conservation Research and Development	11,045
General Motors Corporation	TCS26480	81		767,167
General Motors Corporation	TCS34042	81.135	ARRA-Advanced Research and Projects Agency Energy Financial Assistance Program	58,873
Harvard University	Under prime 4731RFPA046/0552	81		3,433
Idaho National Laboratory	00051890	81		(670)
Idaho National Laboratory	00052338	81		20,708
Idaho National Laboratory	00080572	81		10,058
Lawrence Livermore National Security, LLC	B561528	81		159
Lawrence Livermore National Security, LLC	B574750	81		(9)
Lawrence Livermore National Security, LLC	B584948	81		81,305
Lawrence Livermore National Security, LLC	B585877	81		18,892
Lawrence Livermore National Security, LLC	B587549	81		33,046
Lawrence Livermore National Security, LLC	B589790	81		30,032
Lawrence Livermore National Security, LLC	B590212	81		3,600
Los Alamos National Security, LLC	59549-002-08	81		48,770
Michigan State University	61-3212D	81		5,740

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Michigan Technological University	MTU 050516Z16	81		116,235
Michigan Technological University	P0076114	81		250,462
Next Energy	DE-FC26-06NT42813	81		257,826
Northwestern University	611-8289300-60024673 PROJ00001	81.049	ARRA-Office of Science Financial Assistance Program	69,072
Northwestern University	PROJ0001507	81		83,805
Oak Ridge National Laboratory	4000076759	81		116,794
Oak Ridge National Laboratory	4000079632	81		262,910
Oregon State University	G0115A-A	81		62,383
Pacific Northwest National Laboratories	102038	81		51,596
Pacific Northwest National Laboratory	22898	81		108,313
Pennsylvania State University	3894-UM-DOE-4157	81		52,242
Radiation Monitoring Devices, Inc.	Sub under DE-FG02-05ER84589	81		48,975
Robert Bosch Corporation	Research Agreement	81		133,006
Robert Bosch Corporation	Roundtable Res Agmt-4/1/10	81		50,870
Robert Bosch Corporation	Roundtable Res Agmt 4/1/10	81		13,141
Sandia National Laboratories	651105	81		34,444
Sandia National Laboratories	745670	81		97,928
Sandia National Laboratories	768225	81		382
Sandia National Laboratories	802846	81		144,585
Sandia National Laboratories	875249	81		53,591
Sandia National Laboratories	903968	81		25,518
Sandia National Laboratories	943330	81		42,329
Sandia National Laboratories	971892	81		17,166
Sandia National Laboratories	Doc#790791 PO #767581	81		(712)
Sandia National Laboratories	PECASE Awrd-5-4-04	81		6,757
Stanford University	21747220-40367-B	81		175,525
Stony Brook University	#1801030-2-51055	81		196,603
United States Automotive Materials Partnership LLC	09-2142	81		90,318
United States Automotive Materials Partnership LLC	09-2251	81		121,889
United States Automotive Materials Partnership LLC	PO #09-2269	81		14,137
Universal Display Corporation	Amend #1 Master Subcent Agmt	81		15,147
Universal Display Corporation	Amend Ltr No. 2 dtd 7/25/08	81		98,008
Universal Display Corporation	Amend Ltr #3 dtd 09/29/08	81		(3,873)
Universal Display Corporation	Ltr #4 Mstr Agmt dtd 1/8/08	81		149,067
Universal Display Corporation	Amend ltr #5 Mstr Agmt	81		115,974
Universal Display Corporation	Amend ltr #6 Mstr Agmt	81		9,999
Universal Display Corporation	Amend 7 to Sub dated 1/8/08	81		16,132
Universal Oil Products,LLC	4500290595	81		142,004
University of California	34132-001-06	81		49,787
University of California - Lawrence Berkeley National Laboratory	6720903	81		(15,090)
University of California - Lawrence Berkeley National Laboratory	6896522	81		163,395
University of California - Lawrence Berkeley National Laboratory	6906363	81		12,796
University of Illinois-Urbana-Champaign	2007-05891-02	81		173,198
University of Notre Dame, The	209008	81.049	ARRA-Office of Science Financial Assistance Program	343,714
University of Southern California	139304	81.049	ARRA-Office of Science Financial Assistance Program	101,342
University of Texas	UTA07-895	81		12,792
University of Toledo	U/Toledo Agmt	81		18,184
UT-Battelle, LLC	4000039699	81		(1,991)
UT-Battelle, LLC	4000067426	81		9,669
UT-Battelle, LLC	4000071351	81		53,101
UT-Battelle, LLC	4000082764	81		16,907

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
UT-Battelle, LLC	4000085572	81		66,127
UT-Battelle, LLC	4000088151	81		13,320
UT-Battelle, LLC	4000089179	81		25,244
UT-Battelle, LLC	4000089935	81		49,174
Environmental Protection Agency				
Direct		66		1,362,170
Pass-Through:				
Great Lakes Commission	Award Letter dated 3/2/07	66		31,389
Great Lakes Commission	GLAD 09-02	66		32,052
MACTEC	606409003 task order 0003	66		4,652
Michigan State University	61-3383F	66		426,147
Michigan, State of, Community Health, Department of	20090162	66		17,939
Michigan, State of, Community Health, Department of	20100815	66		73,651
St. Michaels Hospital	Subaward Agreement	66		2,721
University of Washington	412177	66		50,041
Federal Reserve System				
Direct		18		89,597
Health and Human Services, Department of-Administration for Children and Families				
Direct		93		32,119
Pass-Through:				
Columbia University	536801	93		218,511
Columbia University	583573	93		530,131
Research Foundation of State University of New York	08-50	93		26,023
Research Foundation of State University of New York	1083232-7-52163	93		56,161
Health and Human Services, Department of-Administration on Aging				
Pass-Through:				
North Carolina, State of	2009-010	93		24,271
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93		1,406,163
Pass-Through:				
Michigan Public Health Institute	C-87004-115-504200	93		18,182
Michigan Public Health Institute	C-87005-115-504200	93		56,824
University of North Carolina	5-51392	93		35,104
Wayne State University	3100771 WSU09022-A1	93		28,551
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93		12,468,725
Pass-Through:				
Association for Prevention Teaching and Research	5U50CD3000-860-21	93		450,876
Association of American Medical Colleges	MM-0996-09-09	93		114,109
Association of American Medical Colleges	MM-1149-10/10	93		184,368
Boston University	R49 CE00946 Prime	93		1,958
Genesee County	Contract 10/1/07	93		(4,949)
Genesee County	Email dtd 7/15/09-Con. 5/1/09	93		34,175
Genesee County	Professional Services Contract	93		50,014
Harvard Pilgrim Health Care	U01IP000143	93		110,437
Michigan State University	61-5132UM	93		39,019
Michigan, State of, Community Health, Department of	20090410	93		255,738
Michigan, State of, Community Health, Department of	20092574	93		4,215
Michigan, State of, Community Health, Department of	20100821	93		815,758
North Dakota Farm Bureau Foundation	Letter dtd 10/31/08	93		329
Saginaw, County of	ltr dtd 12/3/08-MOU 9/30/08	93		4,163
Special Olympics, Inc.	Agreement	93		760
University of California - Davis	Sub 0700016	93		9,776
University of Cincinnati	005814	93		65,193

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of North Carolina	UNC-CH Subcontract # 5-38610	93		41,674
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Direct		93		1,628,411
Pass-Through:				
Arbor Research Collaborative For Health	CMS Contract HHSM-500-T0001	93		696,033
Arbor Research Collaborative For Health	Subcnt under HHSM-500-2005-000	93		450,018
Florida Medical Quality Assurance, Inc	#HHSM-500-2006-NW07C	93		7,831
Florida Medical Quality Assurance, Inc	sub-k agreement	93		186,187
Iowa Foundation for Medical Care	CMS500-02-0030/TSK ORD	93		381,672
Michigan, State of, Community Health, Department of	20100056	93		97,068
Health and Human Services, Department of-Food and Drug Administration				
Direct		93		526,622
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93		323,205
Direct		93.405	ARRA - Public Health Traineeship Program	34,638
Pass-Through:				
Arbor Research Collaborative For Health	SubK Agrmnt 9/25/05...	93		1,170,939
Lutheran Medical Center	Agreement	93		8,911
Michigan State University	61-0560UM	93		(1,068)
National Kidney Foundation of Michigan	Agmt dtd 9/1/07	93		35,945
University of California - Los Angeles	2000 G KM384	93		246,808
University of California - Los Angeles	FAU No 4-445940-AP-31925	93		120,447
University of California-San Diego	PO# 10277739-002	93		117,660
University of Texas Southwestern Medical Center	GMO-901009	93		37,939
Wayne State University	WSU09060,5U01NS061264-02	93		54,985
Health and Human Services, Department of-National Institutes of Health				
Direct		93		456,399,235
Direct		93.701	ARRA-Trans-NIH Recovery Act Research Support	41,887,965
Pass-Through:				
Academy for Educational Development (AED)	4406-05-S-Umich-01	93		6,339
Accord Biomaterials, Inc	Research Agmt	93		73,629
Albert Einstein College of Medicine	9-526-2869	93		51,618
Albert Einstein College of Medicine	Sub Grant # 9-526-3289	93		750,441
Albert Einstein Healthcare Network	Subcontract Agmt 5K12 HD001097	93		19,281
Alluvium Biosciences, Inc	DRDA No. 09-0459	93		79,283
American College of Radiology	ACRIN 6654	93		149,274
American College of Radiology	Member Agreement	93		94,954
American College of Surgeons	Z4033	93		2,467
Avid Radiopharmaceuticals	Awd ltr dtd 10/13/08	93		2,856
Beth Israel Deaconess Medical Center	01023719	93.701	ARRA-Trans-NIH Recovery Act Research Support	9,814
Beth Israel Deaconess Medical Center	IRC1EB01101-01	93.701	ARRA-Trans-NIH Recovery Act Research Support	15,827
Beth Israel Deaconess Medical Center	Memorandum of Agreement	93		96,910
Beth Israel Hospital	Mem of Agmt 6/14/05	93		261,322
Bio Logic Engineering, Inc.	RT Res Agmt 4/1/07	93		29,305
BioZyme, Inc	Roundtable/STTR Agreement	93		51,151
Boston College	1387-1	93.701	ARRA-Trans-NIH Recovery Act Research Support	106,773
Boston University	3823-5	93.701	ARRA-Trans-NIH Recovery Act Research Support	128,389

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Boston University	4145-5/PO#RA208158NGO	93		35,281
Boston University	7426-5	93		34,065
Boston University	7558-05	93		(83,454)
Brandeis University	UM-4-01597	93		65,143
Brigham and Women's Hospital	Agmt# 1 R01ES013744-01A2	93		12,848
Brigham and Women's Hospital	Consort Agmt Eft-9/16/06	93		19,165
Brigham and Women's Hospital	Const Agmt effect 8/11/06	93		(1,351)
Brigham Young University	09-283	93.701	ARRA-Trans-NIH Recovery Act Research Support	43,047
Broad Institute	5215910-5500000191	93.701	ARRA-Trans-NIH Recovery Act Research Support	100,134
Brown University	00000329-PO#P263924	93		57,216
Brown University	00000319,P.O.#P263066	93		6,953
California Pacific Medical Center	108577	93		40,783
Carnegie-Mellon University	1090255-236015	93		83,698
Case Western Reserve University	Amend #3 5 R01 DK069764-02	93		18,814
Case Western Reserve University	Case Subaward No. RES501460	93		404
Case Western Reserve University	RES502898 PO#ZJK0800003	93		(819)
Case Western Reserve University	SUB #RES503857	93		7,692
Children's Hospital of Boston	0000233005	93		20,410
Children's Hospital of Boston	86739	93.701	ARRA-Trans-NIH Recovery Act Research Support	68,562
Children's Hospital of Denver	G07056 prime U54 DK078377-04	93		36,338
Children's Hospital of Los Angeles	CT Agmt to NANT Consortium	93		(164)
Children's Hospital of Philadelphia, The	950452RSUB	93		22,561
Children's Hospital of Pittsburgh	U01 DK072146 3/06	93		441
Children's Memorial Hospital	900900-UMICH	93		896
Children's Research Institute	Subcnt #7928-04-04	93		137,501
Cielo MedSolutions, LLC	RT Res. Agmt Dtd March 2008	93		28,212
Cincinnati Children's Hospital Medical Center	3100116869	93		52,896
Cincinnati Children's Hospital Medical Center	CHMC #466	93		248
Cleveland Clinic Lerner College of Medicine	Research Subaward Agreement	93		11,266
Cold Spring Harbor Lab	54550115	93.701	ARRA-Trans-NIH Recovery Act Research Support	121,335
Colorado State University	G-4413-1/PO P319713	93		(383)
Colorado State University	G-4498-1	93		62,454
Colorado State University	G-4514-1	93.701	ARRA-Trans-NIH Recovery Act Research Support	130,157
Columbia University	512131	93		29,865
Columbia University	557602	93		14,070
Columbia University	5-27891/PO #575071	93		61,266
Columbia University	5-38336	93		153,512
Columbia University	Agmt dtd 12/01/07	93		828
Columbia University	Agrmnt to Protocols-Study 1&2	93		16,845
Columbia University	subaward 5-32050	93		363
Community Health and Social Services, Inc.	Sub-Contract dtd 9/1/05 CDC GR	93		67,682
Cornell University	10070943	93		7,112
Cornell University	1 RC2-MD-004767-01	93.701	ARRA-Trans-NIH Recovery Act Research Support	179,592
Cornell University	1, PO#4100034815	93		14,381
Cornell University	1-N01-CN-43302	93		291,846
Creighton University	R01 AR054496	93		54,047
Dartmouth College	364	93		8,065
Dartmouth College	495	93		287,074

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Dartmouth College	521	93		7,275
Dartmouth College	P01 AG019783 08S1	93		116,827
Duke University	151309	93		183,674
Duke University	CHEER Network	93		17,512
Duke University	Duke SPS No.155509(Site 51)	93		2,325
Duke University	Duke Univ U01 DK065176	93		13,504
Duke University	MENOPENEM 25	93		11,273
Duke University	N01-A1-05419 SubK#10GC102970..	93		112,975
Duke University	N01-HD-4-3385	93		15,401
Duke University	Subaward No. 163575	93.701	ARRA-Trans-NIH Recovery Act Research Support	125,641
Duke University	U 10 HL080413 prime	93		232,535
Duke University	Varioius protocols	93		15,391
Emmes Corporation, The	3603-001/HHSN2752008000021/003	93		43,008
Emmes Corporation, The	Letter Agreement	93		28,731
Emory University	S272371	93		597,331
Emory University	S363827	93.701	ARRA-Trans-NIH Recovery Act Research Support	28,971
Evergen Biotechnologies, Inc	Contract dtd 7/3/08	93		(3,712)
Evergen Biotechnologies, Inc	NIH# 4R44HL091605-02	93		214,755
Florida State University	R01241 ARRA	93.701	ARRA-Trans-NIH Recovery Act Research Support	75,533
Florida State University	Subcontract R00619	93		37,438
Fluorescence Innovations, Inc	Research Agmt	93		7,898
Forsyth Institute, The	R01 DE016276	93		132,183
Forsyth Institute, The	R01 DE016376	93		81,856
Full Circle Studios, LLC	LTR DTD 10/08 (R41HD057714)	93		24,556
General Electric Company	700174652	93		303,401
George Washington University	04-C03	93		(6,048)
George Washington University	09-S41	93.701	ARRA-Trans-NIH Recovery Act Research Support	98,320
George Washington University	S-DPP0910-MR04	93		31,934
Georgetown University	RX 4265-064-UM-SANCHEZ	93		68,837
Georgetown University	RX4265-053-UM/Morgenstern	93		(6,134)
Georgetown University	RX4265-058-UM-SANCHEZ	93		3,186
Georgetown University	RX4265-065-UM-Morgen...	93		41,225
Georgetown University	Subcnt #RX4300-019-	93		89,908
Group Health Center for Health Studies	2009107553	93		239,461
Group Health Center for Health Studies	2010100525	93		76,645
Harvard Pilgrim Health Care	Memo of Agmt	93		31,681
Harvard Pilgrim Health Care	Subaward #AR000221	93.701	ARRA-Trans-NIH Recovery Act Research Support	13,178
Harvard University	23515.112046	93		44,019
Harvard University	148208.0203	93		67,620
Harvard University	150015.0006	93		2,857
Harvard University	150075.0002	93.701	ARRA-Trans-NIH Recovery Act Research Support	36,905
Henry Ford Health System	SC under 1 R01 HL068971-06	93		208,024
Henry Ford Health System	SC under 1R01HL092412-01A2	93		16,824
Henry Ford Health System	Sub #5 R01 DK064695-08	93		39,010
Henry Ford Health System	Subcontract	93		1,732
Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc (HJM)	661112	93		843,257

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc (HJF)	671309	93.701	ARRA-Trans-NIH Recovery Act Research Support	901,234
Howard University	Agmt	93		96,248
Hudson Alpha Institute for Biotechnology	04	93.701	ARRA-Trans-NIH Recovery Act Research Support	9,283
Hudson Alpha Institute for Biotechnology	Subaward #04	93		7,810
Hunter College, CUNY (City University of New York)	41657A	93		108,578
Hutchinson, Fred, Cancer Research Center	Subaward # 0000659541	93		12,064
Idaho State University	Subcontract #07-331	93		27,195
IMMCO Diagnostics	Research Agmt	93		(144)
Incept BioSystems Inc.	Appendix A2 to Master Agmt	93		16,005
Indiana University	IN-4686863-UM	93		237,930
Indiana University	IU 4624847 proposal 91900	93		2,866
Indiana University	IUPUI-4693821-UM	93.701	ARRA-Trans-NIH Recovery Act Research Support	46,915
Indiana University	PO 552182	93		44,595
Industrial Science and Technology Network	Letter Authorization	93		42,442
Industrial Science and Technology Network	Letter Authorization 12/2/08	93		7,715
Industrial Science and Technology Network	Letter dtd 7/29/08	93		20,173
Industrial Science and Technology Network	Ltr dtd 8/30/06	93		9,065
Innovative Biotherapies	Agmt dtd 1/1/07	93		46,008
Innovative Biotherapies	Proj Spec Adden to Master Agmt	93		102,237
Instituto de Nutricion de Centro America y Panama	subcontract	93		35,869
IUPUI (Indiana University Purdue University Indianapolis)	330789	93		(111)
IUPUI (Indiana University Purdue University Indianapolis)	521310	93		86,778
IUPUI (Indiana University Purdue University Indianapolis)	T110302/ PO#690065	93		339,036
Johns Hopkins University	2000348825	93		152,530
Johns Hopkins University	2000786830	93		331,775
Johns Hopkins University	2000801825	93		174,172
Johns Hopkins University	2000246064-1000663024	93		13,639
Johns Hopkins University	Agmt of 5/1/05 (EY014660)	93		139,518
Johns Hopkins University	Agreement of 7/6/07	93		70,562
Johns Hopkins University	PO# 2000370613	93		140,960
Johns Hopkins University	PO#2000010105	93		18,845
Johns Hopkins University	U01 CA084986	93		125,084
Johns Hopkins University	U01 DK066174 prime	93		7,027
Joslin Diabetes Center	CTA to Protocol TINSAL-T2D	93		23,417
Joslin Diabetes Center	Sub 1 DK041526-19-KRO	93		4,739
Kaiser Permanente Northern California	115-9290-01	93		9,759
Kessler Foundation	Subcontract Agmt	93		140,279
Kessler Medical Rehab Research & Educational Corp (UMDNJ)	Research Study Sub Agreement	93		28,013
Massachusetts Eye & Ear Infirmary	Agmt of 6/17/04	93		4,917
Massachusetts General Hospital	Agmt under R01 NS042147-01A2	93		238
Massachusetts General Hospital	Consortium Agmt	93		78,235
Massachusetts General Hospital	Prime#R01NS052592-02	93		1,471
Massachusetts General Hospital	Research Services Agreement	93		5,681
Mayo Clinic Rochester	1 R01 CA133049-01	93		44,417
Mayo Clinic Rochester	2 R01 NS04155806 A2	93.701	ARRA-Trans-NIH Recovery Act Research Support	118,414
MedArray, Inc.	Research Agreement	93		78,279
Medical College of Georgia	20497-16	93		59,997
Medical College of Georgia	23361A	93		101,513
Medical Cyberworlds, Inc	Letter dtd 12/04/09	93		21,452
Medical University of Ohio	942536	93		8,351

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Medical University of South Carolina	MUSC07-062	93		(3,319)
Medigenix, LLC	MNSP-Phase 1	93		(69)
Meso Scale Diagnostics	MSC001733	93		19,540
Michigan Critical Care Consultants, Inc.	append D Master agmt	93		581
Michigan Critical Care Consultants, Inc.	Appendix B to Proj Mstr Agmnt	93		315
Michigan Critical Care Consultants, Inc.	Appendix to Mstr Agmt	93		52,893
Michigan Public Health Institute	C-87005-115-504200	93		19,329
Michigan State University	61-0746UM	93		(1,543)
Michigan State University	61-0810um	93		26,619
Michigan State University	61-0850UM	93		171,517
Michigan State University	61-1407UM	93		226,399
Michigan State University	61-1438UM2	93		3,295
Michigan State University	61-1438UM3	93		1,031
Molecular Design International	Email dated 4/16/09	93		132,769
Molecular Design International	Research Agreement	93		(3,781)
Mount Sinai Medical Center, The	0255-0911-4609	93		14,999
Mount Sinai Medical Center, The	0255-1214-4609	93		82,797
Mount Sinai Medical Center, The	0255-2451-4609	93		10,609
Mount Sinai Medical Center, The	0255-5031-4609	93		15,585
Mount Sinai Medical Center, The	0256-4531-4609	93.701	ARRA-Trans-NIH Recovery Act Research Support	100,655
Muse Technologies	dtd 6/1/08 K# 2R42PR22942-02	93		123,644
National Bureau of Economic Research	33-4116	93		55,162
National Bureau of Economic Research	40-4076-00	93		274,303
National Bureau of Economic Research	40-4082-00	93		221,397
National Bureau of Economic Research	40-4108-00	93		183,508
National Bureau of Economic Research	40-4119-00	93		200,138
National Bureau of Economic Research	83-4029-01-4-80-537-7700	93		27,162
National Bureau of Economic Research	SubK 33-4118-07-1-80-147	93		706,912
National Childhood Cancer Foundation	16810	93		75,464
National Childhood Cancer Foundation	18746	93		2,756
National Childhood Cancer Foundation	18851	93		14,347
National Childhood Cancer Foundation	19923	93		5,004
National Childhood Cancer Foundation	Contract #17506	93		(5,557)
National Childhood Cancer Foundation	Contract 18522	93		123,191
National Childhood Cancer Foundation	PO Number 16249	93		2,593
National Childhood Cancer Foundation	Sub Contract #19195	93.701	ARRA-Trans-NIH Recovery Act Research Support	9,402
National Childhood Cancer Foundation	Subcontract 19246	93.701	ARRA-Trans-NIH Recovery Act Research Support	10,452
National Childhood Cancer Foundation	U10 CA98543-07	93		18,235
National Jewish Medical Center	Account #22210951	93.701	ARRA-Trans-NIH Recovery Act Research Support	15,276
National Jewish Medical Center	Clin Study under NHLB Prime	93		256,375
National Marrow Donor Program (NMDP)	Master Agmt #13703	93		63,861
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Amendment #2 PFED16-MIC-01	93		(5,899)
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Michigan-YR23	93		47,905
NeoStem	Agreement	93		10,067
NeuroNexus Technologies, Inc.	Appendix D	93		10,232
NeuroNexus Technologies, Inc.	Master agreement Appendix A	93		796
New England Research Institute	Award Letter	93		18,961
New England Research Institute	Sub-con to U01 HL68270-04	93		152,215
New England Research Institute	U01HL068270	93		37,540
New York Academy of Medicine	Contract	93		(1,174)

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
New York Academy of Medicine	Sub 1 R01 DA022123-01A1	93		(16,679)
New York Medical College	R01 DK54602-09 41-115-3	93		(43,134)
New York University	F6393-01	93		144,928
New York University School of Medicine	Memorandum of Agrmnt, 10/3/00	93		(3,427)
Nico Technologies Corporation	Append 1 to Proj Mstr Agmt	93		46,938
Northeastern University	500158 and 500159	93		20,647
Northern California Institute for Research & Education, Inc. (NCIRE)	Sub Agmt 1456	93.701	ARRA-Trans-NIH Recovery Act Research Support	91,331
Northern California Institute for Research & Education, Inc. (NCIRE)	Weiner 000855	93		186,082
Ohio State University, The	60014226	93		17,601
Ohio State University, The	60018596 PO# RF01179458	93.701	ARRA-Trans-NIH Recovery Act Research Support	967
Ohio State University, The	60024386,PO#RF01190509	93		52,942
Ohio State University, The	PO #RF01091793 Proj #60011024	93		197,316
Ohio State University, The	Proj #60011543, PO# RF01167958	93		169,330
Ohio State University, The	Proj#60016709;PO#RF01148261	93		50,844
Ohio State University, The	UL1RR025755, PO#RF01162111	93		25,000
Pennsylvania State University	3140-UM-DHHS-0075	93		363,436
Pennsylvania State University	3202-UM-DHHS-6476	93		112,708
Pennsylvania State University	3386-UM-DHHS-0223	93		37,192
Pennsylvania State University	3744-UM-NIH-0705	93		5,169
Pixel Velocity	Roundtable Resch Agmt	93		37,600
Pixel Velocity	Roundtable Resch Agmt	93.701	ARRA-Trans-NIH Recovery Act Research Support	5,261
Princeton University	00001809	93		23,779
Princeton University	00000972 (400-6225)	93		11,481
Purdue University	4102-18263	93		(594)
Purdue University	4102-31814	93.701	ARRA-Trans-NIH Recovery Act Research Support	167,973
Purdue University	511-2048-01	93		24,702
Radiation Monitoring Devices, Inc.	No. C09-26	93		6,209
Rand Corporation	9920050077	93		(1,695)
Rand Corporation	9920070127	93		118,882
Rand Corporation	9920080002	93		109,222
Rand Corporation	9920080119	93		206,384
Rand Corporation	9920080125	93		(15,444)
Rand Corporation	9920090060	93		1,427,554
Rand Corporation	9920090060	93.701	ARRA-Trans-NIH Recovery Act Research Support	249,844
Rapid Biosense, LLC	Research Agreement	93		(1,334)
Research Foundation of City University of New York (CUNY)	41657A	93		1,002
Research Triangle Institute	Agreement	93		1,857
Research Triangle Institute	Email dtd 7/17/08	93		2,733
Rhode Island Hospital	701-1498-1R21CA133976	93		14,535
Rhode Island Hospital	HL077221	93		33,576
Rhode Island Hospital	U01-DK61700-FAVORIT	93		21,272
Roswell Park Cancer Institute	55-0949-02	93		27,309
Roswell Park Cancer Institute	55-0955-01	93		1,699
Roswell Park Cancer Institute	Mod #3 R01 CA119358	93		193,883
Rutgers University	3548	93		19,805
Rutgers University	Rutgers #3766 / PO# S1236353	93		79,396
San Francisco General Hospital	4815SC	93		48,747
Science Applications International Corporation	25XS105, Task order 11	93		4,380
Science Applications International Corporation	25XSO24A	93		(2,621)

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Science Applications International Corporation	27XS115	93		360,010
Science Applications International Corporation	29XS091	93		202,722
Science Applications International Corporation	29XS161	93		37,166
Science Applications International Corporation	Subk#25XS102	93		(26,757)
Scripps Research Institute, The	IH U19 AI063603	93		549
Seattle Children's Hospital	10118SUB	93.701	ARRA-Trans-NIH Recovery Act Research Support	5,367
Sonetics Ultrasound, Inc.	sub-#1 R43 EB009281-01A1	93		28,811
Southern Illinois University Medical School	520302	93		188,093
Southern Illinois University Medical School	520317	93		103,733
Southern Illinois University Medical School	Agmt dtd 09/01/06	93		53,264
St. Jude Children's Research Hospital	111287150-7324210	93		14,515
St. Jude Children's Research Hospital	111287150-7325504	93		90,024
St. Luke's Health System	Res Agmt TRIUMPH	93		22,953
Stanford University	22234140-39087A	93		243,387
Stanford University	sub award 21781580-8099-B	93		6,995
State University of New York	1087781-2-54202	93.701	ARRA-Trans-NIH Recovery Act Research Support	12,737
State University of New York	47371-1073071-2	93		(189)
State University of New York at Buffalo	R572942	93		73,918
Stauffer Chemical Company	54183-2-1087790	93		12,377
Syracuse University	23620-02268 SO2	93		26,684
Texas A & M Research Foundation	S060049	93		75,156
Texas Southern University	PO 099187	93		19,996
The Feinstein Institute for Medical Research	08-B-104	93		43,029
The Feinstein Institute for Medical Research	AMS03-08-C-27	93		(33,316)
The Jackson Laboratory	633420 RR001183-32	93		214,832
The University of Texas Health Science Center at Houston	0006692(B)	93		10,516
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Agreement	93		323,057
Tufts Medical Center	5R21 DK077368-02	93		38,491
Tufts University	HS2648	93		38,003
Tulane University	Sbawd#TUL-175-04/05	93		10,225
University at Albany	09-01	93		94,507
University Hospitals/Rainbow Babies and Children's Hospital	N01-DK-6-2203	93		159,553
University of Alabama	Subaward No. 001	93		4,110
University of Arizona	R01 AT00314 PRIME	93		8,051
University of Bath	RE-PA0278	93		71,548
University of Bath	SH278A	93		43,843
University of California	2003-1187 Amnt. 06	93		(5,548)
University of California	ADC-035	93		2,000
University of California - Davis	800038	93		1,036,731
University of California - Fullerton	55834 PO# 08GR1733	93		(481)
University of California - Irvine	2004-1506 amend#3	93		42,362
University of California - Irvine	2005-1619	93		45,714
University of California - Irvine	2005-1677-1678	93		165,321
University of California - Irvine	2008-2049	93		24,020
University of California - Irvine	2008-2050 Amdt. 1	93		137,340
University of California - Irvine	2008-2052	93		46,251
University of California - Irvine	2009-2250	93		13,609
University of California - Irvine	2009-2289	93.701	ARRA-Trans-NIH Recovery Act Research Support	50,408
University of California - Los Angeles	1430 G JD139	93		2,169
University of California - Los Angeles	1460 F KB114	93		106,136
University of California - Los Angeles	1563 G JB617	93		32,416

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of California - Los Angeles	1920-G-KB309	93		26,497
University of California - San Francisco	3825sc	93		(12,703)
University of California - San Francisco	4516SC	93		92,262
University of California - San Francisco	4911sc	93		121,975
University of California - San Francisco	5375SC	93		10,992
University of California - San Francisco	5766sc	93.701	ARRA-Trans-NIH Recovery Act Research Support	24,664
University of California - San Francisco	5787SC	93		74,031
University of California - San Francisco	5824SC	93.701	ARRA-Trans-NIH Recovery Act Research Support	149,914
University of California - San Francisco	ITN10146-00sc	93		86,963
University of California - San Francisco	N01-AI-15416,Agmt ITN10203-00	93		2,011
University of California - San Francisco	R01 HD044876 prime	93		101,510
University of California - San Francisco	sub award 5363sc amend #1	93		30,262
University of California - San Francisco	Subcntrt#4264SC	93		2,238
University of California - San Francisco	Subcontract #3680SC	93		17,966
University of California-San Diego	10231578	93		1,465
University of California-San Diego	10277758	93		152,870
University of California-San Diego	10302052	93		104,222
University of California-San Diego	6-00-ANDI	93		28,030
University of California-San Diego	ADC-030	93		1,449
University of California-San Diego	Agmt 3/1/07	93		20,397
University of California-San Diego	U01 AG10483, Prtl #6-00-ADNI	93		258
University of California-Santa Cruz	PO351011	93		1,940
University of Chicago	31069	93		8,885
University of Chicago	26020/5-30882	93		(1,253)
University of Chicago	33267-0851	93.701	ARRA-Trans-NIH Recovery Act Research Support	8,085
University of Chicago	39778-5-30972	93		110,748
University of Chicago	39778-5-30977	93		(7,001)
University of Chicago	39778-530977,Proj RP3	93		334,024
University of Chicago	HHSN26120062001C	93		89,487
University of Chicago	Prime award R01 HL085553	93		(63)
University of Cincinnati	006467	93.701	ARRA-Trans-NIH Recovery Act Research Support	89
University of Cincinnati	COEUS #005695	93		2,617
University of Cincinnati	P021-040-P111-1078	93		92,608
University of Cincinnati	PO # A08-4500026316	93		13,971
University of Cincinnati	Sub No P021-040-N151-1105	93		24,986
University of Colorado	3 UL1 RR024780-02-S3	93.701	ARRA-Trans-NIH Recovery Act Research Support	8,902
University of Florida, The	00051551-UM	93		95,096
University of Florida, The	00080393/UF10032	93.701	ARRA-Trans-NIH Recovery Act Research Support	13,150
University of Florida, The	UF JAX 08027	93		100,308
University of Hawaii	PO Z884743, Proj 651564	93		(33,621)
University of Illinois at Chicago	2006-02026	93		(173)
University of Illinois at Chicago	E0010365	93		36,273
University of Iowa	Agmt of 12/1/07	93		242
University of Iowa	W000103063	93		21,792
University of Iowa	W000113397	93		196,935
University of Kentucky	3048105116-09-228	93		111,208
University of Kentucky	UKRF 3049022617-09-263	93		41,883
University of Maryland, The	0000002000	93		(592)

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of Maryland, The	000004889	93		168,565
University of Maryland, The	SR00000186	93		(4,529)
University of Maryland, The	SR00000236	93		119,563
University of Maryland, The	SR00000782	93		437,591
University of Maryland, The	SR00000812	93.701	ARRA-Trans-NIH Recovery Act Research Support	46,180
University of Maryland-Baltimore County (UMBC)	Sub SR- 1-R21-HD-059074-01-A1	93.701	ARRA-Trans-NIH Recovery Act Research Support	26,525
University of Massachusetts	6114511/RFS900208	93.701	ARRA-Trans-NIH Recovery Act Research Support	38,764
University of Medicine and Dentistry of New Jersey (UMDNJ)	253663	93		34,483
University of Miami, Florida, The	M154363	93.701	ARRA-Trans-NIH Recovery Act Research Support	72,049
University of Minnesota	A000028501	93		25,600
University of Minnesota	A844603902	93		16,156
University of Minnesota	B6367777101	93		86,626
University of Minnesota	COST	93		5,000
University of Minnesota	N000460901	93		50,346
University of Minnesota	N001204501	93		275,813
University of Minnesota	N636775801	93		53,495
University of Missouri	00027714-1	93		13,872
University of Nebraska	24-1106-0002-207	93		62,874
University of Nebraska	PO#4500208979	93		3,083
University of North Carolina	5-30034	93		17,534
University of North Carolina	5-30069	93.701	ARRA-Trans-NIH Recovery Act Research Support	57,131
University of North Carolina	5-34711	93		12,015
University of North Carolina	5-50056,Amd YR 4, #1	93		22,837
University of North Carolina	5-50173	93		116,999
University of North Carolina	5-50413	93		93,002
University of North Carolina	5-51327	93		115,758
University of North Carolina at Chapel Hill	5 U01 NS042167	93		44,900
University of North Carolina at Chapel Hill	5-30462	93		13,676
University of North Carolina at Chapel Hill	5-52203	93		5,020
University of North Carolina at Chapel Hill	PROMIS Study Svc Agmt	93		31,561
University of North Carolina at Greensboro	09-0293.3	93		86,893
University of Pennsylvania	545327	93		16,662
University of Pennsylvania	550844	93		7,630
University of Pennsylvania	552704	93		116,121
University of Pennsylvania	553356	93.701	ARRA-Trans-NIH Recovery Act Research Support	24,167
University of Pennsylvania	2224537	93		15,309
University of Pennsylvania	2370617	93		108,852
University of Pennsylvania	2124721 / Award 544193	93		(38,693)
University of Pennsylvania	547061 PO# 2312756	93		65,657
University of Pennsylvania	553478 / PO# 2365803	93		13,680
University of Pennsylvania	PO# 2313456	93		22,828
University of Pennsylvania	PO# 2332066 Sub Award# 553520	93.701	ARRA-Trans-NIH Recovery Act Research Support	17,424
University of Pennsylvania	PO# 2342103 Subawrd #5-44131	93		30,924
University of Pennsylvania	PO#1854630 Agmt dtd 12/5/4	93		6,795
University of Pennsylvania	PO#2139263 Sub #5-45929	93		15,026
University of Pennsylvania	PO#2442578 award #551595	93		264,411
University of Pennsylvania	Prime 1 R01 HL086622-01A1	93		8,419

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of Pittsburgh	0005287	93		16,374
University of Pittsburgh	0005318	93		19,900
University of Pittsburgh	402913	93		195,947
University of Pittsburgh	0004080-R01 DK054639-09 prime	93		68,617
University of Pittsburgh	0004651 / 111882-1	93		234,305
University of Pittsburgh	0009032(115597-1)	93		96,482
University of Pittsburgh	0011424 116289-04	93		126,194
University of Pittsburgh	0014136 (117267-2)	93		35,123
University of Pittsburgh	0014526 115255-4	93		3,721
University of Pittsburgh	114009-03	93		66,454
University of Pittsburgh	agmt of 6/1/02	93		12,466
University of Pittsburgh	Inst#0003812-Proj #110583	93		19,562
University of Pittsburgh	Sub 0005432.Proj 112885-6	93		3,990
University of Pittsburgh	Sub awd#0001190 ..	93		12,618
University of Pittsburgh	Subaward 0010681	93.701	ARRA-Trans-NIH Recovery Act Research Support	57,572
University of Pittsburgh	Subaward 8677; Proj #113901-1	93		55,213
University of Pittsburgh	Subaward No. 0005117	93		43,088
University of Pittsburgh	Subcontract No. 402417-18	93		58,579
University of Rochester	000004-D	93.701	ARRA-Trans-NIH Recovery Act Research Support	105,416
University of Rochester	P.O.#412658-G	93		8,848
University of South Carolina	10-1749	93.701	ARRA-Trans-NIH Recovery Act Research Support	102,788
University of South Florida	Site #1326-1U01-DK61055	93		17,152
University of Southern California	115671	93		230,900
University of Southern California	123820	93		(1,651)
University of Southern California	140828	93		27,005
University of Southern California	PO 137518	93		17,678
University of Southern California	U01AI069545 PRIME	93		17,936
University of Texas	0004293	93		84,924
University of Texas	0006439A	93		125,771
University of Texas	0007224C	93.701	ARRA-Trans-NIH Recovery Act Research Support	242,221
University of Texas	06-101, POUOSPC-0000000130	93		(2,755)
University of Texas	29272/98010457; PO#29085-2000	93		36,683
University of Texas	GMO-010114 (N01MH90003)	93		24,661
University of Texas	GMO-500209	93		9,750
University of Texas	No. N01 MH90003- GMO-010148	93		24,997
University of Texas	UTA07-589	93		7,862
University of Texas San Antonio	CA37429	93		(8,058)
University of Texas Southwestern Medical Center	GMO-500811	93		69,224
University of Texas Southwestern Medical Center	GMO-600123	93		43,562
University of Toledo	Agmt. No. NS 2005-080	93		7,217
University of Toledo	N 2010-11	93.701	ARRA-Trans-NIH Recovery Act Research Support	38,051
University of Toledo	N2004-43, PO#19385	93		54,909
University of Toledo	NS 2010-26	93.701	ARRA-Trans-NIH Recovery Act Research Support	33,091
University of Utah	000142778	93		59,976
University of Utah	10001873; PO#0000140635	93		64,284
University of Utah	10004099 PO #000139987	93		2,308
University of Utah	10006268 PO#0000137154	93		25,241
University of Utah	Agmt#10000262-01, R01 DK060508	93		1,419

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of Utah	PO# 0000137107	93		81,549
University of Virginia	GC11136-121377	93		176,336
University of Virginia	GC11589-129190	93		138,509
University of Virginia	GC11812-132228	93		44,361
University of Virginia	ZC10062-134295	93.701	ARRA-Trans-NIH Recovery Act Research Support	25,405
University of Washington	661125	93		96,791
University of Washington	Subaward # 655939	93		32,204
University of Washington	Subaward #544983	93		5,402
University of Washington	Subaward No. 300368	93		44,339
University of Wisconsin	836F463	93		171,763
University of Wisconsin	Agmt #04-8167 PO#095H185 07069	93		2,536
University of Wisconsin	V221432, U01 AI074515-prime	93		218,901
University of Wisconsin	X493695	93		59,324
Van Andel Research Institute	UMDS-NCI-BH-10-40140-1	93		23,889
Van Andel Research Institute	UMDS-NCI-BH-10-40152-1	93		13,289
Van Andel Research Institute	UMIG-NCI-BH-10-40140-1	93		15,697
Van Andel Research Institute	UMPA-NCI-BH-10-40140-1	93		15,485
Vanderbilt University	THO 0640	93		(5,262)
Vanderbilt University	U 01 CA114771 Prime	93		22,886
Veterans Medical Research Foundation	2-07223-03-4	93		24,595
Washington University	2009176a po 1206674	93		3,233
Washington University	WU-07-114/PO #29426S	93		(138)
Washington University	WU-10-167, PO#2911457A	93		57,622
Washington University	WU-HT-10-16	93		162,253
Washington University in St. Louis	PO #2911294A	93		99,022
Washington University in St. Louis	WU-08-77	93		19,177
Wayne State University	P0481966	93		307
Wayne State University	PO #480137	93		(10,255)
Wayne State University	R34 DK076663 PRIME, WSU07062	93		12,994
Wayne State University	WSU04055-A11 PO# P0423079 #1	93		213,454
Wayne State University	WSU06072	93		(8,747)
Wayne State University	WSU07039/PO# P0467065	93		48,669
Wayne State University	WSU09018;PO#P0494592	93		39,554
Wayne State University	WSU09077	93		23,958
Wayne State University	WSU09081-PO# P0495991	93.701	ARRA-Trans-NIH Recovery Act Research Support	7,063
Wayne State University	WSU7068/PO# P0465988	93		28,687
Wayne, John, Cancer Institute	Agmt dtd 8/10/06	93		841
Wayne, John, Cancer Institute	Clinical Trial	93.701	ARRA-Trans-NIH Recovery Act Research Support	644
West Virginia University	06-650-UM	93		21,158
Western Interstate Commission for Higher Education	4475.00.5240	93.701	ARRA-Trans-NIH Recovery Act Research Support	17,833
Winprobe Corporation	Research Agmt	93		54,018
Yale University	A06657 (M-08-333)	93		11,878
Yale University	A07225	93		(1,851)
Yale University	A07533 (M10A10802)	93		29,651
Yale University	A07533 (M10A10802)	93		5,858
Yale University	A07571 (M09A10047)	93		106,641
Yale University	A07685 / 702120	93		38,129
Yale University	Sub Award # A06138	93		3,602
Yale University	U10 D055925 prime	93		88,000

Health and Human Services, Department of-Office of the Secretary

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Direct		93		1,224,673
Pass-Through:				
Michigan, State of, Community Health, Department of	20090315	93		61,936
Michigan, State of, Human Services, Department of	Contract #COUN 06	93		880
University of Kentucky	3048104033-10-255	93		6,131
Washtenaw, County of	PO# 35418-000-PS	93		20,924
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Direct		93		964,886
Homeland Security, Department of				
Direct		97		2,326,947
Pass-Through:				
Radiation Monitoring Devices, Inc.	C09-36	97		87,088
Radiation Monitoring Devices, Inc.	pr#HSHQDC-07-C-00039RMD C07-43	97		47,807
Radiation Monitoring Devices, Inc.	Subcontract # C09-36	97		96,122
University of Nebraska	25-0521-0119-013	97		132,820
Housing and Urban Development, Department of				
Direct		14		268,002
Pass-Through:				
National Bureau of Economic Research	40-4082-EXT	14		150,000
National Bureau of Economic Research	Sub #40-5057-00/1,Prjct 0044B3	14		601,492
Institute of Museum and Library Services				
Direct		3		241,757
Pass-Through:				
University of Maryland, The	Z929605	3		41,970
Yale University	C09P10245	3		46,695
Interior, Department of the				
Direct		15		252,666
Pass-Through:				
Michigan Tech Research Institute	070910Z1	15		16,704
Michigan, State of, Natural Resources and Environment (MDNRE)	237016,PO#751P0200076	15		49,867
Michigan, State of, Natural Resources and Environment (MDNRE)	751P9200162	15		14,253
Michigan, State of, Natural Resources and Environment (MDNRE)	751P9200163	15		51,729
Michigan, State of, Natural Resources and Environment (MDNRE)	751P9200324	15		39,188
Wisconsin, State of	NMJ00000259	15		36,062
Justice, Department of				
Direct		16		2,092,322
Pass-Through:				
Michigan Public Health Institute	C-27062-115-504200	16		10,390
Michigan Public Health Institute	C-27064-115-504200	16		12,289
Labor, Department of				
Direct		17		8,780
Pass-Through:				
Michigan, State of, Michigan Economic Development Corporation	PO # 1148	17		1,620
Library of Congress				
Direct		42		337,528
National Aeronautics and Space Administration				
Direct		43		11,555,354
Pass-Through:				
Alion Science and Technology	ltr subcontr.POSCR11006217	43		37,515
California Institute of Technology	2-1087640	43		80,067
California Institute of Technology	44A-1085637	43		267,479
Carnegie Institution of Washington	DTM-3250-04	43		263,840
CFD Research Corporation	1385	43		32,301

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Collier Research Corp	080821	43		62,023
Collier Research Corp	SUB-K #070327	43		78,676
Eloret Corporation	TSA-0903; PO 5493	43		7,532
EPIR, Ltd.	A62P-10-SUMI-0001	43	ARRA	11,776
Harvard University	123485	43		70,411
Jet Propulsion Laboratory	942565	43		32,173
Jet Propulsion Laboratory	1214369	43		90,944
Jet Propulsion Laboratory	1266313	43		452,157
Jet Propulsion Laboratory	1266314	43		103,202
Jet Propulsion Laboratory	1268016	43		47,718
Jet Propulsion Laboratory	1277433	43		4,423
Jet Propulsion Laboratory	1279720	43		10,196
Jet Propulsion Laboratory	1284086	43		116
Jet Propulsion Laboratory	1288881	43		2,120
Jet Propulsion Laboratory	1288887	43		(442)
Jet Propulsion Laboratory	1288890	43		2
Jet Propulsion Laboratory	1306356	43		10,216
Jet Propulsion Laboratory	1309693	43		19,626
Jet Propulsion Laboratory	1309728	43		27,099
Jet Propulsion Laboratory	1309768	43		467
Jet Propulsion Laboratory	1310222	43		4,284
Jet Propulsion Laboratory	1322807	43		90,073
Jet Propulsion Laboratory	1327417	43		27,850
Jet Propulsion Laboratory	1335558	43		27,087
Jet Propulsion Laboratory	1341232	43		5,911
Jet Propulsion Laboratory	1342966	43		33,312
Jet Propulsion Laboratory	1342979	43		9,094
Jet Propulsion Laboratory	1344183	43		96,274
Jet Propulsion Laboratory	1346017	43		(4,382)
Jet Propulsion Laboratory	1346899	43		18,175
Jet Propulsion Laboratory	1350103	43		4,983
Jet Propulsion Laboratory	1352405	43		275,138
Jet Propulsion Laboratory	1356511	43		132,555
Jet Propulsion Laboratory	1358124	43		601,267
Jet Propulsion Laboratory	1363062	43		99,250
Jet Propulsion Laboratory	1364924	43		10,332
Jet Propulsion Laboratory	1364989	43		10,956
Jet Propulsion Laboratory	1370172	43		39,043
Jet Propulsion Laboratory	1370331	43		103,646
Jet Propulsion Laboratory	1371383	43		4,750
Jet Propulsion Laboratory	1371593	43		32,045
Jet Propulsion Laboratory	1371948	43		11,279
Jet Propulsion Laboratory	1372324	43		18,796
Jet Propulsion Laboratory	1373822	43		38,168
Jet Propulsion Laboratory	1375929	43		21,133
Jet Propulsion Laboratory	1376685	43		31,511
Jet Propulsion Laboratory	1376898	43		50,777
Jet Propulsion Laboratory	1377380	43		10,679
Jet Propulsion Laboratory	1379206	43		564
Jet Propulsion Laboratory	1379435	43		20,000
Jet Propulsion Laboratory	1392644	43		4,536
Jet Propulsion Laboratory	1393453	43		1,441
Jet Propulsion Laboratory	1401136	43		7,438
Jet Propulsion Laboratory	1401151	43		2,473

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Johns Hopkins University	937441	43		(1,427)
Johns Hopkins University	942565	43		19,410
Lockheed Martin Corporation	4500104098	43		20,068
North Carolina State University	2007-1418-01	43		10,065
Northwestern University	PROJ0001363	43		25,524
Ohio State University, The	RF01107453	43		180,647
Pennsylvania State University	3686-UM-NASA-C58A	43		59,303
Picomatrix, Inc.	R & D Subcontract	43		4,572
Planetary Science Institute	Subcontract Agreement	43		37,675
Raytheon Company	4400304308	43		90,000
Reisz Engineers	Awd ltr dtd 6/23/05	43		(10,000)
Southwest Research Institute	699056KC	43		94,803
Southwest Research Institute	799114 MO	43		35,622
Southwest Research Institute	A99201MO	43		140,564
Southwest Research Institute	SubK #699064X	43		4,681
Space Telescope Science Institute	HST-AR-10939.01-A	43		19,304
Space Telescope Science Institute	HST-GO-10248.11-A	43		(2)
Space Telescope Science Institute	HST-GO-10573.01-A	43		(2,221)
Space Telescope Science Institute	HST-GO-10814.01-A	43		38,284
Space Telescope Science Institute	HST-GO-10824.13-A	43		19,568
Space Telescope Science Institute	HST-GO-11125.01-A	43		30,392
Space Telescope Science Institute	HST-GO-11129-01-A	43		42,454
Space Telescope Science Institute	HST-GO-11199.01-A	43		9,186
Space Telescope Science Institute	HST-GO-11548.04-A	43		55,819
Space Telescope Science Institute	HST-GO-11608.01-A	43		28,670
Space Telescope Science Institute	HST-GO-11616.03-A	43		20,958
University of Alabama	SUB2006-271	43		143
University of Arizona	Y402840	43		1,625
University of California - Berkeley	SA4765-26309 PO1077462	43		71,077
University of Florida, The	UF09150	43		27,435
University of Maryland, The	0000006676	43		9,235
University of Maryland, The	Z634020	43		646,992
University of Massachusetts	07-004013 A 00	43		(35)
University of Massachusetts	09-005513 A 00; PO#0001268631	43		13,247
University of Notre Dame, The	201255	43		23,339
University of Virginia	GR10008-129918	43		126,372
Von Braun Center for Science & Innovation (VCSI)	Ltr contract dtd 1/16/09	43		42,726
National Archives and Records Administration				
Direct		89		67,576
National Endowment for the Humanities				
Direct		6		111,414
National Science Foundation				
Direct		47		60,697,465
Direct		47.082	ARRA-Trans-NSF Recovery Act Reasearch Support	8,227,773
Pass-Through:				
American Association for the Advancement of Science (AAAS)	ESI 0227557	47		77,703
American Educational Research Association	Agreement	47		(291)
American Educational Research Association	Awd ltr dtd 4/22/09	47		21,569
American Indian Science and Engineering Society	AISES 2006-003	47		4,194
Association for Institutional Research	DG 09-120	47		19,304
Auburn University	07-C&T-200111-UM	47		29,618
Baker-Calling	Research Agmt	47		8,337
California Institute of Technology	42B-1072301	47		22,398

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
California Institute of Technology	42B-1084325	47		16,162
California Institute of Technology	67F-1086951	47		8,607
Carnegie-Mellon University	1121322-236717	47.082	ARRA-Trans-NSF Recovery Act Reasearch Support	11
Columbia University	563900	47		399,533
Columbia University	563907	47		194,665
Consortium for Ocean Leadership	T319A2	47		24,022
Consortium for Ocean Leadership	T320A2	47		4,693
Cornell University	44771-7472	47		451,326
Cornell University	46222-7763	47		23,158
Cornell University	52120-8455 u/prime 0649215	47		9,508
Cornell University	55816-8779	47		562,698
Cornell University	60419-9037	47.082	ARRA-Trans-NSF Recovery Act Reasearch Support	295,426
Duke University	08-SC-NSF-1097	47		98,673
Eastern Michigan University	0522174 PO# P0023342	47		1,377
Georgetown University	RX2745-401-UMICH	47		64,470
Georgia Institute of Technology	R9758-G4	47		81,547
Georgia Institute of Technology	Y0011-G8	47		19,703
Harvard University	108051-5021742	47		94,059
Harvard University	108075-5026906	47		6,947
Illinois Institute of Technology	SA302-1005-4369	47		(8,318)
Industrial Optical Measurement Systems	Res Agmt & Ck #811	47		8,258
Innovative Micro Technology	29497	47		46,782
Intelligent Prosthetic Systems	Check# 1058 dtd 12/18/07	47		3,986
Intelligent Prosthetic Systems	Check# 1059 dtd 12/18/07	47		36,378
Intelligent Prosthetic Systems	Check# 1060 dtd 12/20/07	47		1,726
Intelligent Prosthetic Systems	Ck#1057 - 12/18/07	47		1,147
Iowa State University	EEC-0813570/19 69672 23	47		178,644
Kent State University	442197-P060510	47		103,800
Marine Biological Laboratory	MBL Subaward #25282	47		176,925
Michigan State University	61 2019UM	47		1,123
Michigan State University	61-2422UM CMS 0501294	47		(2,306)
Michigan State University	61-2554UM	47		259,771
National Bureau of Economic Research	Prime SES-0241699	47		10,000
New York Hall of Science	ESI-0540152	47		51,923
North Carolina State University	2004-0679-01	47		(5,796)
Northwestern University	610-4738004-60019152	47		6,571
Northwestern University	610473800460019155proj0002699	47		18,336
Northwestern University	PROJ0000072	47		260,774
Northwestern University	PROJ0000746	47		138,574
Northwestern University	PROJ0002254	47		94,462
Oberlin College	CNS 0930153	47		4,358
Ohio State University, The	60002999	47		14,347
Ohio State University, The	EEC 0914790	47		12,899
Pennsylvania State University	3020-UM-NSF-7146	47		5,756
Pennsylvania State University	3371-UM-NSF-4688	47		3,124
Pennsylvania State University	3743-UM-NSF-0404	47		60,847
Pennsylvania State University	4042-UM-NSF-9447	47		2,643
Princeton University	00001234	47		5,890
Purdue University	4101-20588	47		(16)
Purdue University	NEES 4101-31912	47		18,297
Rand Corporation	Sub #9920070065 -- SES-0624353	47		23,870
Rutgers University	Subawd 00003703; PO#S1197974	47		63,399

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Sonetics Ultrasound, Inc.	RT Res Agmt dtd 1/1/05	47		(521)
Stanford University	16391370-34122	47		(1,237)
The Algebra Project, Inc	ESI-0822175	47		88,542
Thixomat, Inc.	Research Agreement	47		5,989
United States Civilian Research and Development Foundation	RUB1-2916-ST-07	47		7,118
United States Civilian Research and Development Foundation	RUG1-2949-MO-09	47		5,949
United States Civilian Research and Development Foundation	RUP-2945-PE-09	47		3,172
University of Arizona	Y553599	47		11,147
University of California - Santa Barbara	KK6156	47		35,885
University of California - Santa Barbara	KK9123	47		9,447
University of California-San Diego	10293887	47		42,509
University of California-San Diego	10301095	47		16,270
University of California-San Diego	PO# 10301277	47		32,909
University of Central Florida	UCF 65016192	47		60,685
University of Chicago	34024	47		56,592
University of Denver	36528A-01-00	47		4,000
University of Georgia	RR246-005/5812127	47		79,770
University of Illinois-Urbana-Champaign	2006-038071-01A4816	47		74,733
University of Illinois-Urbana-Champaign	2008-01606-01	47		9,262
University of Illinois-Urbana-Champaign	2009 01053 01	47		17,845
University of Illinois-Urbana-Champaign	2009 04479 01	47		31,520
University of Illinois-Urbana-Champaign	A7929	47		(469)
University of Kansas	FY2007-100	47		5,041
University of Kansas	FY2008-040	47		1,254
University of Maryland, The	Z326101	47.082	ARRA-Trans-NSF Recovery Act Reasearch Support	24,670
University of Maryland, The	Z491502 u/prime #IIS 0705832	47		52,199
University of Massachusetts	10-005620 A 00	47		16,723
University of Minnesota	A528605644	47		25,000
University of Mississippi	09-03-058	47		32,759
University of Missouri	C00026277-1	47		49,904
University of Nebraska	25-0550-0001-129	47		9,786
University of Nevada	UNR-07-92	47		67,999
University of Notre Dame, The	201646	47		20,738
University of Texas	UTA06-776	47		121,543
University of Texas	UTA08-817	47		19
University of Utah	EEC 0304433	47		1,070
University of Virginia	GA10778-133387	47		29,355
University of Washington	431145	47		310,278
University of Washington	454484	47		31
University of Wisconsin	028K755	47		35,484
University of Wisconsin	159K832	47.082	ARRA-Trans-NSF Recovery Act Reasearch Support	44,853
Virginia Commonwealth University	PT095050 - SC100044	47		(1,727)
Virginia Commonwealth University	PT100983 SC100255	47		(4,293)
Vortex Hydro Energy, LLC	Research Agmnt dtd 01/01/2009	47		60,332
Wesleyan University	WESU 5011048122	47		23,712
Western Robotics	RT Res Agmt dtd 1/1/09	47		(3,536)
Nuclear Regulatory Commission				
Direct		77		607,579
Pass-Through:				
Oregon State University	X0105A-A	77		254,268
Purdue University	4112-25434, Ref.09032640 Downa	77		161,663
Small Business Administration				

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Direct		59		54,305
Smithsonian Institution				
Direct		60		403,186
Social Security Administration				
Direct		96		2,095,105
Pass-Through:				
Boston College	5001251-7; PO EAGLE-0000049174	96		44,630
Boston College	EAGLE-0000041788; 1109-3 SANDE	96		15,243
State, Department of				
Direct		19		459,784
Transportation, Department of-Federal Highway Administration				
Direct		20		461,777
Pass-Through:				
Michigan, State of, Transportation, Department of	2006-0412	20		87,140
Michigan, State of, Transportation, Department of	2009-0081	20		40,292
Michigan, State of, Transportation, Department of	2009-0747	20		108,505
Soils & Materials Engineers, Inc.	PP 47973	20		23,286
Transtec Group, Inc.	205006	20		8,849
Transtec Group, Inc.	208017	20		19,946
Transtec Group, Inc.	208029	20		86,247
Transtec Group, Inc.	SHRP R-06(E)	20		48,412
University of California - Berkeley	SA5564 / PO #1249795	20		5,383
Transportation, Department of-Federal Motor Carrier Safety Administration				
Direct		20		814,257
Transportation, Department of-Federal Railroad Administration				
Direct		20		31,277
Transportation, Department of-Federal Transit Administration				
Direct		20		23,002
Pass-Through:				
Michigan, State of, Transportation, Department of	2007-0315	20		23,020
Transportation, Department of-Maritime Administration				
Pass-Through:				
Great Lakes Maritime Research Institute	021210GLMR13-1BALLAST	20		6,496
Great Lakes Maritime Research Institute	021210GLMR13-1UNLOADER	20		15,565
Transportation, Department of-National Highway Traffic Safety Administration				
Direct		20		5,291,651
Pass-Through:				
ArvinMeritor, Inc.	Email dtd 10/27/09	20		425,423
Meritor WABCO	Research Agmt	20		152,820
Nissan Technical Center, North America	Agreement	20		724,828
Virginia Polytechnic Institute and State University	425940-19337	20		205,174
Virginia Tech Transportation Institute	19337-415586	20		(99)
Transportation, Department of-Other				
Direct		20		38,732
Pass-Through:				
Delphi Automotive Systems	DTRS57-02-C-10049	20		(104,350)
Ford Motor Company	A10-PO07-154018	20		7,084
International Electronic Machines Corp	DRDA 07-0638	20		15,463
Michigan State University	61-3716A	20		3,912
Michigan, State of, State Police, Department of	TR-09-01	20		58,144
Michigan, State of, State Police, Department of	TR-10-01	20		108,627
Michigan, State of, Transportation, Department of	2003-0026 Auth #12	20		140,552
Michigan, State of, Transportation, Department of	2006-0412 Job #86886	20		(126)
Michigan, State of, Transportation, Department of	Contract 2009-0747, auth Z3	20		61,012

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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	Contract 2009-0747,Auth Z2	20		25,655
Michigan, State of, Transportation, Department of	Contract#2009-0747,Auth Z1	20		60,326
National Academy of Sciences	HR 08-63	20		67,850
National Academy of Sciences	SHRP S-01 (C)	20		2,247
National Academy of Sciences	SHRP-S-09	20		393,909
National Safety Council	LOA under DTNH22-04-H-05087	20		36,454
Transportation, Department of-Research and Special Programs Administration				
Direct		20		958,617
United States Agency for International Development				
Pass-Through:				
Oregon State University	RD011G-B	98		448,467
University of Wisconsin	164K894	98		137,638
Veterans Affairs, Department of				
Direct		64		46,545
Pass-Through:				
Intelligent Prosthetic Systems	Letter dtd 12/23/08	64		7,021
Intelligent Prosthetic Systems	Sponsor Check #2197	64		10,008
	Total research and development cluster			\$ 787,972,953
STUDENT FINANCIAL AID CLUSTER				
Education, Department of-Programs-Office of Student Financial Assistance Programs				
Direct		84.007	Federal Supplemental Educational Opportunity Grant	\$ 3,611,375
Direct		84.033	Federal Work-Study Program	4,967,879
Direct		84.038	Federal Perkins Loan Program Federal Capital Contributions (Note 5)	-
Direct		84.063	Federal Pell Grant Program	39,906,777
Direct		84.268	William D. Ford Federal Direct Loan Program (Note 4)	-
Direct		84.375	Academic Competitiveness Grants	1,241,033
Direct		84.376	National Science and Mathematics Access to Retain	2,074,910
Direct		84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	159,443
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)	80,394
	Total student financial aid cluster			\$ 52,041,811
WIA DISLOCATED WORKERS				
Labor, Department of				
Pass-Through:				
Michigan, State of, Management and Budget, Department of	071B8200248	17.260	WIA Dislocated Workers	\$ 1,333,807

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
ARRA-STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT				
Education, Department of				
Pass-Through:				
Michigan, State of, Education, Department of	70001	84.394	ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	8,775,400
Michigan, State of, Education, Department of	70012	84.394	ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	733,500
Michigan, State of, Education, Department of	70013	84.394	ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	627,200
Total ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				\$ 10,136,100
NON-CLUSTER				
Agriculture, Department of				
Direct				
		10.303	Integrated Programs	\$ (1,829)
Pass-Through:				
Michigan, State of, Education, Department of	810000039	10.558	Child and Adult Care Food Program	47,984
Commerce, Department of-Economic & Statistics Administration				
Direct				
		11.50YABC266059		150,415
Direct				
		11.YA1323-07-CN-0012		4,860
Commerce, Department of-Economic Development Administration				
Direct				
		11.313	Trade Adjustment Assistance for Firms	1,438,610
Commerce, Department of-National Institute of Standards & Technology				
Direct				
		11.550	Public Telecommunications Facilities Planning and Construction	836
Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct				
		11.417	Sea Grant Support	28,361
Pass-Through:				
Consortium for Ocean Leadership	Check# 8094 dated 9/19/08	11.469	Congressionally Identified Awards and Projects	3,693
Consortium for Ocean Leadership	Check #64478	11.469	Congressionally Identified Awards and Projects	13,347
Great Lakes Observing System (GLOS)	MPA/SGN-03	11.473	Coastal Services Center	26,577
Commerce, Department of-Office of the Secretary				
Pass-Through:				
University of Chicago	PO#297672			9,880
University of Maryland, The	Z760004			375,937
Corporation for National and Community Service				
Pass-Through:				
Jump Start for Young Children, Inc	Co-op Agmt 120200	94.006	AmeriCorps	52,502
Michigan Campus Compact	CPY07-06	94.004	Learn and Serve America_School and Community Based Programs	15,922
Michigan Campus Compact	06LHHMI001 CPY06-05	94.005	Learn and Serve America_Higher Education	29,871
Michigan Campus Compact	CEF-0803	94.005	Learn and Serve America_Higher Education	(138)
Michigan Campus Compact	MLK09-01	94.007	Program Development and Innovation Grants	1,000
Michigan, State of, Human Services, Department of	MACF-08-81250	94.006	AmeriCorps	(310)
Michigan, State of, Human Services, Department of	MACF-09-81268	94.006	AmeriCorps	112,211
Michigan, State of, Human Services, Department of	MACF-10-81286	94.006	AmeriCorps	221,041
Michigan, State of, Human Services, Department of	MACR-09-81011	94.006	ARRA-AmeriCorps	252,218
Defense, Department of-Air Force, Department of the				
Direct				
		12.800	Air Force Defense Research Sciences Program	5,000
Direct				
		12.304939		273,364
Direct				
		12.FA8601-09-P-0147		50,157
Direct				
		12.IPA Lau		26,612
Direct				
		12.IPA-09-01-2007		19,987

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Pass-Through:				
Arinc, Inc	136294			30,121
Azimuth Corporation	203-010-002			4,487
Defense, Department of-Army, Department of the				
Pass-Through:				
Science Applications International Corporation	4400164385			32,655
Defense, Department of-Navy, Department of the				
Direct		12.IPA Kratz, Mary		49,432
Direct		12.N00140-06-G-0028		2,947
Direct		12.N65540-10-C-0003		385,249
Pass-Through:				
Focus: Hope	PO 39785			31,196
Vortex Hydro Energy, LLC	Letter dated 9/16/2009			27,570
Defense, Department of Other				
Pass-Through:				
Battelle Memorial Institute	TCN 08064			31,012
Lockheed Martin Corporation	8100002204			53,940
Education, Department of				
Direct		84.004	Civil Rights Training and Advisory Services	740,939
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	2,475,631
Direct		84.017	International Research and Studies	15,390
Direct		84.021	Overseas Programs - Group Projects Abroad	87,199
Direct		84.116	Fund for the Improvement of Postsecondary Education	137,584
Direct		84.170	Javits Fellowships	237,815
Direct		84.195	Bilingual Education Professional Development	236,435
Direct		84.220	Centers for International Business Education	410,073
Direct		84.Project IDEAL		32,815
Pass-Through:				
Arizona, State of	E9PD0378 / E9PD2474			941
Arizona, State of	Agreement 10/1/09			17,395
Arkansas, State of, Department of Workforce Education	Agreement			27,841
Dickinson-Iron-Menominee Intermediate School District	MSPF2010	84.366	Mathematics and Science Partnerships	235,797
Flint Community Schools	Letter dtd 2/3/09	84.213	Even Start_State Educational Agencies	(164)
Florida, State of	Agreement			11,313
Georgia, State of	Agreement			558
Massachusetts, State of	Agreement	84.002	Adult Education - Basic Grants to States	7,734
Massachusetts, State of	id#GAE-DOE-92300PRJTIDEAL096-1			22,050
Michigan Campus Compact	SFACD09-07			10,067
Michigan, State of, Education, Department of	090290-2893	84.367	Improving Teacher Quality State Grants	121,706
Michigan, State of, Energy, Labor and Economic Growth, Department of	07-00-011	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	(1)
Michigan, State of, Energy, Labor and Economic Growth, Department of	07-00-17	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	963
Michigan, State of, Energy, Labor and Economic Growth, Department of	08-00-011	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	18,133
Michigan, State of, Energy, Labor and Economic Growth, Department of	08-00-12	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	7,016
Michigan, State of, Energy, Labor and Economic Growth, Department of	08-00-13	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	2,360

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Michigan, State of, Energy, Labor and Economic Growth, Department of	08-00-17	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	39,879
Michigan, State of, Energy, Labor and Economic Growth, Department of	09-00-11	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	141,060
Michigan, State of, Energy, Labor and Economic Growth, Department of	09-00-12	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	19,260
Michigan, State of, Energy, Labor and Economic Growth, Department of	09-00-13	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	25,700
Michigan, State of, Energy, Labor and Economic Growth, Department of	09-00-17	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	32,002
Missouri, State of	Agreement	84.002	Adult Education - Basic Grants to States	(6)
Missouri, State of	Grant Agreement of 7/1/09			5,412
Montana, State of	7667			208
National Council on Economic Education	SA-0901735	84.215	Fund for the Improvement of Education	6,003
National Writing Project	00-M103			47,676
New Mexico, State of	Agreement			(944)
New Mexico, State of	Agreement 5/26/09			6,087
North Carolina, State of, Community College System	Agreement			1,718
North Carolina, State of, Community College System	EP4656961			28,017
Oakland Schools	SC 00000004838-1			53,208
Ohio State University Foundation	60018289	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	15,896
Ohio State University Research Foundation	60018289/PO #RF01163847	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	15,399
Oklahoma, State of	2659009030			(2,340)
Oklahoma, State of	Agreement			16,602
Oregon Health and Science University	GCDRC0139E	84.133	National Institute on Disability and Rehabilitation Research	7,275
Pennsylvania, State of, Department of Education	Agmt 7/1/09 & Check #00208133	84.002	Adult Education - Basic Grants to States	3,038
Pennsylvania, State of, Department of Education	Agreement			304
Saginaw Valley State University	Agmt 07-0000-001	84.366	Mathematics and Science Partnerships	(177)
Saginaw Valley State University	08-0000-003	84.366	Mathematics and Science Partnerships	48,182
Saginaw Valley State University	08-0000-01	84.366	Mathematics and Science Partnerships	216,880
State Higher Education Executive Officers Organization	Agmt dtd 11/01/08			43,196
Texas, State of	Agreement			63,708
University of Washington	FIPSE2-UMICH09	84.116	Fund for the Improvement of Postsecondary Education	6,707
Energy, Department of				
Direct		81.086	Conservation Research and Development	76,462
Direct		81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	311,496
Pass-Through:				
Krell Institute	ORAU-FELLOWSHIP	81.049	Office of Science Financial Assistance Program	4,203
Krell Institute	Awd ltr 10/06/06	81.112	Stewardship Science Grant Program	1,316
Oak Ridge National Laboratory	4000080249			10,089
Oak Ridge National Laboratory	4000083689			22,167
United States Automotive Materials Partnership LLC	09-2271			26,590
United States Automotive Materials Partnership LLC	09-2324			53,180
Environmental Protection Agency				

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Pass-Through:				
Alion Science and Technology	003230-002-BDM			22,636
Nature Conservancy, The	GLP-11-08-2	66.469	Great Lakes Program	7,106
Wayne, County of	20804082-000	66.202	Congressionally Mandated Projects	(1,238)
Wayne, County of	20962726-000 OB	66.202	Congressionally Mandated Projects	50,661
Health and Human Services, Department of-Administration for Children and Families				
Direct		93.648	Child Welfare Research Training or Demonstration	36,730
Direct		93.652	Adoption Opportunities	345,883
Pass-Through:				
Michigan Primary Care Association	Grant Agreement	93.778	Medical Assistance Program	50,518
Michigan, State of, Human Services, Department of	TRAIN-08-99014	93.558	Temporary Assistance for Needy Families	22,516
Health and Human Services, Department of-Administration on Aging				
Pass-Through:				
Area Agency on Aging - Michigan	Various Checks			18,083
Area Agency on Aging - Michigan	09-9202-03			37,484
Area Agency on Aging - Michigan	Direct Svc Purch Agmt			747
Area Agency on Aging - Michigan	Letter dtd 8/26/09			35,892
Catholic Social Services	Agreement dated 12/09/08			10,543
Catholic Social Services	Agmt signed 9/14/09			29,317
Washtenaw, County of	39585-000-SC CR 38550			8,532
Washtenaw, County of	40833-000-SC CR 41431			40,939
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93.061	Innovations in Applied Public Health Research	271,326
Direct		93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	479,616
Direct		93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	605,238
Direct		93.200-2007-M-21852		23,557
Direct		93.200-2009-32618		157,981
Pass-Through:				
Association for Prevention Teaching and Research	Contract #05-09	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	30,552
Association of Schools of Public Health, Inc.	S3931-26/26	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	2,126
Hemophilia Foundation of Michigan	08-09 DHHS/CDC Prev Con	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	15,772
Hemophilia Foundation of Michigan	2009-2010 CDC Grant Award	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	27,418
Michigan Coalition Against Domestic and Sexual Violence, The (MCADSV)	Cooperative Agmt	93.136	Injury Prevention and Control Research and State and Community Based Programs	16,537
Michigan, State of, Community Health, Department of	20081493	93.991	Preventive Health and Health Services Block Grant	(4,002)
Michigan, State of, Community Health, Department of	20091128	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	13,853
Michigan, State of, Community Health, Department of	20091130	93.991	Preventive Health and Health Services Block Grant	89,133

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Michigan, State of, Community Health, Department of	20091131	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	4,185
Michigan, State of, Community Health, Department of	20091879	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	2,001
Michigan, State of, Community Health, Department of	20092919	93.268	Immunization Grants	5,587
Michigan, State of, Community Health, Department of	20101417	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	4,946
Michigan, State of, Community Health, Department of	20101427	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	11,594
National Association for Chronic Disease Directors	Agreement	93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance	(49)
National Public Health Information Coalition	Check # 1597			1,322
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Pass-Through:				
Delta Dental Fund	Subcontract			845,441
Michigan, State of, Community Health, Department of	20090110	93.778	Medical Assistance Program	254,027
Michigan, State of, Community Health, Department of	20090312	93.778	Medical Assistance Program	62,662
Michigan, State of, Community Health, Department of	20090317	93.778	Medical Assistance Program	186,741
Michigan, State of, Community Health, Department of	20100054	93.778	Medical Assistance Program	594,619
Michigan, State of, Community Health, Department of	20100055	93.778	Medical Assistance Program	174,901
Michigan, State of, Community Health, Department of	20101901	93.778	Medical Assistance Program	118,117
Michigan, State of, Community Health, Department of	ltr 9/30/09-FY09-10 MSTR AGMT	93.778	Medical Assistance Program	464,548
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.127	Emergency Medical Services for Children	1,012,713
Direct		93.134	Grants to Increase Organ Donations	1,284,112
Direct		93.178	Nursing Workforce Diversity	643,521
Direct		93.249	Public Health Training Centers Grant Program	401,311
Direct		93.264	Nurse Faculty Loan Program (NFLP) (Note 5)	-
Direct		93.359	Nurse Education, Practice and Retention Grants	464,412
Direct		93.407	ARRA - Scholarships for Disadvantaged Students	30,179
Direct		93.822	Health Careers Opportunity Program	509,245
Direct		93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	588,683
Pass-Through:				
Hemophilia Foundation of Michigan	DHHS/MCHB Comp Care	93.110	Maternal and Child Health Federal Consolidated Programs	(921)
National Kidney Foundation of Michigan	Agreement	93.134	Grants to Increase Organ Donations	3,265
Health and Human Services, Department of-National Institutes of Health				
Direct		93.113	Environmental Health	6,001
Direct		93.121	Oral Diseases and Disorders Research	(61,636)
Direct		93.242	Mental Health Research Grants	509,977
Direct		93.389	National Center for Research Resources	228,549
Direct		93.846	Arthritis, Musculoskeletal and Skin Diseases Research	19,976

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Direct		93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	12,000
Direct		93.849	Kidney Diseases, Urology and Hematology Research	(40)
Direct		93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	18,000
Direct		93.864	Population Research	5,835
Direct		93.10IPA1003573		1,888
Direct		93.263-MD-611267		94,677
Direct		93.Check number 161298		30,000
Direct		93.HHSN263200700833P		2,416
Direct		93.HHSN263200801294P		1,108
Direct		93.HHSN263200801649M		405
Direct		93.IPA Agmt		30,881
Direct		93.IPA Agmt		39,620
Direct		93.IPA for Austra Liepa		5,895
Direct		93.Various Checks		(7,382)
Direct		93.Wire Transf rec'd 10/20/08		(13,086)
Pass-Through:				
Bowling Green State University	U01 AE000001	93.239	Policy Research and Evaluation Grants	19,219
Cancer Therapy and Research Center	Multiple Checks			77,913
Cancer Trials Support Unit (CTSU)	Various Checks	93.395	Cancer Treatment Research	1,565,536
Children's Hospital of Denver	Sub Agmt 5 U54 DK078377			354,363
Children's Hospital of Los Angeles	NANT Cln Schlr Agmt dtd 6/1/04			91
Columbia University	XAA37W			(20)
Cornell University	Signed Order Form			5,849
Duke University	3036644/3034950	93.838	Lung Diseases Research	185
Duke University	Agmt of 5/1/02	93.395	Cancer Treatment Research	6,500
Duke University	Subcontract Agmt	93.395	Cancer Treatment Research	6,414
Emmes Corporation, The	Ltr of Agmt			1,050
Fenway Community Health Center	Agreement			19,695
Hemophilia Foundation of Michigan	2009-2010 MCHB Grant Award	93.110	Maternal and Child Health Federal Consolidated Programs	22,263
Howard Hughes Medical Institute	2010-2239 & 2010-2303			7,929
International Union, UAW	Res Agmt dtd 9/6/05			208,461
Johns Hopkins University	8407-46290-X	93.399	Cancer Control	3,324
Johns Hopkins University	PO# 2000473371	93.837	Cardiovascular Diseases Research	9,593
Mayo Foundation for Medical Education & Research	Mltip ck from Mayo fdn			(9,597)
Michigan Coalition Against Domestic and Sexual Violence, The (MCADSV)	Coop Agmt - Delta Prjt	93.136	Injury Prevention and Control Research and State and Community Based Programs	28,651
Michigan State University	NO1-AI-30058 #61-1438UM			(2,030)
National Childhood Cancer Foundation	U10 CA98543-07	93.395	Cancer Treatment Research	14,348
National Childhood Cancer Foundation	19992	93.395	Cancer Treatment Research	4,942
National Network of Libraries of Medicine (NN/LM)	N01-LM-6-3503			4,269
New England Research Institute	SubContract U01HL68270	93.837	Cardiovascular Diseases Research	17,051
Research Triangle Institute	IP47864			2,014
Science Applications International Corporation	28XS125			611,173
University of Alabama at Birmingham (UAB)	Prime R01 HL078946			403
University of Illinois at Chicago	20006-00167-73-00	93.879	Medical Library Assistance	11,845
University of Illinois at Chicago	2006-00167-31-00/N01-L-M-6-385	93.879	Medical Library Assistance	1,943
University of Illinois at Chicago	283953 (TECH524)			3,970
University of Illinois at Chicago	N01 LM-6-3503/2006-00167-14-00	93.879	Medical Library Assistance	(1,429)
University of Illinois at Chicago	N01-LM-6-3503/2006-00167-13-00	93.879	Medical Library Assistance	4,676
University of Illinois at Chicago	P0273689			2,941

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of Illinois at Chicago	TECH525			1,580
University of Miami, Florida, The	M123399	93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	360,750
University of Pittsburgh	114632-2 Sub award 9003044	93.389	National Center for Research Resources	19,572
University of Southern California	129570	93.866	Aging Research	58,748
University of Texas	PP#UTHSC-0000381372	93.846	Arthritis, Musculoskeletal and Skin Diseases Research	10,570
Various Sponsors	email dated 11/12/09			5,617
Washington University	Sub award WU-10-126	93.701	ARRA-Trans-NIH Recovery Act Research Support	2,785
Westat	Checks	93.395	Cancer Treatment Research	12,450
Health and Human Services, Department of-Office of the Secretary				
Pass-Through:				
Delta Dental Fund	Subcontract			25,167
Ingham, County of	Agreement of 10/1/02	93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	8,321
Michigan Primary Care Association	GRANT AGREEMENT	93.778	Medical Assistance Program	521,072
Michigan, State of, Community Health, Department of	20071029	93.778	Medical Assistance Program	(93,798)
Michigan, State of, Community Health, Department of	20081770	93.778	Medical Assistance Program	(20,281)
Michigan, State of, Community Health, Department of	20090319	93.778	Medical Assistance Program	(39,875)
Michigan, State of, Community Health, Department of	20090461	93.994	Maternal and Child Health Services Block Grant to the States	42,567
Michigan, State of, Community Health, Department of	20090582	93.778	Medical Assistance Program	75,089
Michigan, State of, Community Health, Department of	2009XXXX	93.889	National Bioterrorism Hospital Preparedness Program	85,370
Michigan, State of, Community Health, Department of	20101309	93.889	National Bioterrorism Hospital Preparedness Program	77,366
Michigan, State of, Community Health, Department of	20101971	93.778	Medical Assistance Program	221,875
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Pass-Through:				
Michigan, State of, Community Health, Department of	20091132	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	4,774
Michigan, State of, Community Health, Department of	ltr 9/30/09-FY-0910 Mstr Agmt	93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	22,907
Homeland Security, Department of				
Direct		97.HSHQDC-10-P-0076		220
Pass-Through:				
Washtenaw, County of	483200-023	97.114	ARRA-Emergency Food and Shelter National Board Program (ARRA)	3,734
Housing and Urban Development, Department of				
Pass-Through:				
Washtenaw, County of	39650-000-SC CR40551	14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas	6,600
Institute of Museum and Library Services				
Direct		45.301	Museums for America	82,419
Direct		45.303	Conservation Project Support	47,358
Direct		45.312	National Leadership Grants	198,274
Direct		45.313	Laura Bush 21st Century Librarian Program	173,652
Pass-Through:				
Harvard University	137263-03			24,375

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
University of California - Los Angeles	0285 GMA123/FAU 4-622171	45.313	Laura Bush 21st Century Librarian Program	70,164
Interior, Department of the				
Direct		15.IPA Hyun, Sung Pil		(10)
Direct		15.IPA Hyun, Sung Pil		13,544
Justice, Department of				
Direct		16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	92,563
Direct		16.IPA Bagenstos		205,552
Pass-Through:				
Michigan, State of, State Police, Department of	20093684	16.803	ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	30,000
Michigan, State of, State Police, Department of	BVP Program			4,403
Labor, Department of				
Pass-Through:				
Detroit Regional Chamber of Commerce	Partner Grant Agmt	17.261	WIA Pilots, Demonstrations, and Research Projects	170,483
National Aeronautics and Space Administration				
Direct		43.NNG05GH68H		835,907
Direct		43.NNG09FG00C		850,329
Direct		43.NNG10DB02P		11,833
Pass-Through:				
Jet Propulsion Laboratory	1341070			339
Jet Propulsion Laboratory	1401004			418
National Archives and Records Administration				
Direct		89.NAMA-05-C-0007		177,100
Direct		89.NAMA-10-C-0006		63,106
National Endowment for the Arts				
Direct		45.024	Promotion of the Arts_Grants to Organizations and Individuals	64,766
Pass-Through:				
Michigan, State of, Michigan Council for Arts and Cultural Affairs	09AO0035C2	45.025	Promotion of the Arts_Partnership Agreements	22,830
Michigan, State of, Michigan Council for Arts and Cultural Affairs	10OP0042OS	45.025	Promotion of the Arts_Partnership Agreements	1,309
Michigan, State of, Michigan Council for Arts and Cultural Affairs	10OP0062OS			6,300
National Endowment for the Humanities				
Direct		45.130	Promotion of the Humanities_Challenge Grants	(27,760)
Direct		45.149	Promotion of the Humanities_Division of Preservation and Access	311,119
Direct		45.160	Promotion of the Humanities_Fellowships and Stipends	118,568
Pass-Through:				
American Musicological Society	RQ-50327			124,150
American Musicological Society	RZ-20921			(65,059)
Brigham Young University	09-0264	45.149	Promotion of the Humanities_Division of Preservation and Access	4,676
Michigan Humanities Council	00 WTP 09	45.168	Promotion of the Humanities_We the People	11,895
National Science Foundation				
Direct		47.041	Engineering Grants	128,330
Direct		47.049	Mathematical and Physical Sciences	26,544
Direct		47.050	Geosciences	159,619
Direct		47.070	Computer and Information Science and Engineering	29,483
Direct		47.074	Biological Sciences	1,397

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Cluster Title/Federal Grantor/Program/Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal Expenditures
Direct		47.075	Social, Behavioral, and Economic Sciences	224,942
Direct		47.076	Education and Human Resources	1,529,466
Direct		47.079	International Science and Engineering (OISE)	39,718
Direct		47.080	Office of Cyberinfrastructure	819
Direct		47.CBET 0649769		36,960
Direct		47.CBET 0965775		128,849
Direct		47.CCF 0715164		(110,856)
Direct		47.CHE 0715527		118,716
Direct		47.CMMI 0853478		231,049
Direct		47.ECCS 0734962		37,416
Direct		47.EEC 0915091		228,524
Direct		47.OISE 1019261		33,236
Direct		47.SBE-1005407		207,964
Pass-Through:				
Johns Hopkins University	Subaward Under OCI-0948134	47.080	Office of Cyberinfrastructure	51,961
Michigan Technological University	070325S8	47.076	Education and Human Resources	3,022
Puget Sound Center for Teaching, Learning & Technology (PSCTLT)	Memo of Understanding	47.076	Education and Human Resources	11,832
University of Alabama	Agreement			3,201
University of California - Berkeley	PO#1636871	47.050	Geosciences	15,061
University of Minnesota	A528605646	47.049	Mathematical and Physical Sciences	35,933
University of Minnesota	A528605649	47.049	Mathematical and Physical Sciences	33,350
Peace Corps				
Direct		8.PC-09-8-096		15,838
State, Department of				
Direct		19.415	Professional and Cultural Exchange Programs - Citizen Exchanges	165,417
Transportation, Department of-Federal Highway Administration				
Pass-Through:				
Michigan, State of, Transportation, Department of	2006-0667			295,363
Michigan, State of, Transportation, Department of	Auth. Z12, Contract 2006-0412			7,341
Transportation, Department of-Federal Motor Carrier Safety Administration				
Direct		20.DTMC75-09-P-00048		22,724
Treasury, Department of the				
Direct		21.008	Low Income Taxpayer Clinics	37,015
Direct		21.Agreement		(327)
United States Agency for International Development				
Direct		98.HRN-A-00-00-00001		(81,562)
Pass-Through:				
American Council on Education	Subagreement dtd 1/10/07			101,547
Davidson, William, Institute	Research Agmt 6/6/08			31,158
Veterans Affairs, Department of				
Direct		64.018	Sharing Specialized Medical Resources	12,492,182
Direct		64.506-C80092		13,000
Direct		64.506-C80110		9,000
Direct		64.506-D07015		51,100
Direct		64.VA251-P-0385		15,427
Direct		64.VA251PO451		60,374
Total non-cluster				\$ 45,530,913
Total federal expenditures				\$ 897,015,584

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 includes all federal grant transactions of 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:

	<u>July 1, 2008-June 30, 2011</u>	<u>July 1, 2011-June 30, 2014</u>
On-campus research	54.5%	55.5%
Off-campus research	26%	26%
On-campus instruction	54%	54%
Other sponsored activities	30%	30%

3. Subrecipient Awards

During 2010, the University disbursed approximately \$70,695,000 to subrecipients. Of that amount, \$68,414,000 related to research and development cluster awards and \$2,281,000 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, 2010, 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	\$ 120,618,229
Undergraduate unsubsidized	84.268	145,841,151
Graduate	84.268	19,208,042
Direct Parent Loans for Undergraduate Students	84.268	<u>56,408,746</u>
		<u>\$ 342,076,168</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, 2010</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 76,115,651</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	3,120,842
Health Professions Loan Program - Pharmacy	93.342	1,750,734
Health Professions Loan Program - Dentistry	93.342	<u>7,189,716</u>
		<u>12,061,292</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	2,072,859
Disadvantaged Student Loan Program - Pharmacy	93.925	123,848
Disadvantaged Student Loan Program - Dentistry	93.925	<u>50,155</u>
		<u>2,246,862</u>
Nursing Student Loan - Baccalaureate	93.364	2,169,750
Nursing Student Loan - Baccalaureate, Flint	93.364	500
Nursing Student Loan - Graduate	93.364	<u>229,608</u>
		<u>2,399,858</u>
Nursing Faculty Loan Program	93.264	<u>1,608,563</u>
Total federal loans outstanding		<u>\$ 94,432,226</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, 2010 is identified below.

	CFDA	
	<u>Number</u>	<u>Loans issued</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 4,300,906</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	88,622
Health Professions Loan Program - Pharmacy	93.342	154,500
Health Professions Loan Program - Dentistry	93.342	<u>780,439</u>
		<u>1,023,561</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	410,647
Disadvantaged Student Loan Program - Pharmacy	93.925	
Disadvantaged Student Loan Program - Dentistry	93.925	<u>410,647</u>
Nursing Student Loan – Baccalaureate	93.364	302,743
Nursing Student Loan - Baccalaureate, Flint	93.364	
Nursing Student Loan – Graduate	93.364	<u>18,188</u>
		<u>320,931</u>
Nursing Faculty Loan Program	93.264	<u>544,818</u>
Total federal loans issued July 1, 2009 – June 30, 2010		<u><u>\$ 6,600,863</u></u>

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 of the University of Michigan (the "University") as of and for the year ended June 30, 2010, and have issued our report thereon dated September 10, 2010. 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

September 10, 2010

**Report of Independent Auditors on Compliance with Requirements Applicable
to 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 the University of Michigan (the "University") with the types of compliance requirement described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010, except as described in the second paragraph of this report. The University of Michigan'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 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 those requirements was examined 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 the other auditors, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. 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 finding numbers 2010-1 and 2010-2.

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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on the response.

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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Princeton University

February 25, 2011

**The University of Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010**

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
17.260	WIA Dislocated Workers
84.394	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs: \$4,000,572

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, 2010

Section III – Federal Award Findings and Questioned Costs

Finding No. 2010-1 – Enrollment Reporting (Student Financial Aid Cluster)

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 – We selected 25 students from a listing of students who graduated or withdrew from the University during the 2009-2010 year. It was noted that one student did not have their status changed from a full-time student to a graduate student per review of the records of the National Student Clearinghouse.

Questioned Costs – Not applicable.

Context – One degree transmission file to National Student Clearinghouse was incomplete due to a file transmission failure and, as a result, some degree records were not transmitted. This file transmission, which took place on June 25, 2010, included 7,020 degree record changes of which the National Student Clearinghouse received 5,082 of the records. No other transmission failures to the National Student Clearinghouse occurred during the year. The University sends enrollment data on all students to the National Student Clearinghouse, not just those students who receive financial aid.

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 file transmission errors to the National Student Clearinghouse on a timely basis.

Recommendation – The University should implement procedures to detect file transmission errors to the National Student Clearinghouse on a timely basis. Refer to management’s corrective action plan on pages 114-115.

Views of Responsible Officials – The University concurs with the auditor’s finding and recommendation. To ensure that any file transmission errors will be detected timely in the future, the University’s Office of the Registrar has added a check of the File Transfer Protocol (“FTP”) log to its step-by-step procedures. This check will be done after each transmission. In addition, the Office of the Registrar requested that the National Student Clearinghouse review all past FTP log files and the National Student Clearinghouse reported that this was the only instance where the FTP transmission failed.

The University of Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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

Finding No. 2010-2 – American Recovery and Reinvestment Act Reporting

Grantor: 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.

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

Questioned Costs – None noted.

Recommendation – We recommend that the University prospectively 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. Refer to management's corrective action plan on pages 115-116.

**The University of Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

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

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 we will take action to discontinue the use of a one month lag for quarterly Section 1512 reporting.

The University of Michigan
Schedule of Status of Prior Year Findings and Questioned Costs

There are no findings from prior years that require a status update.

The University of Michigan

6032 Wolverine Tower
3003 S. State Street
Ann Arbor, Michigan 48109

CHERYL L. SOPER
Controller and Director of
Financial Operations

(734) 764-7214
Fax (734) 647-5284

February 25, 2011

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

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

Cheryl Soper
Controller and Director of Financial Operations
The University of Michigan (386006309)
6032 Wolverine Tower
3003 South State Street
Ann Arbor, MI 48109-1287
Phone: 734-764-7214
E-mail: clsoper@umich.edu

2. Corrective actions planned:

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

Finding No. 2010-1 – Enrollment Reporting (Student Financial Aid Cluster)

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 – We selected 25 students from a listing of students who graduated or withdrew from the University during the 2009-2010 year. It was noted that one student did not have their status changed from a full-time student to a graduate student per review of the records of the National Student Clearinghouse.

Questioned Costs – Not applicable.

Context – One degree transmission file to National Student Clearinghouse was incomplete due to a file transmission failure and, as a result, some degree records were not transmitted. This file transmission, which took place on June 25, 2010, included 7,020 degree record changes of which the National Student Clearinghouse received 5,082 of the records. No other transmission

failures to the National Student Clearinghouse occurred during the year. The University sends enrollment data on all students to the National Student Clearinghouse, not just those students who receive financial aid.

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 file transmission errors to the National Student Clearinghouse on a timely basis.

Recommendation – The University should implement procedures to detect file transmission errors to the National Student Clearinghouse on a timely basis.

Views of Responsible Officials – The University concurs with the auditor’s finding and recommendation. To ensure that any file transmission errors will be detected timely in the future, the University’s Office of the Registrar has added a check of the File Transfer Protocol (“FTP”) log to its step-by-step procedures. This check will be done after each transmission. In addition, the Office of the Registrar requested that the National Student Clearinghouse review all past FTP log files and the National Student Clearinghouse reported that this was the only instance where the FTP transmission failed.

Anticipated Completion Date – March 31, 2011

Finding No. 2010-2 – American Recovery and Reinvestment Act Reporting

Grantor: Various

Award(s): All American Recovery and Reinvestment Act 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.

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

Questioned Costs – None noted.

Recommendation – We recommend that the University prospectively 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, 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 we will take action to discontinue the use of a one month lag for quarterly Section 1512 reporting.

Anticipated Completion Date – October 10, 2011