



THE UNIVERSITY OF  
**TOLEDO**  
1872

## AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2013





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 16, 2014

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## Independent Auditor's Report

To the Board of Trustees  
University of Toledo

### **Report on the Financial Statements**

We have audited the accompanying financial statements of University of Toledo and its discretely presented component unit, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise University of Toledo's financial statements as listed in the table of contents. These financial statements are reported as a component unit of the State of Ohio.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Toledo and its discretely presented component unit as of June 30, 2013 and 2012 and the changes in its financial position and, where applicable, cash flows thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
University of Toledo

As disclosed in Note 1 to the financial statements, the discretely presented component unit financial statements for June 30, 2012 have been restated to correct a misstatement.

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as identified on pages 4 through 17, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplemental Information*

The accompanying other supplemental information, the schedule of expenditures of federal awards, is presented for the purpose 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. 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* in considering University of Toledo's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 11, 2013



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2013 with comparative information for the years ended June 30, 2012 and 2011. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.

### **ABOUT THE UNIVERSITY OF TOLEDO**

The University is a leading research institution in the state of Ohio with nearly 23,000 students, 1,500 instructional faculty, and 4,300 staff members. The University is comprised of thirteen colleges: Business; Education, Health Science, & Human Services; Engineering; Graduate Studies; Law; Language, Literature, & Social Sciences; Medicine; Natural Sciences & Mathematics; Nursing; Pharmacy; Adult & Lifelong Learning; Visual & Performing Arts; and the Honors College. The University offers more than 250 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to more than 11,000 inpatient admissions and more than 201,000 outpatient clinic visits including 34,000 emergency visits. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University is currently governed by a 9-voting member board of trustees created through the combination of the previous existing boards of the University of Toledo and Medical University of Ohio. The trustees are appointed by the Governor with the advice and consent of the State Senate for staggered nine-year terms. Two student non-voting members, who are appointed for two-year terms, also serve on the Board.

The following financial statements reflect all assets, liabilities, and net position of the University and discretely present its legally separate entity, the University of Toledo Foundation (Foundation). The Foundation's primary function is fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation. Effective July 1, 2011, the University became the sole member of the once self-perpetuating board of the University of Toledo Clinical Faculty, Inc. which subsequently changed to University of Toledo Physicians, Clinical Faculty Inc. (UTP-CF). UTP-CF is the sole member of University of Toledo Physicians, LLC (UTP). As a result, UTP financials are presented in a blended manner, reflected as a part of the University's financials. UTP provides administrative support, billing, and collection services for physician services at the University.

## **ABOUT THE FINANCIAL STATEMENTS**

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. In addition to this MD&A section, the audited financial statements include a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amends GASB Statement No. 14; the Foundation is discretely presented as a component unit of the University.

## **FINANCIAL HIGHLIGHTS AND KEY TRENDS**

The University’s overall financial position improved in 2013 due to improved non-operating activities, including recoveries in the financial markets. Total unrestricted and restricted net position increased \$9.3 million, to \$322.2 million at June 30, 2013. The following sections provide additional details on the University’s 2013 financial results and a look ahead at significant economic conditions that are expected to affect the University in the future.

### **Statements of Net Position**

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

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



<b>Summary of Statements of Net Position</b>			
<i>(in thousands)</i>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Assets</b>			
Cash and temporary investments	\$ 66,131	\$ 62,779	\$ 100,275
Current receivables, inventories, and prepaid expenses	131,784	138,878	123,716
<b>Total current assets</b>	<b>197,915</b>	<b>201,657</b>	<b>223,991</b>
Endowment and loan investments	54,004	48,280	51,647
Long-term investments	186,129	174,202	147,256
Capital assets, net of accumulated depreciation	652,952	643,228	617,429
Other non-current assets	63,488	82,621	60,570
<b>Total non-current assets</b>	<b>956,573</b>	<b>948,331</b>	<b>876,902</b>
<b>Total assets</b>	<b>\$ 1,154,488</b>	<b>\$ 1,149,988</b>	<b>\$ 1,100,893</b>
<b>Deferred outflows</b>			
Deferred outflow of resources - derivatives	\$ 345	\$ 14,301	\$ 2,453
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 75,231	\$ 75,650	\$ 82,905
Other current liabilities	82,055	75,211	71,135
<b>Total current liabilities</b>	<b>157,286</b>	<b>150,861</b>	<b>154,040</b>
Bonds, notes, and leases	314,461	325,076	281,807
Other long-term liabilities	28,709	43,012	27,244
<b>Total non-current liabilities</b>	<b>343,170</b>	<b>368,088</b>	<b>309,051</b>
<b>Total liabilities</b>	<b>\$ 500,456</b>	<b>\$ 518,949</b>	<b>\$ 463,091</b>
<b>Net position</b>			
Net investment in capital assets	\$ 332,188	\$ 332,475	\$ 329,461
Restricted – non-expendable	13,830	13,830	13,669
Restricted - expendable	145,809	122,000	132,198
Unrestricted	162,550	177,035	164,927
<b>Total net position</b>	<b>\$ 654,377</b>	<b>\$ 645,340</b>	<b>\$ 640,255</b>

## **2012-2013 Results**

### **Current Assets**

Current Assets decreased \$4 million in 2013 due to increased collection activity resulting in a decrease in Accounts and Notes Receivable of \$12 million and an increase in Cash and Cash Equivalents and Other Current Assets of \$8 million.

## Non-current Assets

Endowments and Long-term Investments increased \$17 million due mostly to favorable market performance. Capital Assets increased \$10 million with \$81 million of spending offset by depreciation and \$17 million of net asset disposals. Other Non-current Assets decreased due to the change in value of derivative instruments as well as drawing funds from the bond trustee to fund a portion of the investment in capital assets.

Major capital projects completed or underway include:

- Interprofessional Immersive Simulation Center (Phase 2): This \$36 million project was responsible for \$8.5 million of spending in fiscal year 2013. Consisting of 60,000 square feet on four floors, this new building on the Health Science Campus will feature specialty instructional laboratories in addition to classrooms and offices. The centerpiece will be The Advanced Simulation Center, a virtual hospital including a surgical skills lab as well as other simulated clinical environments.
- Dana Cancer Center: This \$10 million project involved the full renovation of the existing Dana Conference Center into the new Eleanor N. Dana Cancer Center. The project goal was to create a facility that could provide all cancer services under one roof including Radiology diagnostic equipment, Radiation Therapy equipment, and Infusion Therapy. The facility also houses exam and consultation rooms for pre- and post- care. Equipment in the facility includes general x-ray, digital mammography, stereotactic, Philips Big Bore PET/CT, and the Varian Trubeam Linear Accelerator, the first in the region. Completion of this project allowed all cancer lines served by University of Toledo Physicians to be contained and treated in one facility, putting the patient first. The project was funded by bond dollars and completed in January 2013.
- DOW Medical Pavilion (Phase 2): This project utilized \$3.4 million of bond proceeds as part of the overall \$7.9 million project budget. This renovation involved part of the 1st floor of Ida Marie Dowling Hall and the open exterior plaza deck between Dowling Hall and the adjacent Orthopedics building. The project included approximately 23,200 square feet of full renovation to a space that was repurposed for the following services: Gardner-McMaster Parkinson Center, Pain Clinic, Urology/Nephrology/Kidney Transplant Clinic, Out Patient Pharmacy, Draw Lab, and a large enclosed Mall area including circulation, clinical waiting space and registration.
- Doermann Theatre Renovations: This \$1.3 million project involved the full renovation of the finishes and audio visual components to the theatre. The space had an upgrade of finishes including new flooring throughout, reupholstered seating, woodwork rehabilitation, green room facelift, and ticket booth repainting. New construction within the theatre included new ADA compliant handrails, video booths, contemporary proscenium arch, and new stage curtains. The largest part of the project was focused on upgrading the current audio/video capabilities of the theatre. These new state of the art audio/video upgrades allow for quick adaptability to various venues within the facility, thereby allowing for increased use of our historic Doermann Theatre. The project was substantially completed on June 30, 2013.
- Digital Campus: The University of Toledo Medical Center started the digital campus initiative in 2007 and continues to provide phase upgrades. The digital campus implementation provided a new, state-of-the-art patient record system that digitally acquires, stores and retrieves

diagnostic images. The first phase to be implemented was the Picture Archiving and Communications System (PACS), which allows physicians to access patient records and images, such as X-rays and CT or MRI scans, throughout the wireless Health Science Campus. Other systems that were phased in include Horizon Surgical Manager, Cardiology, Horizon Patient Folder, OR & Dashboard, ER, RIS, Pharmacy, Digital Campus Documentation, CPOE, Horizon Med Manager, and Star. The digital campus initiative reduced the volume of the hospital's paper records. In addition, this initiative ensured The University of Toledo was able to meet Meaningful Use Stage 1 requirements, which were needed to be in compliance with the Health Care Reform Law.

- Wolfe Hall and Bowman-Oddy Hall: Having identified a need for additional laboratory spaces on campus, this project consisted of extensive renovations at both Wolfe Hall and Bowman-Oddy Hall to address that deficiency. Included were five biology teaching labs, four environmental science teaching labs, a Med Tech teaching lab and student support space. Partially funded by the state, the renovations were completed in September 2013.

### **Deferred Outflows**

Deferred outflow of resources decreased by \$14 million due to refunding of General Receipts Bonds, Series 2011A and a partial refunding of General Receipts Bonds, Series 2007B which were hedged by four interest rate swap instruments. All four of the swap instruments remain outstanding and were re-associated with General Receipts Bonds, Series 2013B and General Receipts Bonds, Series 2013D and are considered effective hedges. In accordance to GASB 53 the deferred outflow balance at the time of the refunding is now characterized as contract debt and included in Deferred Charge on Refunding in long-term liabilities.

### **Current Liabilities**

Current liabilities increased \$6 million in 2013 primarily due to an increase in the current portion of Long Term Debt of \$7 million due in fiscal year 2014.

### **Non-current Liabilities**

In June 2013, the University issued four series of General Receipts Bonds totaling \$146 million to refund \$148 million of previously issued General Receipts Bonds. Another \$1 million of the proceeds from newly issued bonds will be used in July 2013, to refund the General Receipts Bonds, Series 2005. The University's bonds are currently rated "A+" by Standard & Poor's and "A1" by Moody's. Additional information concerning the debt refunding transactions is included in the Notes to the Financial Statements. Other non-current liabilities decreased \$14 million due to the change in the value of derivative instruments offset by additional premiums on bond issuance.

### **2011-2012 Results**

#### **Current Assets**

Currents Assets decreased in 2012 due primarily to a \$30 million reallocation of excess Cash and Cash Equivalents to Institutional Reserves and Board Designated Reserve long-term investments offset by an increase in Accounts Receivable of \$13 million due to an increase in Hospital inpatient billings and an increase in Federal direct student lending amounts due to the University at the end of the fiscal year.

## Non-current Assets

Total non-current assets increased from \$877 million in 2011 to \$948 million in 2012, an increase of \$71 million, due to the \$30 million investment of excess cash into Long Term Investment instruments and investment in Capital Assets financed primarily by bond proceeds.

Major capital projects completed in fiscal year 2012 included:

- Third Floor Hospital Renovations (Upgrades to A, B, C, and D wings 5A and 5D rooms): This \$4.8 million project involved the full renovation of the remainder of the 3<sup>rd</sup> floor of the hospital following the completion of the new 22 Medical Intensive Care Units and also includes construction of 10 new patient rooms on the 5<sup>th</sup> floor. All rooms on the 3<sup>rd</sup> floor of the hospital changed from dual occupancy to single occupancy and were constructed to ICU level care standards. Renovations included all the support spaces, corridors, and elevator lobbies. Completion of this project marks the first floor in the hospital to be completely renovated. Services utilizing these spaces were reassigned so that additional patient rooms could be constructed, keeping the number of beds in the hospital at a net gain overall even with the move from dual to single occupancy. The project was funded by bond dollars and was completed in July 2012.
- Medical Mall Construction (Phase I): This completed \$3.8 million project involved the full renovation of the lower level of Ida Marie Dowling Hall for services including Physical Medicine & Rehabilitation, Outpatient Rehabilitation Therapy, Hydrotherapy, Audiology, and Academic Offices. Project included approximately 22,500 square feet of full renovations to a space that was repurposed following the relocation of services formally occupying the same. New occupants were largely relocated from the 1<sup>st</sup> floor of Dowling Hall. This is the first phase of an envisioned three phase project which would include the development of the vacated 1<sup>st</sup> floor of Dowling Hall and the enclosure of the plaza deck between Dowling Hall and the Orthopedic Center for circulation/registration/clinical waiting space.
- Clinical Simulation Center (Phase 1): This \$0.9 million project entailed installing an immersive learning Kave/CAD room which is a 3D projection system that teaches end users highly detailed visuals/audio of any given software program used. In this case, it was for anatomical studies by medical students. The project also encompassed directional signage by using wall graphics color coded to different study programs. A new lobby/reception area was built and multiple rooms were remodeled to enhance the learning environment.
- Hyperbaric Chamber: This \$0.6 million project involved the full renovation of the UMC 1<sup>st</sup> floor to house a new 10 patient Hyperbaric Chamber and Wound Care Clinic. It provides the only 10 person hyperbaric treatment chamber in the region. It had approximately 1500 square feet of full renovations to a space that was repurposed following the relocation of services formally occupying the same. The project included a 36 stall parking area directly north of the hospital to support this new clinic. This project has been completed.
- University Hall Renovations (Classrooms, furniture, finishes and windows): This \$1.5 million project involved nine general purpose classrooms. The renovations included new interior finishes, window treatments, and furniture.
- Gateway and Rocket Hall (Lot 25) Parking (New parking lot, lighting and security cameras): This

\$3.0 million project occurred from May to August and was comprised of the following improvements: Lot 25 parking area was restructured and repaved; the pedestrian walkway was completed from the Gateway businesses to the residence halls on West Rock Drive; landscaping and curbed islands were put in; the concrete cross walk and drop-off entrance into Rocket Hall was raised; and LED parking lights were installed.

- General Roadway and Lot Improvements (East and West parking garage upgrades, roadway and lot resurfacing): This \$1.9 million project added 178 parking spaces near the bicycle path and the area south of Rocket Hall. Handicapped parking and crosswalks were maintained to ensure compliance with the Americans with Disabilities Act standards.

## **Liabilities**

Current liabilities remained relatively constant with a decrease of \$3 million.

Non-current liabilities increased by \$59 million in 2012 driven by the issuance of debt and the increase in fair value of derivative instruments of \$15 million.

## **Statements of Revenues, Expenses, and Changes in Net Position**

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

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

## **2012-2013 Results**

Operating revenue for 2013 was \$690 million, a slight increase over the prior year. Bad debt expense for clinical operations is now reflected as part of net patient revenue and prior year results have been adjusted accordingly. Total operating expenses were \$838 million, an increase of \$17 million over 2012. State Share of Instruction was consistent with 2012 at \$104 million while a rebound in the investment markets provided a \$37 million increase compared to prior year performance.

## Summary of Revenues, Expenses, and Changes in Net Position

(in thousands)

	2013	2012	2011
<b>Operating revenues:</b>			
Hospital, net	\$ 257,044	\$ 248,299	\$ 238,405
Tuition and fees, net	215,322	215,942	205,973
Grants and contracts	64,089	67,287	69,941
Auxiliary	54,235	64,764	65,056
Other patient services revenue	66,844	63,019	59,330
Other	32,698	30,405	34,189
<b>Total operating revenue</b>	<b>\$ 690,232</b>	<b>\$ 689,716</b>	<b>\$ 672,894</b>
<b>Operating expenses:</b>			
Salaries, wages, and benefits	\$ 512,892	\$ 506,640	\$ 499,256
Supplies	94,883	91,521	95,454
Outside purchased services	94,924	92,462	74,369
Depreciation	53,829	50,093	47,619
Other	81,809	80,887	99,902
Total operating expenses	838,337	821,603	816,600
Operating Loss	\$ (148,105)	\$ (131,887)	\$ (143,706)
<b>Non-operating revenues (expenses):</b>			
State share of instruction and grants & contracts	\$ 144,376	\$ 149,383	\$ 176,880
Investment income	31,652	(5,300)	32,360
Interest on debt	(14,848)	(14,993)	(12,178)
Change in value of derivative instrument	3,104	(3,254)	(1,358)
Asset disposal	(17,263)	0	0
Other	206	557	409
Total non-operating revenues	\$ 147,227	\$ 126,393	\$ 196,113
<b>Other changes</b>			
Capital appropriations	\$ 6,842	\$ 7,861	\$ 13,842
Other	3,073	2,718	1,643
Total other changes	9,915	10,579	15,485
Increase in net position	\$ 9,037	\$ 5,085	\$ 67,892
Net position - beginning of the year	645,340	640,255	572,363
Net position - end of the year	<b>\$ 654,377</b>	<b>\$ 645,340</b>	<b>\$ 640,255</b>

### Operating Revenues

Operating revenues were almost unchanged compared to last year. Net tuition and fees were flat with a 5% decrease in enrollment offset by a 3% increase in undergraduate tuition rates. Scholarship expenses remained relatively stable. The University's credit hour FTE enrollment by term was as follows:

Term	FY 2013	FY 2012	FY 2011
Fall	18,109	19,046	19,589
Spring	16,572	17,292	17,855
Summer	4,076	4,435	4,321

Hospital revenues increased \$9 million driven by outpatient services and the opening of the Eleanor N. Dana Cancer Center. Auxiliary revenue decreased \$11 million with the transfer of bookstore operations to the Foundation.

### Operating Expenses

Total operating expenses in 2013 increased \$17 million to \$838 million. Salaries, wages and fringe benefits increased \$6 million due mainly to increased clinicians salary expense within UTP-CF. Supply expense increased \$3 million driven by increased complexity of clinical services as well as a substantial increase in cancer treatments. Outside purchased services were up slightly from last year with increases for the main campus and clinical operations offset by the transfer of bookstore operations to the Foundation. Depreciation increased \$4 million as a result of additional investment in university and hospital facilities and equipment.

### Non-operating Revenue and Expense

Total non-operating revenues were \$21 million greater than 2012 due mainly to a recovery in the investment market offset by asset disposals. State Share of Instruction (SSI) was relatively unchanged from last year while non-operating grant-related activity decreased by \$5 million.

### Other Changes

Other changes reflect a slight reduction in capital appropriations from the state.

<b>Summary of Change in Net Position</b>			
<i>(in thousands)</i>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Position beginning of year	\$ 645,340	\$ 640,255	\$ 572,363
Increase before derivatives	5,933	8,339	69,250
Increase (decrease) related to derivatives	3,104	(3,254)	(1,358)
Total change in net position	9,037	5,085	67,892
Net Position end of year	\$ 654,377	\$ 645,340	\$ 640,255

### **2011-2012 Results**

In 2012, the University had operating revenues of \$690 million, an increase of \$17 million while operating expenses only increased \$5 million over the previous year as a result of spending controls, resulting in an improvement in operating results of \$12 million. This was offset by a reduction in State Share of Instruction and ARRA Stimulus of \$20 million, reduced state capital project funding, and a decline in the investment markets, culminating in an overall increase in net assets of \$5 million.

## Statements of Cash Flows

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

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

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

<b>Summary of Cash Flows</b>			
<i>(in thousands)</i>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net cash flows from operating activities	\$ (84,713)	\$ (72,121)	\$ (64,228)
Net cash flows from non-capital financing activities	147,924	142,966	181,014
Net cash flows from capital and related financing activities	(73,052)	(38,012)	(54,784)
Net cash flows from investing activities	13,193	(70,329)	(44,573)
Net increase in cash	\$ 3,352	\$ (37,496)	\$ 17,429

### **2012-2013 Results**

Total University cash and cash equivalents increased \$3 million in 2013. The University had net cash used in operating activities of \$85 million before adding in state share of instruction and gifts, grants and contracts of \$148 million, included in non-capital financing activity, which resulted in a net increase of cash related to traditional operations of \$63 million. Total net cash outflows from capital and related financing activities were \$73 million including funds expended on capital assets of \$81 million funded partially by new debt issued in 2013. Net cash inflow from investments was \$13 million.

### **2011-2012 Results**

Total University cash and cash equivalents decreased by \$37 million in 2012. The University had net cash used in operating activities of \$72 million before adding in state share of instruction and gifts, grants and contracts of \$143 million, included in non-capital financing activity, which resulted in a net increase of cash related to traditional operations of \$71 million. Total net cash outflows from capital and related financing activities were \$38 million including funds expended on capital assets of \$76 million funded primarily by new debt issued in 2012. Net cash outflow to investments resulted in a reduction of \$70 million in 2012, as positive operations allowed movement of cash to interest earning investments.



## **ECONOMIC FACTORS**

### **Higher Education**

Although some sectors of the economy, such as the housing market and the auto industry, have seen improvement, unemployment remains high and economic growth remains sluggish. The slow pace of economic recovery coupled with the uncertainty surrounding government spending and the Affordable Care Act continues to negatively impact the university in the form of decreased enrollment and budgetary pressures.

As the university confronts these formidable challenges, it is constantly guided by its mission and vision and continually refines its goals and strategies as necessary to support these objectives. Having significantly reduced expense in backroom operations over the last few years, the focus remains on managing resources efficiently and reducing expense wherever possible while still maintaining critical functions in support of the student experience. Effective budget controls and thorough review of processes for efficiencies are keys to achieving long-term sustainability.

Another factor that continues to impact the university is Ohio's recent shift to performance-based funding as a component of the State Share of Instruction (SSI) calculation. Universities previously received additional funding if various enrollment and completion targets were met. The revised methodology includes more performance-based metrics such as course completion and graduation, while also including accommodation for at-risk students. Although there was previously a stop-loss provision in the calculation, that is slated to expire in fiscal year 2014.

Despite a slight increase in SSI from 2012 to 2013, it remains substantially lower than previous funding levels. The university continues to invest in campus facilities and infrastructure not only to remain competitive and relevant but also to sustain long-term viability. With the state now connecting its funding to a performance-based system, the future economic sustainability will depend more heavily on effective enrollment and educational management. In response the University has implemented programs to enhance student academic success, retention and progress to graduation. State support for higher education is variable and the University will continue to execute necessary actions to accommodate for volatilities in order to achieve its strategic goals and fulfill its mission.

## Healthcare

UTMC operates within the healthcare industry and is therefore obligated to abide by regulations set by numerous governing agencies. These federal, state, and local governmental organizations are responsible for the administration of health planning programs and for the policies developed to regulate the manner in which healthcare is provided, administered, and paid for nationally and locally. Such agencies include The Centers for Medicare and Medicaid (CMS), who oversees the majority of the regulations and subsidizes medical coverage through the Medicare and Medicaid programs. Department of Health and Human Services (HHS) is another body which protects the public from certain health risks and provides programs for public health and welfare. In addition, non-profit organizations like The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) serve as accreditation institutions and employ a scoring system that affects Medicare reimbursements. As a result, the healthcare industry is sensitive to legislative and regulatory policies and changes from these agencies as it is affected by reductions and limitations in governmental spending for such programs.

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

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

- Health Care Reform:** The Patient Protection and Affordable Care Act (PPACA) have provisions that will be phased in through year 2020. Once fully implemented, it is anticipated to significantly reform the entire healthcare industry and result in providing healthcare coverage for millions of uninsured individuals. Expansion of healthcare insurance coverage depends on successful startup of healthcare exchanges and success of the individual mandate. If people choose not to comply with the individual mandate, and elect to pay the penalty, the effect will be the reduction of the potential number of patients covered by health insurance. In addition, there is still uncertainty as to which states will opt out of Medicaid expansion, including the State of Ohio. Ultimately, the majority of states will likely expand Medicaid coverage given that the Federal government will cover 90% of the additional cost. Federal health care reform under PPACA includes cuts in hospital reimbursements in addition to many regulations that have yet to be clarified. Thus, hospitals and healthcare systems like UTMC will be faced with ongoing regulatory and legislative changes for an extensive period of time.
- Medicare/Medicaid Reimbursement:** The challenge facing the hospital and healthcare industry is the reduction in reimbursement from all major payers, both governmental and private, as the healthcare industry remains under pressure from policymakers, industry, and the general public to reduce costs. A significant portion of UTMC's revenues are derived from the Medicare and Medicaid programs. Most Medicare services are provided through a fixed rate per case program under reimbursement methods such as Inpatient Prospective Payments, Outpatient Services, and Physician Payment. In the future, Medicare reimbursement payments will be based on not only the quantity but the quality of care delivered to patients. The State of Ohio determines the level of reimbursement for Medicaid services provided by Ohio healthcare entities. Many state budgets remain stressed and Medicaid accounts for the largest share of spending in most states, indicating that Medicaid spending is likely to come under more pressure.

- Health Information Technology for Economic and Clinical Health (HITECH) Act: The HITECH Act provisions of the ARRA include incentives for certain healthcare providers, including hospitals, to implement and utilize Electronic Health Records (EHR) for meaningful users of EHR in accordance with published standards. The financial incentives include percent compensation increased based upon the Medicare and Medicaid billings generated by the provider. The HITECH Act also imposes penalties such as reduction in the Medicare and Medicaid reimbursements if the eligible provider is not a “meaningful user” of certified EHR technology by 2015. Although UTMC has a strategic plan to continue its own implementation and upgrade of the EMR/EHR systems to achieve ARRA (HITECH Act), it is still undeterminable whether it will be a meaningful user until it is ultimately defined. UTMC successfully upgraded its systems and achieved Phase 1 meaningful use by UTP and UTMC which will allow each entity to receive the maximum Phase 1 incentive.

In the future, the following factors may affect the operations and financial performance of healthcare providers, including UTMC:

- Compressed economic limits of government funding will result in lower reimbursement rates in not only patient care but also in medical innovation development.
- Value based purchasing will tie reimbursement penalties to a variety of factors, including patient satisfaction. New reimbursement methodologies will provide incentives for meeting quality and reporting goals.
- Hospitals face a multi-year transition period of operating under reimbursement methodologies that reward volume (fee-for-service) and that reward quality and cost incentives.
- Medicare reimbursement will be reduced for hospitals that have more readmissions than expected for heart attacks, heart failure, and pneumonia patients. This measure does not account for planned readmissions or readmissions that are beyond the hospital’s control such as patients who don’t take prescribed medicines or those who fail to keep follow-up appointments after being released.
- Accountable Care Organizations (ACOs) could be inevitable in the future for hospitals to help contain costs and to remain competitive in the healthcare industry. Future reimbursement methodologies could bundle payments for services in which the hospital receives a single payment that must be shared with physicians and other post-acute providers.
- Hospitals are increasingly pursuing vertical integration in order to generate savings through better care coordination among different categories of providers (hospitals, rehab centers, nursing homes, home health, etc.) The challenge will be to not only provide quality care but to get paid for all the services provided as well. In addition, payment rates could possibly be impacted due to increased consolidation.
- The aging population and the expansion of insurance will increase patient volumes in the coming years.
- Pronounced shift of inpatient admissions to less profitable outpatient services and observation stays, which are typically reimbursed at a lower rate than inpatient care.
- The future supply of nurses as well as other qualified healthcare technicians and medical staff available may not be ample enough to support a hospital’s operations. Therefore, it will need to increase the compensation offered to these professionals in order to obtain and/or retain them.
- Health reform is pressuring providers to be more cost conscious. UTMC along with other healthcare providers will be held more accountable for costs as well as performance while coping with new tax and government payment regulations.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Position (in thousands)**  
**as of June 30, 2013 and 2012**

	University		UT Foundation	
	2013	2012	2013	2012
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 66,131	\$ 62,779	\$ 1,065	\$ 1,964
Accounts receivable, net	112,376	124,658	1,202	574
Contributions receivable, net			2,533	2,787
Inventories	8,573	7,475		
Notes receivable, net	2,746	2,709		
Other	8,089	4,036	257	625
<b>Total current assets</b>	<b>197,915</b>	<b>201,657</b>	<b>5,057</b>	<b>5,950</b>
<b>Noncurrent assets:</b>				
Endowment and loan investments	54,004	48,280		
Notes receivable, net	14,005	15,398		
Long-term investments	186,129	174,202	193,136	164,941
Contributions receivable, net			17,182	19,253
Investments held by bond trustee	8,776	29,642		
Capital assets, net	652,952	643,228	19,890	18,640
Science, Technology & Innovative Enterprises Inc.	6,185	6,384		
UT Medical Assurance Company assets	32,734	32,177		
Charitable remainder trusts and annuity contracts			5,359	5,057
Cash surrender value of life insurance policies			1,506	1,474
Other	1,788	(980)	449	495
<b>Total noncurrent assets</b>	<b>956,573</b>	<b>948,331</b>	<b>237,522</b>	<b>209,860</b>
<b>Total assets</b>	<b>\$1,154,488</b>	<b>\$1,149,988</b>	<b>\$ 242,579</b>	<b>\$ 215,810</b>
<b>Deferred outflows:</b>				
Deferred outflow of resources - derivatives	\$ 345	\$ 14,301		

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Position (in thousands) - continued**  
**as of June 30, 2013 and 2012**

	<u>University</u>		<u>UT Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 38,137	\$ 39,617	\$ 1,578	\$ 1,836
Accrued liabilities	37,094	36,033	173	1,162
Unearned revenue	42,391	44,521		
Deposits	668	521		
Compensated absences - current portion	24,517	24,299		
Long-term liabilities - current portion	14,479	5,870	292	236
<b>Total current liabilities</b>	<u>157,286</u>	<u>150,861</u>	<u>2,043</u>	<u>3,234</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	6,768	6,509		
UT Medical Assurance Company liabilities	11,489	11,501		
Fair value of derivative investment	345	23,424		
Other	10,107	1,578		
Long-term liabilities	314,461	325,076	17,225	16,022
<b>Total noncurrent liabilities</b>	<u>343,170</u>	<u>368,088</u>	<u>17,225</u>	<u>16,022</u>
<b>Total liabilities</b>	<u>\$ 500,456</u>	<u>\$ 518,949</u>	<u>\$ 19,268</u>	<u>\$ 19,256</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 332,188	\$ 332,475	\$ 3,648	\$ 3,797
Restricted for:				
Nonexpendable	13,830	13,830	96,948	78,877
Expendable	145,809	122,000	110,767	106,768
Unrestricted	162,550	177,035	11,948	7,112
<b>Total net position</b>	<u>\$ 654,377</u>	<u>\$ 645,340</u>	<u>\$ 223,311</u>	<u>\$ 196,554</u>

See notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Position (in thousands)**  
**For the Years Ended June 30, 2013 and 2012**

	University		UT Foundation	
	2013	2012	2013	2012
<b>REVENUES</b>				
<b>Operating revenues:</b>				
Hospital patient service revenue, net of bad debt of \$16,542 and \$14,753 respectively	\$ 257,044	\$ 248,299		
Student tuition and fees, net of student aid of \$64,841 and \$67,048, respectively	215,322	215,942		
Federal grants and contracts	36,660	41,003		
State grants and contracts	7,106	7,637		
Local grants and contracts	845	877		
Private grants and contracts	19,478	17,770		
Sales and services	6,345	8,660		
Auxiliary Enterprises, net of student aid of \$5,345 and \$4,956, respectively	54,235	64,764		
Other patient services revenue	66,844	63,019		
Contributions and support			11,992	14,440
Residency reimbursement	7,801	7,001		
UT Medical Assurance Company net revenue	568	1,402		
Other	17,984	13,342	9,513	1,269
<b>Total operating revenues</b>	<b>690,232</b>	<b>689,716</b>	<b>21,505</b>	<b>15,709</b>
<b>EXPENSES</b>				
<b>Operating expenses:</b>				
Salaries and wages	384,599	379,744		
Benefits	128,293	126,896		
Supplies	94,883	91,521		
Travel and entertainment	13,631	12,882		
Information and communication	14,515	15,047		
Occupancy	17,672	17,054		
Scholarship	27,362	28,300		
Outside purchased services	94,924	92,462		
Provision for doubtful accounts	3,659	3,663		
Support to University			12,084	12,450
Fundraising and development			1,431	1,099
Management			2,297	2,767
Depreciation	53,829	50,093	465	95
Other	4,970	3,941	8,061	
<b>Total operating expenses</b>	<b>838,337</b>	<b>821,603</b>	<b>24,338</b>	<b>16,411</b>
<b>Operating loss</b>	<b>\$ (148,105)</b>	<b>\$ (131,887)</b>	<b>\$ (2,833)</b>	<b>\$ (702)</b>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Position (in thousands) – continued**  
**For the Years Ended June 30, 2013 and 2012**

	<u>University</u>		<u>UT Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Operating loss</b>	\$ (148,105)	\$ (131,887)	\$ (2,833)	\$ (702)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State share of instruction	104,451	104,217		
<b>Loss after state share of instruction</b>	(43,654)	(27,670)	(2,833)	(702)
Federal grants and contracts	26,539	30,812		
State grants and contracts	10,822	11,025		
Gifts	2,564	3,329		
Investment income	31,652	(5,300)	27,044	(3,667)
Interest ARRA subsidy	908	967		
Interest on debt	(14,848)	(14,993)		
Investment income change in value of derivative instruments	3,104	(3,254)		
Asset disposal	(17,263)			
Other	(702)	(410)	2,585	1,409
<b>Total nonoperating revenues</b>	42,776	22,176	29,629	(2,258)
<b>Income (loss) before other changes</b>	(878)	(5,494)	26,796	(2,960)
<b>Other changes</b>				
Capital appropriations	6,842	7,861		
Capital grants, gifts, and contracts	3,073	2,702		
Addition to permanent endowment		16		
<b>Total other changes</b>	9,915	10,579	-	-
<b>Increase in net position</b>	9,037	5,085	26,796	(2,960)
<b>NET POSITION</b>				
Net position at beginning of year	645,340	640,255	196,554	199,514
Net position at end of year	<u>\$ 654,377</u>	<u>\$ 645,340</u>	<u>\$ 223,350</u>	<u>\$ 196,554</u>

See notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows (in thousands)**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 216,326	\$ 215,641
Grants and contracts	71,483	64,635
Hospital revenues	255,763	259,005
Sales and services of educational activities	5,018	8,599
Payments to suppliers and outside purchased services	(256,754)	(234,615)
Payments to employees	(460,902)	(476,729)
Loans issued to students	(1,482)	(1,485)
Collection of loans from students	2,837	2,675
Auxiliary Enterprise charges	54,847	64,397
Other	28,151	25,756
Net cash used in operating activities	(84,713)	(72,121)
 <b>Cash flows from non-capital financing activities</b>		
State share of instruction	104,451	104,217
Student direct lending receipts	159,990	171,899
Student direct lending disbursements	(156,589)	(178,293)
Gifts, grants, and contracts	39,925	45,182
Agency transactions	147	(39)
Net cash provided by non-capital financing activities	147,924	142,966
 <b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(80,830)	(75,840)
Principal paid on capital debt	(154,937)	(6,201)
Capital appropriations	6,842	7,861
Proceeds from debt issuance	166,684	48,720
Capital grants and gifts	2,530	1,484
Interest paid on capital debt	(13,341)	(14,036)
Net cash used in capital and related financing activities	(73,052)	(38,012)
 <b>Cash flows from investing activities</b>		
Interest on investments	10,393	3,722
Purchase of investments	2,800	(74,051)
Net cash used in investing activities	\$ 13,193	\$ (70,329)



**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows (in thousands) - continued**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Net increase (decrease) in cash</b>	\$ 3,352	\$ (37,496)
Cash and cash equivalents - beginning of year	62,779	100,275
Cash and cash equivalents - end of year	\$ 66,131	\$ 62,779
	<b>2013</b>	<b>2012</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (148,105)	\$ (131,887)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	53,829	50,093
Provision for patient bad debt	3,659	3,663
(Increase) decrease in assets:		
Accounts receivable, net	8,902	8,422
Inventories	(1,104)	(1,006)
Other current assets	294	(90)
Notes receivable, net	1,355	1,190
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(2,909)	587
Unearned revenue	(1,217)	(1,362)
Compensated absences	477	1,452
Medical profession liability accrual	106	(3,183)
Net cash used in operating activities	\$ (84,713)	\$ (72,121)

See notes to financial statements.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**  
**(Dollars in Thousands)**

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

The University is a leading research institution in the state of Ohio with nearly 23,000 students, 1,500 instructional faculty, and 4,300 staff members. The University is comprised of thirteen colleges: Business; Education, Health Science, & Human Services; Engineering; Graduate Studies; Law; Language, Literature, & Social Sciences; Medicine; Natural Sciences & Mathematics; Nursing; Pharmacy; Adult & Lifelong Learning; Visual & Performing Arts; and the Honors College. The University offers more than 250 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates the University of Toledo Medical Center (UTMC) which includes 319 registered beds and provides services to more than 11,000 inpatient admissions and more than 201,000 outpatient clinic visits including 34,000 emergency visits. UTMC specializes in kidney transplantation, cardiology, neurology, trauma care, orthopedic surgery, and cancer treatment.

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**ORGANIZATION**

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

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

The University is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The University is currently governed by a 9-voting member board of trustees created through the combination of the previous existing boards of the two universities. The trustees are appointed to by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The Board includes two student non-voting members that are appointed for two-year terms.

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**BASIS OF PRESENTATION**

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The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the GASB. The University is a public institution engaged in Business-type Activities. In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, the University presents

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**  
**(Dollars in Thousands)**

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

Management’s Discussion and Analysis; Statements of Net Position; Statements of Revenue, Expenses, and Changes in Net Position; Statements of Cash Flow; and Notes to the Financial Statements.

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61 *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the University and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of the criteria, the University has identified four component units – the University of Toledo Foundation, the University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), the University of Toledo Medical Assurance Company (UTMAC) and the Science, Technology, and Innovation Enterprises (STIE) as described in the following paragraphs.

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**COMPONENT UNITS OF THE ORGANIZATION**

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**University of Toledo Foundation**

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fundraising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately \$12,100 and \$12,500 during fiscal year 2013 and 2012, respectively to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University’s share of the pooled investments.

Effective July 1, 2012, the Foundation changed its accounting method for Unconditional Promises to Give. Previously reported as temporarily restricted, the Foundation determined that Unconditional Promises to Give should be classified as permanently restricted if they contain donor-imposed restrictions stipulating the resources be maintained in perpetuity. Prior period net assets have been restated in the amount of \$14,247.

The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification 958-205, previously FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations’ financial information in the University’s financial reporting entity for these differences.

In accordance with GASB Statement No. 61, the Foundation is reflected as a discretely presented component unit in the financial statements. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**  
**(Dollars in Thousands)**

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

**University of Toledo Physicians, Clinical Faculty, Inc.**

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

UTP-CF is a multi-specialty corporation which employs over 204 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides physician services at the University of Toledo Medical Center and other local facilities in the following areas: Anesthesia, Medicine, Neurology, Obstetrics, Orthopedics, Pathology, Pediatrics, Psychiatry, Radiology, Radiation Oncology, Rehabilitation, Surgery, Urology, Family Medicine, and Emergency Medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTM. Total Operating Revenues for UTP-CF, net of provision for doubtful accounts, were \$81,013 and \$74,203 for the fiscal years ending June 30, 2013 and 2012 respectively.

The consolidated financial statements of UTP-CF and its wholly-owned subsidiaries: University of Toledo Physicians, LLC, UTP Pathology Services, LLC and Northwest Ohio Medicine, Inc. have been prepared following the recommendations of FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the UTP-CF financial information in the University's financial reporting entity for these differences. All transactions between the University and UTP-CF have been eliminated in the financial statements for the years ended June 30, 2013 and 2012.

In accordance with GASB Statement No. 61, UTP-CF financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format. Separate audited financial statements for UTP-CF are available at the UTP-CF offices located near the campus of the University.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**  
**(Dollars in Thousands)**

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

**University of Toledo Physicians Clinical Faculty, Inc.**

**Condensed Statements of Net Position**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets	\$ 22,493	\$ 18,968
Due from University of Toledo	321	597
Capital assets	465	474
Other assets	852	661
<b>Total assets</b>	<u>24,131</u>	<u>20,700</u>
<b>LIABILITIES</b>		
Current liabilities	7,129	8,760
Due to University of Toledo	2,065	1,027
<b>Total liabilities</b>	<u>9,194</u>	<u>9,787</u>
<b>NET POSITION</b>		
Unrestricted	14,937	10,913
<b>Total net position</b>	<u>\$ 14,937</u>	<u>\$ 10,913</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Net patient service revenue	\$ 72,248	\$ 68,112
Other	8,765	6,090
Total operating revenue	<u>81,013</u>	<u>74,202</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages, and benefits	59,402	53,116
Depreciation	148	117
Other	17,612	17,702
Total operating expenses	<u>77,162</u>	<u>70,935</u>
Operating income	3,851	3,267
Total non-operating revenues	<u>173</u>	<u>157</u>
Increase in net position	4,024	3,424
Net position - beginning of the year	10,913	7,489
Net position - end of the year	<u>\$ 14,937</u>	<u>\$ 10,913</u>

**Condensed Statements of Cash Flows**

	<u>2013</u>	<u>2012</u>
Net cash flows from operating activities	\$ 2,537	\$ 4,322
Net cash flows from investing activities	(191)	(6)
Net increase in cash	2,346	4,316
Cash and cash equivalents - beginning of year	9,129	4,813
Cash and cash equivalents - end of year	<u>\$ 11,475</u>	<u>\$ 9,129</u>

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**  
**(Dollars in Thousands)**

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

**University of Toledo Medical Assurance Company**

In August 2005, the University created a captive insurance company, The University of Toledo Medical Assurance Company (SPC) (“UTMAC”), through a trust that is controlled by the Board of Trustees of UT. UTMAC was incorporated in the Cayman Islands and operates subject to the provisions of the Companies Law of the Cayman Islands. Under current Cayman Islands law, UTMAC is not obligated to pay taxes in the Cayman Islands on either income or capital gains. UTMAC provides an insurance vehicle for the insurance needs of the University, its staff, and affiliated physicians. In accordance with GASB Statement No. 61, UTMAC financials are presented in a blended manner, reflected as a part of the University’s financials, and are also shown below in condensed format. Separate audited financial statements for UTMAC are available at the UTMAC offices located near the campus of the University.

**The University of Toledo Medical Assurance Company SPC**

**Condensed Statements of Net Position**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets	\$ 2,051	\$ 3,627
Other assets	26,033	23,900
<b>Total assets</b>	<u>28,084</u>	<u>27,527</u>
<b>LIABILITIES</b>		
Current liabilities	38	35
Long-term liabilities	11,451	11,465
<b>Total liabilities</b>	<u>11,489</u>	<u>11,500</u>
<b>NET POSITION</b>		
Unrestricted	16,595	16,027
<b>Total net position</b>	<u>\$ 16,595</u>	<u>\$ 16,027</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2013</u>	<u>2012</u>
Net premium revenue	\$ 2,999	\$ 2,651
Total operating expenses	3,221	2,647
Operating income/(loss)	(222)	4
Investment income	790	1,398
Increase in net position	568	1,402
Net position - beginning of the year	16,027	14,625
Net position - end of the year	<u>\$ 16,595</u>	<u>\$ 16,027</u>

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

**The University of Toledo Medical Assurance Company SPC (continued)**

**Condensed Statements of Cash Flows**

	<u>2013</u>	<u>2012</u>
Net cash flows from operating activities	\$ 1,389	\$ 2,205
Net cash flows from investing activities	(2,980)	(968)
Net increase/(decrease) in cash	(1,591)	1,237
Cash and cash equivalents - beginning of year	3,437	2,200
Cash and cash equivalents - end of year	<u>\$ 1,846</u>	<u>\$ 3,437</u>

**Science, Technology, and Innovation Enterprises**

In February 2009, the University formed a nonprofit corporation called Science, Technology, and Innovation Enterprises (the Corporation). The University is the sole member of the Corporation which has been organized for charitable, educational, and scientific purposes within the scope of Section 501(c)(3) of the Internal Revenue Code. The Corporation supports the University through investment in public and private economic development projects and promotes the interests of the University.

The Corporation consists of equity investments (common stock, preferred stock, warrant options and promissory notes) valued at approximately \$6,310 and \$6,409 as of June 30, 2013 and 2012, respectively. Total cash available to help fund future investments for the years ended June 30, 2013 and 2012 was approximately \$2,601 and \$3,190, respectively. In accordance with GASB Statement No. 61, STIE financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format.

**Science, Technology and Innovation Enterprises**

**Condensed Statements of Net Position**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets	\$ 3,176	\$ 3,538
Other assets	6,198	6,383
<b>Total assets</b>	<u>9,374</u>	<u>9,921</u>
<b>LIABILITIES</b>		
Current liabilities	391	363
<b>Total liabilities</b>	<u>391</u>	<u>363</u>
<b>NET POSITION</b>		
Unrestricted	8,983	9,558
<b>Total net position</b>	<u>\$ 8,983</u>	<u>\$ 9,558</u>

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

**Science, Technology and Innovation Enterprises (continued)**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2013</u>	<u>2012</u>
Total operating revenue	\$ 1,010	\$ 769
Total operating expenses	<u>1,467</u>	<u>555</u>
Operating income	(457)	214
Investment income	28	(1,381)
Other	<u>(146)</u>	<u>(152)</u>
Total non-operating revenues/(expenses)	<u>(118)</u>	<u>(1,533)</u>
Decrease in net position	(575)	(1,319)
Net position - beginning of the year	9,558	10,877
Net position - end of the year	<u>\$ 8,983</u>	<u>\$ 9,558</u>

**Condensed Statements of Cash Flows**

	<u>2013</u>	<u>2012</u>
Net cash flows from operating activities	\$ (484)	\$ (223)
Cash and cash equivalents - beginning of year	3,538	3,761
Cash and cash equivalents - end of year	<u>\$ 3,054</u>	<u>\$ 3,538</u>

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**SIGNIFICANT ACCOUNTING POLICIES**

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**Cash and Cash Equivalents**

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

**Inventories**

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

**Patient Revenue and Accounts Receivable**

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

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the



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

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

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

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services are provided under Medicaid and other Welfare programs. Certain payments received under these programs are less than the cost of providing the service. Because the University does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

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

	Year Ended 6/30/2013	Year Ended 6/30/2012
Traditional charity care	\$ 5,879	\$ 5,712
Unpaid costs of traditional Medicaid programs	3,146	3,452
Unpaid costs of other programs	5,854	6,352
<b>Total charity and uncompensated care</b>	<b>\$ 14,879</b>	<b>\$ 15,516</b>

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

**Capital Assets**

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

**Deferred Issuance Cost**

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

**Unearned Revenue**

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

**Net Position**

Net position is classified into the three following categories:

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

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

Unrestricted: Net position available to the University for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the

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

Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and post-employment benefits.

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

**Compensatory Time**

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

**Compensated Absences**

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

and short-term liabilities in the Statement of Net Position, and as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

**Grants and Contracts**

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

**State Subsidies**

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

In addition to subsidies, the State provides capital appropriations for construction of major plant

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

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

**Capitalized Interest**

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

**Endowments**

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

**Interest Rate Swap Agreements**

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

**Investments Held By Bond Trustee**

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

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

**Use of Estimates**

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

**Change in Accounting Principle**

Effective with the fiscal year ended June 30, 2013, the University adopted the following GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position. This standard renames “net assets” as “net position” and provides financial reporting guidance for deferred inflows and outflows of resources and defines those elements as consumption of net position by the University that is applicable to a future reporting period, and an acquisition of net position by the University that is applicable to a future reporting period, respectively.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The carrying amount of the University’s cash and cash equivalents for all funds was \$66,131 and \$62,779 as of June 30, 2013 and 2012, respectively as compared to bank balances of \$72,001 and \$77,871 respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$250 is covered by federal deposit insurance as of June 30, 2013 and 2012. This reflects an increase in the basic limit on federal deposit insurance coverage from \$100 to \$250 per depositor originally set to expire June 30, 2010 and since extended permanently with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The remaining balances of cash and cash equivalents are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits.

**NOTE 3 – INVESTMENTS**

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

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**NOTE 3 – INVESTMENTS (continued)**

long-term investments consist of a mix of fixed income instruments and equities.

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

The University's investment policy authorizes the investment of non-endowed funds other than Board Designated Reserves in the following investments:

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

The University's investment policy authorizes the investment of Board Designated Reserves and endowed funds in the following investments:

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

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**NOTE 3 – INVESTMENTS (continued)**

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

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 56,326	\$ 56,326	\$ 76,143	\$ 76,143
Corporate bonds and mortgage-backed	1,309	1,401	1,285	1,424
Corporate stock	123,345	158,794	131,050	148,283
Mutual funds - fixed income	36,271	29,500	27,200	21,679
Mutual funds - equity	1,527	1,799	1,534	1,586
Partnerships and hedge funds	19,299	21,968	16,756	17,952
U.S. Government	772	842	929	1,088
U.S. Government agency	7,250	17,096	26,312	37,932
Real estate	3,090	3,090	2,950	2,950
Total investments	249,189	290,816	284,159	309,037
Less: Investments considered cash equivalents	41,859	41,907	56,913	56,913
Total investments less cash equivalents	\$ 207,330	\$ 248,909	\$ 227,246	\$ 252,124

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2013. At the present time, the University does not have formal policies addressing these types of risk.

*Interest Rate Risk*

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

As of June 30, 2013, the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 842		\$ 380	\$ 311	\$ 151
US Government agencies	17,096		3,622	147	13,327
Corporate bonds	1,401		827	522	52
Total	\$ 19,339	\$ -	\$ 4,829	\$ 980	\$ 13,530

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**NOTE 3 – INVESTMENTS (continued)**

As of June 30, 2012, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
US Government	\$ 1,088		\$ 408	\$ 499	\$ 181
US Government agencies	37,932	4,929	859	382	31,762
Corporate bonds	1,424		625	743	56
<b>Total</b>	<b>\$ 40,444</b>	<b>\$ 4,929</b>	<b>\$ 1,892</b>	<b>\$ 1,624</b>	<b>\$ 31,999</b>

*Credit Risk*

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

The credit ratings of the University's interest-bearing investments at June 30, 2013 are as follows:

Credit Rating (Moody's)	Total	US		
		Government Agencies	US Government	Corporate Bonds
Aaa	\$ 17,435	\$ 16,540	\$ 842	\$ 53
Aa	968	556		412
A	936			936
<b>Total</b>	<b>\$ 19,339</b>	<b>\$ 17,096</b>	<b>\$ 842</b>	<b>\$ 1,401</b>

The credit ratings of the University's interest-bearing investments at June 30, 2012 are as follows:

Credit Rating (Moody's)	Total	US		
		Government Agencies	US Government	Corporate Bonds
Aaa	\$ 38,433	\$ 37,345	\$ 1,088	
Aa	961	587		\$ 374
A	1,050			1,050
<b>Total</b>	<b>\$ 40,444</b>	<b>\$ 37,932</b>	<b>\$ 1,088</b>	<b>\$ 1,424</b>

*Concentration Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to



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**NOTE 3 – INVESTMENTS (continued)**

be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 5 percent or more in 2013 or 2012.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no exposure to foreign currency risk at June 30, 2013 or 2012 as it holds no securities denominated in foreign currencies.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment of \$3 million in real estate is not evidenced by securities that exist in physical or book entry form. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

**The University of Toledo Foundation and Subsidiaries Investments**

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

The following is the Foundation's portion of the pooled investments and the Foundation's non-pooled investments as of June 30. Not included in the following schedule are investments held in real estate in the amount of \$593 as of June 30, 2013 and 2012, respectively.

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**NOTE 3 – INVESTMENTS (continued)**

POOLED & NON-POOLED	2013		2012	
	Market	Cost	Market	Cost
Mutual funds, index funds, and ETF's - equities	\$ 110,086	\$ 89,750	\$ 93,801	\$ 87,200
Mutual funds and EFT's - fixed income	31,206	31,770	21,869	21,394
Common stocks	18,441	14,983	20,115	18,182
Hedge funds	16,330	14,481	14,568	14,104
Partnerships	6,808	6,416	2,873	2,574
U.S. government and agency issues	2,714	2,659	3,210	2,979
Mutual funds - real estate	2,093	2,028	-	-
Mutual funds - commodities	1,827	2,098	1,835	2,055
Corporate bonds	1,768	1,709	1,646	1,542
Cash equivalents	1,093	1,093	3,888	3,888
Private closely held	177	177	543	543
<b>Total investments</b>	<b>\$ 192,543</b>	<b>\$ 167,164</b>	<b>\$ 164,348</b>	<b>\$ 154,461</b>

**NOTE 4 – ACCOUNTS AND NOTES RECEIVABLE**

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2013 and 2012 respectively, are summarized as follows:

	2013	2012
Accounts receivable:		
Tuition and fees	\$ 7,404	\$ 8,515
Patient services	57,821	57,383
Sales and services	5,729	5,002
Auxiliary services	1,843	2,721
Grants and contracts	39,579	51,037
<b>Total accounts receivable - net of allowances</b>	<b>112,376</b>	<b>124,658</b>
Notes receivable:		
Current	2,746	2,709
Non-current	14,005	15,398
<b>Total notes receivable - net of allowances</b>	<b>16,751</b>	<b>18,107</b>
<b>Total accounts and notes receivable - net of allowances</b>	<b>\$ 129,127</b>	<b>\$ 142,765</b>

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling \$18,189 and \$15,899 for fiscal years 2013 and 2012, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of \$760 as of June 30, 2013 and 2012, respectively.

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**NOTE 5 – CAPITAL ASSETS**

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2013:

	Balance 2012	Additions	Reallocation/ Reductions	Balance 2013
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 22,363			\$ 22,363
Construction in progress	38,260	\$ 55,714	\$ (63,990)	29,984
Total capital assets, not being depreciated	60,623	55,714	(63,990)	52,347
<b>Capital assets, being depreciated:</b>				
Land improvements	12,041		4,198	16,239
Infrastructure	157,629	5,043	(15,370)	147,302
Buildings	932,100		38,849	970,949
Equipment	182,684	20,073	(14,169)	188,588
Total capital assets, being depreciated	1,284,454	25,116	13,508	1,323,078
Less accumulated depreciation:	701,849	53,829	(33,205)	722,473
Total capital assets, being depreciated, net	582,605	(28,713)	46,713	600,605
<b>Capital assets, net</b>	<b>\$ 643,228</b>	<b>\$ 27,001</b>	<b>\$ (17,277)</b>	<b>\$ 652,952</b>

Capital assets consist of the following as of June 30, 2012:

	2011	Additions	Reallocation/ Reductions	2012
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 22,363			\$ 22,363
Construction in progress	34,152	\$ 54,578	\$ (50,470)	38,260
Total capital assets, not being depreciated	56,515	54,578	(50,470)	60,623
<b>Capital assets, being depreciated:</b>				
Land improvements	11,808		233	12,041
Infrastructure	145,530	3,638	8,461	157,629
Buildings	890,329		41,771	932,100
Equipment	169,099	18,147	(4,562)	182,684
Total capital assets, being depreciated	1,216,766	21,785	45,903	1,284,454
Less accumulated depreciation:	655,852	50,093	(4,096)	701,849
Total capital assets, being depreciated, net	560,914	(28,308)	49,999	582,605
<b>Capital assets, net</b>	<b>\$ 617,429</b>	<b>\$ 26,270</b>	<b>\$ (471)</b>	<b>\$ 643,228</b>

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**NOTE 5 – CAPITAL ASSETS (continued)**

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

Classification	Life
Infrastructure	10 to 25 years
Buildings	40 years
Building additions	10 to 40 years
Equipment	5 - 10 years

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

Classification	Life
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building additions	5 to 40 years

**NOTE 6 – DEBT**

On June 27, 2013 the University issued \$15,610 in General Receipts Bonds, Series 2013D through a direct placement with U.S. Bank National Association. Proceeds of the Series 2013D were used to fund the purchase of \$15,050 of outstanding General Receipts Bonds, Series 2007B that have been tendered for purchase, to redeem on July 16, 2013 the outstanding General Receipts Bonds, Series 2005, and to pay cost of issuance of the Series 2013D Bonds. The Series 2013D Bonds bear interest at 72% of the one month LIBOR plus 0.50%.

On June 27, 2013, the University issued \$34,180 in General Receipts Bonds, Series 2013C. Proceeds of the Series 2013C were used to advance refund General Receipts Bonds, Series 2009B, Build America Bonds at par due to a reduction in the federal subsidy and to pay cost of issuance of the Series 2013C Bonds. The Series 2013C Bonds bear a fixed rate of interest with an average yield of 4.03% and a final maturity of June 1, 2031.

On June 21, 2013 the University issued \$86,485 in General Receipts Bonds, Series 2013B through a direct placement with PNC Bank, National Association. Proceeds of the Series 2013B were used to advance refund General Receipts Bonds, Series 2011A, and to pay the cost of issuance of the Series 2011A Bonds. Series 2013B Bonds bear interest at 72% of the one month LIBOR plus 0.39%.

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**NOTE 6 – DEBT (continued)**

On June 7, 2013 the University issued \$10,125 in General Receipts Bonds, Series 2013A through a direct placement with Capital One Public Funding, LLC. Proceeds of the Series 2013A were used to defease and advance refund the \$9,635 outstanding General Receipts Bonds, Series 2004 and to pay the cost of issuance of the Series 2013A Bonds. The University has a cash flow savings of \$904 and an economic gain of \$790 from the advance refunding of Series 2004. Series 2013A bears interest at 1.99% with a final maturity of June 1, 2025.

On November 3, 2011 the University issued \$47,640 in General Receipts Bonds, Series 2011B. Proceeds of the Series 2011B Bonds will be used, together with other available funds, to pay the cost of various improvements on the University's Health Science Campus, including reconstruction of existing facilities to house a comprehensive cancer center; expansions, renovations and improvements to the University of Toledo Medical Center, including reconstruction and renovation of patient rooms and operating rooms; renovations and improvements to Dowling Hall building for outpatient office space and clinical space; acquisition and installation of hardware and software for electronic medical records system; acquisition of medical equipment; and acquisition and installation of various other facility improvements. Additional proceeds of the Series 2011B Bonds were used to pay the costs related to the issuance of the Series 2011B Bonds. The Series 2011B Bonds bear a fixed rate of interest with an average yield of 4.41%.

On May 31, 2011 the University issued \$86,340 in General Receipts Bonds, Series 2011A through a direct placement with JPMorgan Chase Bank, N.A. Proceeds of the Series 2011A were used to retire the outstanding General Receipts Bond Anticipation Notes, Series 2010 at maturity on June 1, 2011, to refund the outstanding Series 2008B General Receipts Bonds redeemed on June 1, 2011, and to pay the cost of issuance of the Series 2011A Bonds. Series 2011A bears interest at 74% of the sum of one month LIBOR plus 1.3%. The Series 2011A Bonds were refunded with proceeds from the Series 2013D Bonds.

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

On July 15, 2009 the University issued \$22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt) and \$37,430 in General Receipts Bonds, Series 2009B (Federally Taxable – Build America Bonds). Both series were issued with a fixed rate of interest. Proceeds of the series 2009A Bonds will be used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds. Proceeds of the Series 2009B Bonds will be used to pay a portion of the costs of certain improvements to University facilities as well as the cost of issuance related to both series. The Series 2009B Bonds were refunded by the issuance of the Series 2013C Bonds.

On July 11, 2008 the University issued \$35,480 in General Receipts Bonds, Series 2008A which bear a

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**NOTE 6 – DEBT (continued)**

fixed rate of interest with coupons ranging from 3% to 5% over the scheduled redemption period from June 1, 2009 through the final maturity of June 1, 2027. A financial guarantee insurance policy was issued concurrently with the delivery of the bonds by Assured Guaranty Corp.

On January 23, 2007 the University issued \$46,595 in General Receipts Bonds, Series 2007A, with an average interest rate of 4.43%, to advance refund the General Receipts Bonds Series 2001, and current refund the General Receipt Bond Anticipation Notes Series 2006.

On April 26, 2007, the University issued \$49,900 in General Receipts Bonds, Series 2007B, to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate for each 35-day auction period. During fiscal year 2010 the University made two public tender offers for the 2007B Series Bonds. The University also tendered and repurchased 2007B Series Bonds in fiscal year 2013 from proceeds of the Series 2013D Bond issuance. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2007B Bonds. The next scheduled principal redemption date on the series 2007B Bonds is currently June 1, 2036.

On March 29, 2005, the University issued \$50,000 in General Receipts Bonds, Series 2005, at a variable rate of interest, for the construction and equipping of certain major expansions, renovations, and improvements at HSC. During fiscal year 2010 the University made two public tender offers for the 2005 Series Bonds. During fiscal year 2011 the University made an additional tender offer for the 2005 Series Bonds. The Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2005 Bonds. The outstanding balance of the Series 2005 Bonds is scheduled to be redeemed on July 16, 2013 from proceeds received from the Series 2013D issuance.

On March 1, 2004, the University issued \$14,110 General Receipts Bonds, Series 2004 to refund and redeem the General Receipt Bonds, Series 1994 and to pay cost of issuance on the Series 2004 Bonds. The Series 2004 Bonds were refunded from the proceeds of the Series 2013A Bonds.

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (Swap) agreements in November 2002. The current notional value of the three Swap agreements is \$68,820. The three Swaps remain in effect and are now associated with the Series 2013B Bonds. The counterparty for these swaps is JP Morgan Chase. One Swap with a notional value of \$16,695 expires on June 1, 2020, and the University pays a fixed rate of 5.000% to the counterparty and receives a variable rate of interest of 67% of one-month LIBOR from the counterparty. The other two Swaps with a combined notional value of \$52,125 expire on June 1, 2032. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two Swaps. Only the net difference

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**NOTE 6 – DEBT (continued)**

in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the three Swap agreements as of June 30, 2013 is a liability \$15,076 compared to a liability of \$23,199 on June 30, 2012.

In April, 2007, the University entered into a Swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of \$33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. \$17,640 of the notional amount is now associated with the Series 2013B and the remaining \$15,610 notional value is associated with the Series 2013D. Based on the Swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the Swap agreement as of June 30, 2013 is a liability \$6,818 compared to a liability of \$10,737 on June 30, 2012.

Upon termination of any of the Swap agreements, a payment may be owed by the University to the Swap counterparty or by the Swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

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

The University has master lease obligations with financial institutions and other lease obligations relating to a scoreboard, building and other equipment with a capital cost of \$2,100 and rates ranging from 1.71% to 4.09%. The balance of capital lease obligations was \$1,236 and \$1,613 for the years ended June 30, 2013 and 2012, respectively.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Capitalized interest was approximately \$2,348 and \$1,654 for 2013 and 2012, respectively. Interest expense on indebtedness was \$14,848 and \$14,992 for the years ended June 30, 2013 and 2012, respectively.

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**NOTE 6 – DEBT (continued)**

Long-term liabilities consist of the following as of June 30, 2013:

	Due Dates	Interest Rate	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current
General Receipts, Series 2004, serial and term bonds: Advance refund General Receipts Bonds, Series 1994	2005-2025	2.0% to 4.125%	\$ 10,255	\$ -	\$ 10,255	\$ -	\$ -
General Receipts Series 2005, term bonds: HSC expansion and renovations	2030	Variable	1,200	-	-	1,200	1,200
General Receipts Series 2007A, serial and term bonds: Refund Series 2001 and Current refund Series 2006	2008-2036	4.0% to 5.0%	40,905	-	1,325	39,580	1,390
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	16,375	-	15,050	1,325	-
General Receipts Series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	29,230	-	1,075	28,155	1,280
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	18,605	-	2,490	16,115	2,595
General Receipts Series 2009B, serial and term bonds: Pharmacy College and Indoor Athletics Facility	2022-2031	6.75% to 7.875% Tax able BABs	37,430	-	37,430	-	-
General Receipts Series 2010, serial bonds: Refund of Series 2005 General Receipts Bonds	2013-2021	4.0% to 5.0%	45,460	-	580	44,880	6,345
General Receipts Series 2011A, private placement bonds	2015-2032	Variable	86,340	-	86,340	-	-
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	47,640	-	-	47,640	-
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	-	10,125	-	10,125	760
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	-	86,485	-	86,485	-
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	-	34,180	-	34,180	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	-	15,610	-	15,610	-
Interest Rate Swap Contract			8,828	21,549	8,828	21,549	1,690
Deferred Charge on Refunding			(13,082)	(15,420)	(9,230)	(19,272)	(1,184)
Capital lease obligation	2014-2017	Various	1,613		377	1,236	387
Notes payable	2014-2016	Various	147		15	132	16
Compensated absences			30,808	15,775	15,298	31,285	24,517
			<u>\$ 361,754</u>	<u>\$ 168,304</u>	<u>\$ 169,833</u>	<u>\$ 360,225</u>	<u>\$ 38,996</u>
Less current portion long-term liabilities						38,996	
Long-term liabilities						<u>\$ 321,229</u>	



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**NOTE 6 – DEBT (continued)**

Long-term liabilities consist of the following as of June 30, 2012:

	Due Dates	Interest Rate	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Current
General Receipts, series 2004, serial and term bonds: Advance refund General Receipts Bonds, Series 1994	2005-2025	2.0% to 4.125%	\$ 10,850	\$ -	\$ 595	\$ 10,255	\$ 620
General Receipts series 2005, term bonds: HSC expansion and renovations	2030	Variable	1,200			1,200	
General Receipts series 2007A, serial and term bonds Advance refund General Receipts Bonds, Series 2001 and Current refund Bond Anticipation Notes, Series 2006	2008-2036	4.0% to 5.0%	42,180		1,275	40,905	1,325
General Receipts series 2007B, term bonds: Renovations for athletic facilities, classrooms, and library	2031-2036	Variable	16,375		-	16,375	
General Receipts series 2008A, term bonds: Current refund of Series 2008 Bond Anticipation Note	2009-2027	3.0% to 5.0%	30,460		1,230	29,230	1,075
General Receipts series 2009A, serial and term bonds: Current refund of Series 1998 General Receipts Bonds, Hospital renovations and digital records project	2010-2020	Fixed	21,015		2,410	18,605	2,490
General Receipts series 2009B, serial and term bonds: College of Pharmacy and Indoor Athletics Practice Facility	2022-2031	Fixed Taxable BABs	37,430			37,430	
General Receipts series 2010, serial bonds: Current refund of Series 2005 General Receipts Bonds	2013-2021	Fixed	45,460			45,460	580
General Receipts series 2011A, private placement bonds	2015-2032	Variable	86,340			86,340	
General Receipts series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	Fixed		47,640		47,640	
Interest Rate Swap Contract			9,080		252	8,828	264
Deferred Charge on Refunding			(13,959)		(877)	(13,082)	(876)
Capital lease obligation	2002-2009	Various	957	1,080	424	1,613	377
Notes payable	1999-2018	Various	162		15	147	15
Compensated absences			29,357	16,881	15,430	30,808	24,299
			\$ 316,907	\$ 65,601	\$ 20,754	\$ 361,754	\$ 30,169
Less current portion long-term liabilities						30,169	
Long-term liabilities						<u>\$ 331,585</u>	

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**NOTE 6 – DEBT (continued)**

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

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2014	\$ 15,260	\$ 12,754	\$ 1,663	\$ 14,417	\$ 29,677
2015	15,670	12,353	1,666	14,019	29,689
2016	16,281	11,898	1,522	13,420	29,701
2017	16,710	11,293	1,459	12,752	29,462
2018	17,383	10,803	1,241	12,044	29,427
2019-2023	81,572	43,680	5,096	48,776	130,348
2024-2028	72,719	28,395	4,551	32,946	105,665
2029-2033	98,526	12,633	3,462	16,095	114,621
2034-2036	12,722	764	216	980	13,702
<b>TOTALS</b>	<b>\$ 346,843</b>	<b>\$ 144,573</b>	<b>\$ 20,876</b>	<b>\$ 165,449</b>	<b>\$ 512,292</b>

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

	Principal	Interest	Total
2014	\$ 387	\$ 49	\$ 436
2015	397	39	436
2016	342	30	372
2017	110	4	114
<b>Total</b>	<b>\$ 1,236</b>	<b>\$ 122</b>	<b>\$ 1,358</b>

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

	Principal	Interest	Total
2014	\$ 16	\$ 5	\$ 21
2015	16	5	21
2016	100	1	101
<b>Total</b>	<b>\$ 132</b>	<b>\$ 11</b>	<b>\$ 143</b>

Contracts have been entered into for capital construction projects in an amount approximating \$76,254. The estimated cost to complete construction in progress at June 30, 2013 is \$18,553.

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**NOTE 6 – DEBT (continued)**

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was \$1,013 and \$1,390 in 2013 and 2012, respectively. At June 30, 2013, the University is committed to future minimum operating lease payments of \$1,653 in 2014; \$1,484 in 2015; \$1,575 in 2016 and \$1,114 in 2017.

**NOTE 7 – INTEREST RATE SWAPS**

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

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/13	MTM @ 06/30/12
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	\$ (96)	\$ (4,269)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 27,435	3.888%	71% Libor	6/1/32	Aa3/A+	\$ (107)	\$ (4,744)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 33,250	3.660%	68% Libor	6/1/36	Aa3/A+	\$ (119)	\$ (10,738)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 16,695	5.000%	67% Libor	6/1/20	Aa3/A+	\$ (23)	\$ (3,673)
			<u>\$ 102,070</u>					<u>\$ (345)</u>	<u>\$ (23,424)</u>

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All four of the swap agreements have been determined to be effective hedging derivative instruments as of June 30, 2013. In contrast, as of June 30, 2012, two of the swap agreements were effective hedging instruments, one swap was determined to be partially effective and the fourth was ineffective.

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$345. The above-market amounts which equal \$21,549 are considered borrowings and included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

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**NOTE 7 – INTEREST RATE SWAPS (continued)**

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

	Change in Fair Value		Fair Value at June 30, 2013			Fair Value at June 30, 2012		
	2013	2012	Classification	Amount	Notional	Classification	Amount	Notional
Business-type activities:								
Cash flow hedges								
Pay-fixed interest rate swaps (receive-variable)	\$ 13,956	\$ (11,848)	Deferred charge	\$ (345)	\$ 102,070	Deferred charge	\$ (14,301)	\$ 68,500
Investment derivatives:								
Pay-fixed interest rate	9,123	(3,254)	Investment loss	0	0	Investment loss	(9,123)	33,570

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

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

As of June 30, 2013 the University's net liability position is \$21,894 exclusive of accrued interest in the amount of \$266. The University has not been required to post collateral with any counterparty as of June 30, 2013.

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**NOTE 7 – INTEREST RATE SWAPS (continued)**

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

Although the University originally executed interest rate swap agreements with multiple counterparties, four contracts, comprising approximately 100 percent of the net exposure to credit risk, are held with one company as the result of merger activity since 2002. That counterparty is rated Aa3/A+.

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

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

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

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

**NOTE 8 – RETIREMENT BENEFITS**

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

A retiree of STRS or PERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement

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**NOTE 8 – RETIREMENT BENEFITS (continued)**

allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

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Public Employees Retirement System of Ohio

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PERS administers three separate pension plans as described below:

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

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

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

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

The ORC provides statutory authority for member and employer contributions. Member and employer contribution rates for 2012 were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2012 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety members and members in law enforcement classification contributed 11.0% and 11.6% respectively. The 2012 employer contribution rate for state and local employees was 14% of covered payroll. For both law enforcement and public safety divisions, the employer contribution rate for 2012 was 18.10%. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The University's total employer contributions to PERS for the years ended June 30, 2013, 2012 and 2011 were \$23,478, \$24,814 and \$24,831, respectively. Separately issued financial statements are available at the PERS website, [www.opers.org](http://www.opers.org).

**THE UNIVERSITY OF TOLEDO**  
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**(Dollars in Thousands)**

**NOTE 8 – RETIREMENT BENEFITS (continued)**

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State Teachers Retirement System of Ohio

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

**Defined Benefit Plan (DB Plan)** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The maximum annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service.

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

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

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

**THE UNIVERSITY OF TOLEDO**  
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**NOTE 8 – RETIREMENT BENEFITS (continued)**

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible survivors of members who die before retirement may qualify for survivor benefits. A death benefit of \$1 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

The ORC provides statutory authority for employee and employer contributions. During 2013 and 2012, STRS employees contributed 10% of their salary to the plan and the University contributed 14% of covered payrolls to the plan. Effective July 1, 2013, the employee contribution will increase 1% each year over the next four years. The University's total employer contributions to STRS for the years ended June 30, 2013, 2012 and 2011 were \$13,576 \$13,693 and \$13,687, respectively. Separately issued financial statements are available at the STRS website, [www.strsoh.org](http://www.strsoh.org).

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**Alternative Retirement Plan**

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

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

ARP is a defined contribution plan under IRS section 401(a). The University's total employer contribution to ARP for the years ended June 30, 2013, 2012 and 2011 were \$6,594, \$6,572 and \$6,119, respectively.

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, the Ohio Revised Code provides the statutory authority requiring the University to fund post-retirement health care through employer contributions to PERS and STRS. PERS provides post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. It is a multi-employer cost sharing plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care



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**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

coverage. In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

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

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

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

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2012, state employers contributed at a rate of 14% of covered payroll, local government employer units contributed at 14% of covered payroll, and public safety and law enforcement employer units contributed at 18.10%. The portion of employer contributions, for members in the traditional plan, allocated to health care was 4.0% during calendar year 2012.

The portion of employer contributions allocated to healthcare for members in the combined plan was 6.05% during the calendar year 2012.

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

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

STRS provides access to health care coverage to eligible retirees who participated in the DB or Combined Plans and their eligible family members. Coverage under the current plan includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the Retirement Board has discretionary authority over how much, if any, of the associate health care costs will be absorbed by the plan. Under Ohio law, the funds to pay the health care costs may be deducted from the employer contributions. The STRS board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund, from which payments for

**THE UNIVERSITY OF TOLEDO**  
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**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

health care benefits are paid. The balance in the Health Care Funding Progress was \$3.0 billion at January 1, 2012.

For the years ended June 30, 2012 and 2011, the net health care costs paid by STRS were \$381,626 and \$382,326, respectively. There were 143,256 and 138,088 eligible benefit recipients in 2012 and 2011, respectively.

**NOTE 10 – CONTINGENCIES AND COMMITMENTS**

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

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

Through the IUC-IC group, the University maintains property insurance with a \$100 deductible and a pre-funded group pool deductible of \$350 per occurrence; with an annual group aggregate stop loss of \$700. Total insurable value for the University of Toledo is approximately \$2,819,000.

The casualty portion of the IUC-IC program provides educator's legal liability, general liability and other miscellaneous coverage, and includes a \$100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling \$10,000 which consists of \$1,000 by the members and \$9,000 from reinsurance. Finally, there are general shared excess limits totaling \$40,000. The educator's legal liability coverage has a shared excess limit totaling \$20,000 for the University and shared excess limits totaling \$20,000 in excess of the pool. The University's contributions to IUC for property and casualty coverage totaled \$884 and \$945 for 2013 and 2012 respectively.

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

**THE UNIVERSITY OF TOLEDO**  
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**NOTE 10 – CONTINGENCIES AND COMMITMENTS (continued)**

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. Settlements have not exceeded insurance coverage in each of the past three years. The estimated value of these claims was \$3,991 and \$3,581 as of June 30, 2013 and 2012 respectively.

On August 10, 2012, UT had a serious human error in its operating room which rendered a to-be-transplanted kidney unusable. This resulted in the Centers for Medicare and Medicaid conducting an exhaustive review of the entire facility from which the University emerged with a high performance rating.

**NOTE 11 – MEDICAL PROFESSIONAL LIABILITY**

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

UTMAC provides professional liability coverage to the University. The primary limit of liability is \$2,000 per occurrence and \$5,000 in aggregate for the policy period July 1, 2012 to July 1, 2013. The retroactive date is July 1, 1987. UTMAC also provides excess coverage through commercial insurers for the University's professional liabilities with limits of \$25,000 per occurrence and \$25,000 in aggregate.

UTMAC also provides professional liability coverage to the University of Toledo Physicians, LLC (UTP), which is an affiliated nonprofit, multi-specialty physician practice of UTMC. UTP is an additional named insured. The primary professional liability limit of liability to each physician is \$1,000 per occurrence and \$3,000 in aggregate. UTMAC also provides tail coverage to physicians leaving UTP employment.

At June 30, 2013 and 2012, the University has accrued \$12,163 discounted at 3.5% and \$13,260 discounted at 4%, respectively, for asserted and unasserted claims based on the University's experience and studies performed by a consulting actuary. With respect to pending malpractice claims and legal action where the University is a defendant, it is the opinion of management that any potential liability in such actions will not materially affect the financial position of the University. Settlements have not exceeded insurance coverage in each of the past three years.

**THE UNIVERSITY OF TOLEDO**  
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**NOTE 11 – MEDICAL PROFESSIONAL LIABILITY (continued)**

	2013	2012
Medical Professional Liability:		
Beginning balance	\$ 13,260	\$ 12,678
Provision for incurred claims	2,233	1,805
Payments for claims	(3,330)	(1,223)
Ending Balance	<u>\$ 12,163</u>	<u>\$ 13,260</u>

The above liability includes insurance coverage for UTP-CF and has been funded by premiums paid by UTP-CF to UTMAC. The UTMAC Liabilities presented in the Statement of Net Assets include other trade liabilities in the amount of \$38 and \$19 for 2013 and 2012, respectively.

**NOTE 12 – FUNCTIONAL CLASSIFICATION OF EXPENSES**

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

	2013	2012
Patient Services	\$ 306,377	\$ 290,262
Instruction	190,378	190,008
Research	54,318	57,524
Public Service	6,141	5,381
Academic Support	36,808	35,195
Student Services	19,608	19,858
Institutional Support	55,994	51,689
Student Aid	26,967	28,939
Operation and Maintenance of Plant	29,621	27,034
Depreciation	53,829	50,093
Provision for Bad Debts	3,659	3,663
Auxiliary Enterprises	54,637	61,957
Total Operating Expenses	<u>\$ 838,337</u>	<u>\$ 821,603</u>

**NOTE 13 – UPCOMING PRONOUNCEMENTS**

**Items Previously Reported as Assets and Liabilities:** In March 2012, the GASB issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of

**THE UNIVERSITY OF TOLEDO**  
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**NOTE 13 – UPCOMING PRONOUNCEMENTS (continued)**

resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 (or June 30, 2014).

**Accounting and Financial Reporting for Pensions:** In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended June 30, 2015.

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

Independent Auditor's Report

To Management and the Board of Trustees  
University of Toledo

We have audited, 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, the financial statements of University of Toledo (the "University") and its discretely presented component unit as of and for the year ended June 30, 2013 and related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 11, 2013. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered University of Toledo's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Trustees  
University of Toledo

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether University of Toledo's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 11, 2013

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees  
University of Toledo

**Report on Compliance for Each Major Federal Program**

We have audited University of Toledo's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. University of Toledo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of University of Toledo's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about University of Toledo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of University of Toledo's compliance.



To the Board of Trustees  
University of Toledo

### **Opinion on Each Major Federal Program**

In our opinion, University of Toledo complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of University of Toledo is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered University of Toledo's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 11, 2013

# University of Toledo

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
<b>STUDENT FINANCIAL AID CLUSTER</b>			
Department of Education:			
Federal Pell Grant FY 2011	84.063	P063P100350	\$ (83)
Federal Pell Grant FY 2012	84.063	P063P110350	(2,000,035)
Federal Pell Grant FY 2013	84.063	P063P120350	27,778,954
Federal Work Study FY 2013	84.033	P033A123381	949,421
Federal Work Study FY 2012	84.033	P033A113381	20,288
FSEOG FY 2012	84.007	P007A113381	(97,254)
FSEOG FY 2013	84.007	P007A123381	705,910
FSEOG FY 2014	84.007	P007A133381	49,500
FSEOG FY 2011	84.007		(232,738)
Perkins Loans Issue and Outstanding	84.038		17,111,617
Direct Loan Program	84.268		156,589,275
Federal Teach Grant FY 2012	84.379		375,248
Federal Teach Grant	84.379		(3,638)
Total Department of Education			201,246,465
Department of Health and Human Services:			
Nurse Faculty Loan Program - issued and outstanding	93.264	E01HP24581-00	147,262
ARRA: Nurse Faculty Loan Program - issued and outstanding	93.408		73,198
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>			<b>201,466,925</b>

### RESEARCH AND DEVELOPMENT CLUSTER

U.S. Department of Agriculture:			
Research Support Agreement	10.001	58-3607-3-111	6,594
Support of Agricultural Research of Mutual Interest	10.001	58-3067-7-111	260
Determine Natural Product Induction in Legumes and the Pharmacologic Consequences in Human Model Systems	10.001	58-6435-8-323	106,778
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	58-3607-9-741	90,429
Support of Agricultural Research of Mutual Interest	10.001	58-3607-1-111	(1,613)
Examination of Factors Influencing Virus Disease in Floriculture Crops	10.001	58-3607-1-737	137,554
Support of Agricultural Research of Mutual Interest	10.001	58-3607-2-111	3,540
University of Wisconsin-Milwaukee: USDA/ARS VHS Research	10.001	58-3655-9-748	115,535
Monitoring Agricultural Sewage Sludge, 2009	10.200	2009-38898-20002	44,685
Lake Erie Wetlands and Shoreline Restoration: MBSP Phytoremediation	10.200	2009-38894-20171	35,436
Greenhouse Nurseries Ohio	10.200	2010-38897-21205	140,482
Monitoring Agricultural Sewage Sludge, 2010	10.200	2010-38898-20963	157,203
Phytoremediation Plant Research, OH	10.200	2008-38894-19277	42,569
Dietary and Genetic Risk Factors in Obesity and Diabetes	10.200	2008-38903-19049	(7)
Genetic Detection and Geographic Analysis of Great Lakes Fish Infection by Viral Hemorrhagic Septicemia - Part 2	10.200	2009-38927-20043	914
Dietary and Genetic Risk Factors in Obesity and Diabetes	10.200	2010-38903-20740	160
Genetic Detection & Geographic Analysis of Great Lakes Fish Infection by Viral Hemorrhagic Septicemia (VHS)	10.200	2010-38927-21048	147,946
Ohio State University Research Foundation: Greenhouse Nurseries	10.200	60024441	538
Applied GeoSolutions, LLC: Building an Operational Tillage Information System (OpTIS)	10.212	2011-33610-30827	20,837
Ohio Department of Natural Resources: Phytoremediation of Brownfields in Toledo, Ohio	10.665	0000021313	85,885
Evaluation of Terrestrial Condition Assessment of Restorations for Forest Service Lands	10.679	AG-3187-P-12-0061	2,452

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
National Oceanic and Atmospheric Administration: Effects of Bayshore Powerplant on Ecosystem Function in Maumee Bay, western Lake Erie	11.417	NA09OAR4170182	\$ 166,475
Ecosystem Responses and Societal Adaptation of West Lake Erie Basin to Climate Change: A New Initiative Based on Land-Water Interactions	11.417	NA10OAR4170224	28,780
Ohio State University: Development and Implementation of a New Molecular Test for Active VHS Infection in Fish	11.417	NA10OAR4170074	15,105
Ohio State University Research Foundation: Temporal and Spatial Analyses of Walleye and Yellow Perch Genetic Stock Structure: A High-Resolution Data Base for Fishery Management (Part II)	11.417	NA10OAR4170074	28,029
University of Michigan: Early Bloom Mapping in Lake Erie	11.432	NA12OAR4320071	40,511
University of Notre Dame: Forecasting Spread and Bioeconomic Impacts of Aquatic Invasive Species from Multiple Pathways to Improve Management and Policy in the Great Lakes	11.478	NA10NOS4780218	78,424
Department of Defense: Rapidly Deployable Solar Electricity and Fuel Sources	12.000	FA9453-08-0172	(163,881)
Bell Helicopter: Advanced Computational Aerodynamics Tools for Rotor Performance Prediction	12.000	PO # 4900087770	34,576
Breeding of Specific Inbred Rat Strains	12.000	W81XWH-12-P-0052	29,329
Prohydro, Inc.: An Assessment of Aquifer/Well Flow Dynamics: Identification of Parameters Key to Passive Sampling and Application of Downhole Sensor Technologies	12.000	SERDP ER-1704	16,551
Dynamic Performance of Flow Control on a Spinning Projectile	12.000	W15QKN-11-C-0162	31,178
Ecology and Environment, Inc.: Development of Methodology for Generating Distance and Commodity Flow Tables into and through the Great Lakes Basin	12.114	EE-004080-0001-OTTO	137,983
AVX Aircraft Company: Airframe Lift and Drag Optimization	12.114	P.O. 127	19,136
Reliability Assessment of Gallium Nitride (GaN) Power Switch	12.300	N00014-12-1-0338	106,771
Integrated Systems Solutions, Inc.: Notched Fatigue Behavior of Aluminum under Constant and Variable Amplitude Multiaxial Loads	12.300	PO100489	30,821
University of Cincinnati: Sensor Resource Management	12.352	007974	5,648
University Hospitals of Cleveland: Risk and Resilience Factors for Combat-Related Posttraumatic Psychopathology and Post Combat Adjustment	12.420	W81XWH-07-1-0409	(214,006)
University Hospitals of Cleveland: Risk and Resilience Factors for Combat-Related Posttraumatic Psychopathology and Post Combat Adjustment	12.420	W81XWH-10-1-0579	530,149
University of Cincinnati: Real-Time Combat Navigation System and Virtual Battlespace	12.800	FA9550-10-1-0519	81,538
Rapidly Deployable Solar Electricity and Fuel Sources	12.800	FA9453-08-C-0172	(6,009)
Rapidly Deployable Solar Electricity and Fuel Sources	12.800	FA9453-08-C-0172	338,240
Fast Fourier Transform FPGA/ASIC Architecture Simulator/Generator	12.800	RY1-UT-09-1	15,867
Ascent Solar: CdSe Top Cells Enabling CdSe/CIGS Tandem Junction Photovoltaics	12.800	FA9454-08-C-0108	(907)
Lightweight Flexible Solar Cells	12.800	FA9453-11-C-0253	782,276
Dayton Area Graduate Studies Institute: GUI Based MIMO Radar Development, Simulation and Visualization System	12.800	RY5-UT-12-1	28,024
Semiparametric Missing Data Analysis	12.901	H98230-11-1-0128	19,851
Bell Helicopter: CFD Study of Stacked Tail Rotors	12.910	PO # 4900102520	3,399
Advanced Technology Institute: Forging Advanced Systems & Technologies Program	12.910	2008-630	127,204
Bell Helicopter: Application of Wave Bearing Technology To Helicopter Transmissions	12.910	PO4500235527	643,523
Department of the Interior: PZP Immunocontraception in Free-Roaming Feral Horses	15.229	FAA040011	142
Development of a 3 to 4 year Controlled Release PZP Contraceptive Vaccine For Wild Horses	15.229	LA10AC20431	404,699
Studies on Presence, Influence and Control of Biofilms on Desalination Membranes	15.506	R11AC81536	72,510
Central Michigan University: Conservation of Native Freshwater Mussel Refuges in Great Lakes Coastal Zones	15.608	30181AG152	3,995
A Multi-faceted Urban Stream Restoration Project for the Ottawa River at The University of Toledo, Ohio	15.662	F11AC00834	9,375
Ohio State University: High-Performance Porous Polybenzimidazole Membranes for Water Treatment Using Forward Osmosis	15.805	OWDA 4614	16,243

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
U.S. Department of Justice:			
Increase Effective Services for Child Victims of Commercial Sexual Exploitation	16.556	2008-DD-BX-0266	\$ 603
Understanding the Prevalence, Process and Social Networks Involved in Domestic Sex Trafficking in Ohio	16.580	2010-DD-BX-0691	4,001
Department of State: Embassy of the United States Tunis, Tunisia: Collaboration on Curriculum, Faculty Development, and Enhancing Students			
	19.021	S-TS 800-12-GR-095	5,067
U.S. Department of Transportation:			
University of Wisconsin - Madison: Analyzing Regional Freight Information Resources	20.000	995B772	(7,553)
University of Wisconsin - Madison: Making Freight-Centric Communities More Livable: Measuring the Impact of Advanced Technologies	20.000	DTRT12-G-UTC19	33,436
University of Wisconsin-Milwaukee: USDOT-RITA University Transportation Centers Program	20.000	DTRT12-G-UTC19	50,780
University of Wisconsin - Madison: Mining Automatic Identification System (AIS) Data for Improved Vessel Trip Analysis Capabilities	20.000	DTRT12-G-UTC19	67,788
Ohio Department of Transportation: Veteran's Glass City Skyway Solar Array Performance Evaluation	20.205	23339	2,550
Ohio Department of Transportation: Development of Transportation Asset Management Decision Support Tools	20.205	24753	85,763
Ohio Department of Transportation: Cost Benefit Models to Support PMS Decisions	20.205	21729 D	8,931
Mistras Group, Inc.: Evaluation of Support Inspection Program	20.205	S-2013-14	93,467
Ohio Department of Transportation: LUC-2-1682 Anthony Wayne Bridge Main Cable Long Term Health Monitoring	20.205	E120924	23,536
University of Wisconsin - Madison: MAFC Data Collection - GL Inventory Assessment	20.205	1104MGP015	7,045
San Jose State University Research Foundation: Analysis of Transit Travel Demand Change in U.S Metropolitan Statistical Areas Between 2000 and 2010 Using Two-Stage Least Squares Regression	20.701	DTRT12-G-UTC21	40,906
San Jose State University Research Foundation: National Transit Research Consortium led by the Mineta Transportation Institute	20.701	DTRT12-G-UTC21	55,888
University of Wisconsin - Madison: Supply Chain Case Study Automotive Supply Chain Transportation for Economic Security and Development	20.701 20.760	160K086 DTRT06-G-0039	20,461 29,693
National Aeronautics and Space Administration:			
Interactive Changes of Ecosystems and Societies on the Mongolian Plateau: From Coupled Regulations of Land Use and Changing Climate to Adaptation	43.001	NNX09AM55G	113,815
Jet Propulsion Laboratory: Spitzer Space Telescope Combined: Probing Star and Planet Formation; A Wide-Field Survey for Low Mass Star Formation	43.002	1423858	13,250
Jet Propulsion Laboratory: Key Insights on Nearby Galaxies: A Far-Infrared Survey with Herschel	43.002	1372803	51,284
Jet Propulsion Laboratory: Herschel OT1 Combined: Beyond the Peak; Water in NGC 891	43.002	1427378	105,143
Jet Propulsion Laboratory: Interacting Galaxies, Paschen Alpha, and Dust in the Wind	43.002	1355562	175
Jet Propulsion Laboratory: Herschel Orion Protostar Survey (HOPS)	43.002	1373141	61,162
Jet Propulsion Laboratory: Variable Massive YSOs in the Magellanic Clouds	43.002	1214626	878
Jet Propulsion Laboratory: Herschel Space Observatory Combined: PACS Imaging...; Anatomy of Class O...; A Deeper Look...; Probing the Inner Envelopes...	43.002	1427448	7,487
The Transition from Diffuse Molecular Clouds to Dark Clouds Through Ultraviolet CO Measurements	43.002	NNX10AD80G	118,419

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Microstructural Analysis and Structure-Property Correlation in Advanced High-Temperature Materials Developed for Improved Material Performance	43.002	NNC07TA63T	\$ 280,613
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion	43.002	NNC07T61T	7,603
Extended Durability of Materials in Advanced Propulsion and Power Systems for Aeronautic and Space Exploration	43.002	NNC07TA62T	233,176
Turbomachinery Aeroelastic Analysis Tools for Aerospace Propulsion Application	43.002	NNC07TA64T	232,015
NASA-GRC Solid Oxide Fuel Cell Technology for High Power Density Aeronautic and Applications	43.002	NNC07TA65T	183,957
A Workplan for Testing Aerospace Components and Advanced Materials	43.002	NNC07TA67T	280,305
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations	43.002	NNC07TA68T	147,188
Development of Life Prediction and Probabilistic Analysis Tools for High Temperature Composites	43.002	NNC07TA69T	224,977
Smart Damping for Turbomachinery Blades	43.002	NNC07TA60T	111,422
Analex Corporation: Tribological Investigations Involving Mechanical and Thermomechanical Systems	43.002	PO #P10-001048	2,342
ASRC Aerospace Corporation: Turbomachinery Computational AeroAcoustics (CAA)	43.002	AS3458	86,274
ASRC Aerospace Corporation: Turbomachinery Computational AeroAcoustics (CAA)	43.002	NNC12BA01B	5,022
University of Akron: Advanced Aerospace Seals Research	43.002	NNC08CA35C	312,297
University of Kentucky: Relating FTS Catalyst Properties to Performance	43.002	NNX11A175A	213,864
Vantage Partners, LLC: Turbomachinery Computational Aero-Acoustics (CAA)	43.002	NNC12BA01B	40,288
Vantage Partners, LLC: Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion	43.002	VPL-12-051 Mod 1	272,891
Vantage Partners, LLC: Support of EES Space Act Agreement (Mechanical Engineering)	43.002	NNC12BA01B	15,055
Vantage Partners, LLC: Computational and Experimental Work to Support FAP/SRW Engine Research	43.002	VPL-12-050-WO-033	59,853
Vantage Partners, LLC: Thermoacoustic Engine Prediction	43.002	NNC12BA01B	37,602
Vantage Partners, LLC: CFD Consortium Feasibility Study - Part C	43.002	VPL-12-064WO205	17,768
Vantage Partners, LLC: G6 Flywheel Bearing Design and Analysis	43.002	VPL-12-065-W234	22,028
Smithsonian Astrophysical Observatory: The Nature of Optical Counterparts to X-ray Binaries in M101	43.002	ARO-11012X	(538)
ASRC Aerospace Corporation: Development of Advanced Computational Tools For the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Study of Reaction Chemistry and Thermophysics in Hypersonic Reacting Flows	43.002	AS7111	15,297
Center for the Advancement of Science in Space: Optimization of Protein Crystal Growth for Determination of Enzyme Mechanisms through Advanced Diffraction Techniques	43.002	NNH11CD70A	5,515
Genziko, Inc.: Frequency Steered Acoustic Transducer	43.002	NNX11CB85C	65,177
Jet Propulsion Laboratory: Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy?	43.002	1472480	36,713
Space Telescope Science Institute: Contribution of Massive Stars to the Production of Neutron Capture Elements	43.002	HST-AR-12123.01-A	16,647
University of Massachusetts Amherst: A Uniform, Deep, Multi-Epoch Spitzer Census of Clustered Star Forming Regions....	43.002	NNX11AD14G	6,221
Vantage Partners, LLC: Flywheel System Model for Wright-Patterson AF Base HESM Project Data	43.002	VPL-12-035	11,771
MRI: Acquisition of Instrumentation for Digital Imaging and Fluorescent Detection	43.002		(64)
Ohio Aerospace Institute: Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002		13,359
Space Telescope Science Institute: Ultraluminous X-Ray Sources in the Most Metal Poor Galaxies	43.002	HST-GO-12018.02-A	6,262
Space Telescope Science Institute: The Effect of Multiplicity on the Evolution of Young Stellar Objects	43.002	HST-GO-11205.03-A	2,545
Space Telescope Science Institute: NICMOS Imaging of Protostars in the Orion A Cloud: The Role of Environment in Star Formation	43.002	HST GO 11548.01-A	114,512
Completing the Census of Ultracool Brown Dwarfs in the Solar Neighborhood using HST/WFC3	43.002	HST-GO-12970.02-A	7,333
Teledyne Continental Motors: Small Turbine Institute	43.002	P06-01682	(3,378)
University of Kentucky Research Foundation: Basic Studies for the Production and Upgrading of Fischer-Tropsch Synthesis Products to Fuels	43.002	NNX07AB93A	2,961

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
National Science Foundation:			
CAREER: Investigation of Intron Cellular Roles	47.000	MCB-0643542	\$ 3,945
A New Approach to Regenerate Bone Using Microparticles Seeded with Mesenchymal Stem Cells and Macrophages	47.041	0652024	22,183
The Fundamental Study of UV Bonding Abrasive Tools with Application to the Semiconductor Industry	47.041	CMMI 0855769	123,453
A Study on the Microstructure and the Properties of Zinc Nitride and Zinc-Oxy-Nitride Films and Heterostructures for Photovoltaic and Other Applications	47.041	CMMI-0928440	23,194
Engineering Senior Design Projects to Aid Persons with Disabilities	47.041	CBET 0931643	16,052
Mechanistic Analysis of Polyelectrolyte-Based Colloidal Drug Carriers	47.041	1133795	75,089
CAREER: Photodirected Assembly of Custom-Designed Polyelectrolyte Complexes	47.041	CBET-1150908	59,262
I-Corps: A Compact Low-Cost Wire Antenna Array for Dedicated Short Range Communications	47.041	IIP-1249191	49,232
Simultaneous Isomerization and Reactive Extraction of Biomass Sugars for High Yield Production of Ketone Sugars	47.041	CBET-1236708	4,657
Collaborative Research: Analysis of Decentralized Harvested Rainwater Systems using the Urban Water Infrastructure Sustainability Evaluation (uWISE) Framework	47.041	CBET-1236660	39,522
Collaborative Research: Enhancing Spectral Access via Directional Spectrum Sensing Employing 3D Cone Filterbanks: Interdisciplinary Algorithms and Prototypes	47.041	ECCS-1247946	5,224
I-Corps: A Generation-3 Shape Memory Alloy Actuated Ankle Foot Orthosis	47.041	IIP-1343505	5,000
A Novel Approach to Antibiotic and Anti-biofouling Activities of Natural Phenols	47.041	CBET-0626022	(16,510)
REU Supplement for CTS 0331778	47.041	CTS-331778001	(17,033)
Collaborative Research: Finite Element Modeling of Roller Burnishing and Selection of Process Parameters	47.041	DMI-0323679	(292)
The Role of Extracellular Polymeric Substances of Biofilm on Pathogen Disinfection in Water Distribution Systems	47.041	CBET-0933288	75,092
A Facile Pretreatment Strategy for Recovering Sugars and Lignin Effectively from a Variety of Lignocellulosic Feedstocks	47.041	CBET-0933250	134,256
Fundamental Investigation of Pulsed Laser Irradiation Metal Oxide Gas Sensor Performance	47.041	CMMI-0933069	72,315
CAREER: Plasmons for Solar Energy Harvesting	47.041	CBET-0955148	81,915
New Methodologies for System-Level Electromagnetic Compatibility (EMC) Analysis of Electronic Systems	47.041	CMMI-1000744	137,942
3D Multi-Scale Modeling of Thin Film Photovoltaics	47.041	CBET 1066749	62,473
BRIGE: Transition Metal Oxide Based Multifunctional Nanoelectronic Memristor Devices	47.041	ECCS-1125743	99,884
Collaborative Research: Integrated Vulnerability-Reliability Modeling and Analysis of Cyber-Physical Power Systems	47.041	ECCS-1128594	46,193
I-Corps: High Density Memristive Devices for Non-Volatile Memory Applications	47.041	IIP-1242417	49,776
Understanding the Role of Biofilm on Disinfection By-Product Formation and Fate in the Water Distribution System	47.041	CBET - 1236433	55,522
DMREF: Collaborative Research: Nitride Discovery - Creating the Knowledge Base for Hard Coating Design	47.041	CMMI-1234777	5,120
CAREER: Novel Nanoelectronic Reconfigurable Synaptic Memory Devices	47.041	ECCS-1254271	5,121
I-Corps: Injectable Bone Graft Substitute Materials	47.041	1312465	11,456
EAGER: A Novel Approach to Fabricate Biomimetic Membranes Embedded with AquaporinZ	47.041	1308095	12,182
Drexel University: A Dual Freeform Microplasma and Protein Printing Process for Tissue Engineering Application	47.041	235678-TOL	14,071
Regents of the University of California: Planning Grant: I/UCRC for technology innovation for novel cost-reducing and quality-enhancing musculoskeletal therapies	47.041	IIP-1265896	3,059
University of Michigan: Extreme Events Impacts on Water Quality in the Great Lakes: Prediction and Management of Nutrient Loading in a Changing Climate	47.041	CBET 1039043	(8,544)
University of Michigan: Extreme Events Impacts on Water Quality in the Great Lakes: Prediction and Management of Nutrient Loading in a Changing Climate	47.041	CBET-1313897	77,896
An Innovative Model for a New Advanced Energy Workforce	47.041	IIP-0917981	177,797
Student Travel Support for the 2012 North American Membrane Society Meeting	47.041	1231324	10,000

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Networking Urban Resources with Teachers and University to enrich Early Childhood Science	47.046	DUE-1102808	\$ 1,438,438
Semiparametric Statistical Inferences for ROC Curves and Surfaces Under Density Ratio Models	47.049	DMS-0603873	(150)
CAREER: Exploration of Negative Thermal Expansion Materials: From Basis Properties to Formation of Composites	47.049	DMR-0545517	(367)
Research Experiences for Undergraduates in Physics and Astronomy	47.049	PHY-0353899	(1,567)
The Smallest Interstellar Grains: Optical/Near-IR Emission from Nanoparticles	47.049	AST-0307307	(32,692)
Monte Carlo NLTE Radiation Transfer in Circumstellar Disks	47.049	AST-0307686	(4)
CAREER: Task-specific Microextractions Using Ionic Liquids	47.049	CHE-0748612	93,908
CAREER: 3-Iminophosphine Palladium Catalysts for Atom-efficient	47.049	CHE-0841611	114,013
Creation of Tools for the Study of Reactive Intermediates in DNA and RNA	47.049	CHE 0848303	(858)
Simulating Non-equilibrium Processes Over Extended Time and Length-scales Using Parallel Accelerated Dynamics			
Simulating Extended Time and Length Scales Using Parallel Accelerated Dynamics	47.049	DMR-0907399	22,811
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1004649	20,834
Novel Low Temperature Routes to Metal Sulfides	47.049	DMR-1005911	104,561
REU Site Exploring Structure of Molecules and Materials	47.049	CHE-1004921	55,823
Interfacial Assembly of Nanoparticles and Their Interactions	47.049	CHE-1012896	138,040
The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	47.049	AST-1009564	69,006
Umpolung Reactivity in Stereoselective Synthesis of 2-Deoxy Glycosides and Thioglycosides	47.049	CHE-1213352	120,616
SEP: Earth-abundant solar cells as a sustainable solar energy pathway	47.049	CHE-1230246	281,118
Quantitative characterization of weak interactions	47.049	CHE-1213329	97,432
SEP Collaborative: Alkaliphilic microalgae-based sustainable & scalable processes for renewable fuels and products	47.049	CHE-1230609	52,280
REU Site: Research Experiences for Undergraduates in Physics and Astronomy at The University of Toledo	47.049	PHY-1262810	34,243
University of Delaware: Quantifying Geologic and Temporal Controls on Water and Chemical Exchange between Groundwater and Surface Water in Coastal Estuarine Systems	47.050	Subaward #21291	6,751
NSF Personnel Mobility Program (IPA)	47.050	IOS-1232472	50,544
Triggered Approach and the Applications to Adaptive Centralized and Ad Hoc Wireless Networks	47.070	CCF-0515263	(1,690)
Workshop on Theoretical and Algorithmic Aspects of Sensor and Ad-hoc Networks	47.070	CCF-0549227	(8)
A Digital/VLSI Test and Reliable Computing Research Laboratory	47.070	CNS-1233190	35,352
II-New: High-Performance Scalable Computing Infrastructure	47.070	CNS-0855134	6,528
EAGER: Collaborative Research: Time Critical Localization in Mobile Networks	47.070	1248381	45,591
CAREER: Distinguished Broadcasting Protocols for Multi-Channel and Multi-Rate Ad Hoc Mesh Networks	47.070	CNS-0644247	67,879
Molecular Systematics, Biogeography and Invasion Identity of Neogobiin Fishes	47.074	DEB-0456972	(538)
Collaborative Research: MSB: Microbial Control of Litter Decay at the Cellulose-Lignin Interface	47.074	DEB-0918718	202,806
Mechanisms Controlling the Function and Development of Neuronal Nicotinic Synapses	47.074	IOS-0951549	94,321
Regulation of Type II Restriction-Modification Systems	47.074	0964728	156,245
Environmental Sensor System for the Lake Erie Center	47.074	DBI-1034791	42,867
Testing Multiple Hypotheses of Community Assembly Using a Tropical Insect: Twig-nesting Ants	47.074	DEB 1020096	9,834
DISSERTATION RESEARCH: Phylogenetic Relationships, Biogeography and Genetic Diversity of the VHS Fish Virus	47.074	DEB-1110495	4,007
Assembly, Disassembly and Function of the Mitotic Checkpoint Complex	47.074	MCB-1052413	204,555
Centriole Inheritance During Reproduction	47.074	MCB-1307613	93,666
Ohio State University: GEPR: Systems Approaches to Identify Gene Regulatory Networks in the Grasses	47.074	PO # RF01275847 - project # 60030022	268,609
Subcontract to "TRPGR - The Grass Regulome Initiative: Integrating Control of Gene Expression and Agronomic Traits Across the Grasses"	47.074	DBI-0701405 - 60010915	10,077
Undergraduate Research and Mentoring (URM)	47.074	DBI 0829252	74,376

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
The UT3 Noyce Scholarship Program	47.076	DUE-0733767	\$ 93,899
Water Distribution Analysis Modules and Kits for Undergrad Education	47.076	DUE-1044823	25,499
Wright State University: A National Model for Engineering Mathematics Education - Phase III	47.076	DUE-0817332	23,161
LEADERS: Leadership for Educators: Academy for Driving Economic Revitalization in Science	47.076	DUE-0927996	1,017,366
CAREER: Teaching Practices That Support Fraction-Based Algorithmic Thinking	47.076	DRL-0952661	117,255
Creating Learning Community for Solutions to Climate Change	47.076	0950396	1,881
Graduate Teaching Fellows in STEM High School Education: An Environmental Science Learning Community at the Land-Lake Ecosystem Interface	47.076	DGE-0742395	322,158
GLOBE: GLOBE Teacher Workshops	47.079		46
Western Michigan University: US Egypt Cooperative Research: Evaluating Subsidence in the Nile Delta Using Radar Interferometry	47.079	OISE-1103843	12,215
ARRA - Collaborative Research: Single Walled Nanotubes and Graphene Based Multiplexed Sensors for Hypergolic Fuel Detection	47.082	0925783	76,489
ARRA - Collaborative Research: The Changing Seasonality of Tundra Nutrient Cycling: Implications for Ecosystem and Arctic System Functioning	47.082	ARC-092096	55,367
ARRA - Acquisition of a Cyber-enabled Scanning Electron Microscope	47.082	CHE-0840474	589
ARRA - CAREER: The Life Cycle of Star Clusters: New Windows into Star Formation and Galaxy Evolution	47.082	AST-0847467	373,185
ARRA: MRI: Acquisition of a Matrix-Assisted Laser Desorption/Ionization Tandem Time-of-Flight (MALDI ToF-ToF) Mass Spectrometer (MS)	47.082	DBI-0923184	1,665
Environmental Protection Agency:			
Cuyahoga County Board of Health: A Holistic Watershed Approach to Health at Huntington Beach	66.000	GL-00E00624-0	39,419
Ohio Department of Health: Radon Web Site	66.032	04840022IR0512	11,224
Ohio Department of Health: Radon Web Site	66.032	0484022IR0613	22,547
Ohio Environmental Protection Agency: A Multifaceted Urban Stream Restoration Project for the Ottawa River at The University of Toledo, Ohio	66.460	09(h)EPA-20	75,661
Prevention of Surface Water Contamination from Biosolids Application	66.469	GL-00E00519-0	241,693
Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	66.469	GL-00E00823-0	111,826
Reduction of Sediment and Bacteria Loadings to Public Beaches at Maumee Bay State Park via Enhanced Riparian Habitat	66.469	GL-00E01148-0	29
Early Detection DNA Technology for High Risk Invasive Fish Species	66.469	GL-00E01149-0	20,879
Buffalo State College: The Lake Erie Nearshore and Offshore Nutrient Study (LENONS)	66.469	GL-00E00503-TOL	18,983
Ohio Department of Natural Resources: Nearshore Fish Sampling Program Development	66.469	FSGR02	50,465
Ohio Department of Health: Bathing Beach Monitoring Project, Maumee Bay State Park	66.474	DOH01-0000029796	13,323
Heidelberg College: The Honey Creek Targeted Watershed Program Proposal	66.480	WS-00E39901-0	779
Design a clean energy generation system via biophotofuel cell approach	66.516	83529701	10,139
Optimization and Sustainability of Converting Agricultural Animal Wastes into Biofuels	66.516	SU-83603701-0	1,976
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E00915-1	40,295
The University of Toledo Pollution Prevention Grant Proposal	66.708	NP-00E01033-0	25,106
Nuclear Regulatory Commission: Joint Initiative in a New Type of Nuclear Radiation Detector	77.009	NRCHQ12G380042	93,905



# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Department of Energy:			
ARRA - Direct Assessment using Cluster Eddy-Covariance Towers	81.000	109044	\$ 108,245
North Dakota State University: Recrystallization of Liquid Silane Derived Films	81.000	FAR 0014504	71,090
Great Lakes Bioenergy Research Center: Biophysical Constraints and Resource Use Limitations for Maximizing Biofuel	81.049	DE-FC02-07ER64494	21,854
Lucintech, Inc.: Transparent Back Contacts for Thin CdTe-Based Tandem Cells	81.049	DE-SC0006349	26,039
SEM-COM, Inc.: Stable Glass-Ceramic Nanocomposites as Compliant Seals for SOFCs	81.049	DE-SC0007608	38,853
University of Wisconsin - Madison: Biophysical Constraints and Resource Use Limitations for Maximizing Biofuel	81.049	DE-FC02-07ER64494	88,779
National Renewable Energy Laboratory: Growth, Heat Treatment and Theory of CdTe Thin Films	81.087	XEJ-2-22052-01	113,710
A Novel Simultaneous-Saccharification-Fermentation Strategy for Efficient Co-fermentation of C5 and C6 Sugars Using Native, Non-GMO Yeasts	81.087	DE-FG36-08GO18163	161,057
High-Rate Fabrication of a-Si-Based Thin-Film Solar Cells Using Large-Area VHF PECVD Technologies	81.087	DE-FG36-08GO18073	(50)
Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	81.087	DE-EE0005993	19,278
Center for Advanced Concept Offshore Wind Turbine Development	81.087	DE-EE0003540	348,448
Alliance for Sustainable Energy LLC: Electron Microscopy Study of Photovoltaic Materials	81.087	DE-AC36-08GO28308	113,131
Alliance for Sustainable Energy LLC: Theoretical Study of Lattice Defects and Transition Metal Impurities in Si	81.087	XEJ-2-11827-01	48,838
Bowling Green State University: Coastal Ohio Wind Project for Reduced Barriers to Deployment of Offshore Wind Energy	81.087	DE-EE0003871	287,778
Midwest Optoelectronics LLC: Critical Research for Cost-Effective Photoelectrochemical Production of Hydrogen	81.087	DE-FG36-05GO15028	4,941
Midwest Optoelectronics LLC: Critical Research for Cost-Effective Photoelectrochemical Production of Hydrogen	81.087	DE-FG36-05GO15028	11,569
Montana State University: Extremophilic Microalgae: Advanced Lipid and Biomass Production for Biofuels and Bioproducts	81.087	G243-10-W2498	(6)
North Carolina State University: Development of a Low Cost, Residential Plug and Play PV System	81.087	DE-EE-006038	14,024
Old Dominion University Research Foundation: High Throughput CIGS Solar Cell Fabrication via Ultra-thin Absorber Layer w/Optical Confinement and (Cd, CBD)-Free Heterojunction Partner	81.087	DE-EE0005400	110,626
University of Illinois at Chicago: Novel Contact Materials for Improved Performance CdTe Solar Cells	81.087	DE-EE0005405	112,372
Bowling Green State University: A Comparative Study of Advanced Concept Offshore Floating Wind Turbines	81.089	DE-FG36-06GO86096	239,295
Membrane Technology & Research: Spiral Wound Module Design for CO2 Capture	81.089	DE-FE0007553	81,791
Air Products and Chemicals, Inc.: ARRA - Enhanced Growth Rate and Silane Utilization in Amorphous Silicon and Nanocrystalline-Silicon Solar Cell Deposition via Gas Phase Additives	81.100	DE-EE0000580	(669)
Suganit Systems, Inc.: Direct Catalytic Conversion of Lignin to Aromatic Chemicals	81.100	D2-FOA-0000577	45,553
1484Improved CdTe PV Modules by APVD	81.122	DE-FG36-08GO18067	310
Renewable Energy Institute International: ARRA - Demonstration of a Pilot Integrated Biorefinery for the Economical Conversion of Biomass to Diesel Fuel	81.129	DE-EE0002876	488
U.S. Department of Education			
Maximizing the National Resource: Chinese as a Model for Heritage Language Development with Community Involvement	84.017	PO17A090314-10	56,675
Ohio Department of Education: Tech Prep Perkins Reallocation Grant	84.243	VETP-TP-12-063099	(30,525)
Ohio State University: STAR: ECSE	84.324A	60014328	11,404
Ohio Department of Education: The Woodward MSP Partnership	84.366	EDU01-0000006591	17,283
Ohio State University: Transition Options in Postsecondary Settings for Students with Intellectual Dis. (TOPS)	84.407	P407A100039	10,510

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
National Institutes of Health: Preclinical in vitro and in vivo Screening Assays - Work Assignment #1 - Contract Administration and Management	93.000	N01-CN-HHSN261200433000C	\$ 41,048
The Chemoprevention of Colon Cancer in the Rat AOM Colon Model. Tissues for Surrogate Biomarker Studies and Testing of a Proliferative Index - Work Assignment #6	93.000	HHSN261200433000C	1,498
Human Melanoma: Early Biomarkers/Targets of Progression and Prevention - Work Assignment #10	93.000	N01-CN-HHSN261200433000C	163,116
Evaluation of the Modulation on Gene Expression by Chemopreventive Agents in Human Colon Polyp Adenoma Cells Using Gene Arrays - Work Assignment #11	93.000	N01-CN-HHSN261200433000C	158,984
Screen for Chemopreventive Agents that Inhibit Dnmt1, a Key Target in Carcinogenesis	93.000	N01-CN-HHSN261200433000C	217,477
Chemoprevention in a novel mouse model of Barrett's esophagus and esophageal adenocarcinoma	93.000	N01-CN-HHSN26120433000C	(10,787)
Chemoprevention of Tumors Induced by Mainstream Cigarette Smoke (MCS) in Mice	93.000	N01 - CN - HHSN261200433000C	371,420
Assessment Of Chemopreventive Agents In A Spontaneous Estrogen Receptor-Positive Breast Cancer Model	93.000	N01 - CN - HHSN261200433000C	96,794
Duke University: Catheter Ablation Versus Antiarrhythmic Drug Therapy for Atrial Fibrillation Trial (CABANA Trial)	93.000	U0011641	11,174
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.000	U01 - HL - 071556	263,902
Clinical Research Management, Inc.: Phase 1 Delafloxacin	93.000	DMID 09_0031	(3,475)
Clinical Research Management, Inc.: A Phase I Open-Label Trial to Investigate the Pharmacokinetic Interaction Between Rifabutin or Rifampin and a Single Dose of TMC207 in Health Subjects" protocol (DMID Protocol Number: 10-0043), Task Order 005	93.000	HHSN272200800026C	159,992
Westat Corporation: NICHD International and Domestic Pediatric and Maternal HIV Studies Coordinating Center	93.000	HHSN267200800001C	10,080
Receptor Na/K-ATPase Antagonists As Novel Therapeutics For Renal/Cardiac Diseases	93.000	R01 - HL - 109015	483,167
Genetics of Hypertension	93.000	R01 - HL - 105113	209,487
Identification of novel inhibitors of a Vibrio cholerae stress response pathway	93.000	1 - R01 - HD - 075928	9,173
Best Medical International, Inc.: Feasibility of a New Thermo-brachytherapy Seed for Concurrent Brachytherapy and Hyperthermia Treatments in Prostate Cancer	93.000	IR41CA15368101A1	63,397
Boston University: Functional Characterization of YbaO and HP0727	93.000	RCR GM092602	13,276
Nerx Biosciences, Inc.: Targeting the ERCC1/XPF Nuclease For Cancer Therapy	93.000		43,107
University of Cincinnati Children's Hospital Research Foundation: Multi-faceted Approach to Modeling ACL Injury Mechanisms	93.000	PO #310017901	(97,200)
Long Term Toxicity of Di- and Tri-Chloracetate	93.113	1R15E013706-01A2	5,486
University of Rochester: [Ca2+]i and Secretory Dynamics in Parotid Acinar Cells	93.121	2 - R01 - DE - 014756	(7,133)
Hearing in Bats	93.173	1R15DC009321-01A1	3,966
Neuroprotein Effect of Ginkgo Biloba and its Bioactive Components in Ischemia	93.213	5 - R00 - AT - 004197	164,924
Palmer Chiropractic University Foundation: Vertebral Displacements and Ligament Strains During Simulated Spinal Manipulation	93.213	1 - U19 - AT - 004137	(15)
Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	93.226	R18 - HS - 020610	353,308
Longitudinal MRI study of PTSD development from days to weeks after trauma	93.242	1 - R21 - MH - 098198	753
The role of GLT1 in the modulation of alcohol-drinking behavior in P rats	93.273	5 - R01 - AA - 019458	216,443
Role of Tyrosine in MDMA Toxicity	93.279	5 - R01 - DA - 019486	85,412
Methamphetamine Toxicity and Corticostriatal Glutamate	93.279	5 - R01 - DA - 007606	249,013
Regulation of Voltage-gated Calcium Channels During Chronic BZ Treatment in Rats	93.279	F30 - DA - 026675	33,622
Methamphetamine Toxicity and Corticostriatal Glutamate	93.279	5 - R01 - DA - 007606	397,016

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
ARRA-Regulation of NF-kappaB Transactivation Function	93.390	1 R15 GM071405-01	\$ 14,981
Zebrafish TPSTs and Tyrosine-sulfated Proteins	93.390	R15 - GM085756	6,274
Regulation of Mismatch Repair	93.393	5 - R01 - CA - 106575	99
Implementation of Innovative RNA Sample Quality Control Methods	93.394	5 - R21 - CA - 138397	45,607
Standardized NanoArray PCR for Gene Expression Profiling of Lung Cancer	93.394	7R21CA132806-03	16,496
Development of Novel Inducers of Non-Apoptotic Cell Death to Target Glioblastoma	93.395	2 - R01 - CA - 115495	266,112
Wayne State University: Dissecting the Mechanisms of Tamoxifen Action	93.395	R01 - CA - 140690	52,446
Evaluation of hGBP-1 as a Marker for Paclitaxel Resistance in Ovarian Cancer	93.395	R21 - CA132016-	1,907
Dissecting the Mechanisms of Tamoxifen Action	93.395	R01 - CA - 140690	6,939
Entirely Carbohydrate Vaccine Constructs and Their Application in Probing Glycoim	93.395	7 - R01 - CA - 156661	197,137
Molecular Mechanisms of Ras-Induced Autophagy in Glioblastoma	93.396	5R01CA115495-4	18,450
Androgen and Soluble Guanylyl Cyclase Signaling in Prostate Cancer Cells	93.396	R01 - CA - 127873	114,645
Mechanisms Driving Cortical Cytoskeleton Dynamics in Cancer Cell Invasion	93.396	R01 - CA - 151632	328,767
Invadopodia assembly in pancreatic tumor-associated fibroblasts	93.396	7 - R03 - CA - 161136	56,360
Mechanisms of subtelomere recombinations in telomerase deficient tumors	93.398	4 - R00 - CA - 154889	72,416
Expansion of PA Training Program	93.514	T88hp20684-01-00	226,600
Ohio Department of Jobs and Family Services: Workforce Development	93.645	G-1213-06-0148	104,862
Center for Excellence in Autism	93.647	90XP0410/01	249,710
RKIP Regulation as a Potential for Tumor Metastasis Suppression	93.701	5 - R01 - CA - 133479	24
Validation Study of a Multi-gene Test for Lung Cancer Risk	93.701	5 - RC2 - CA - 148572	717,029
University of Cincinnati: Genetic Epidemiology of Lung Cancer: Gene Identification in High Risk Families	93.701	L10-4500044619	(9,933)
The Role of Complement Proteins in Cardiovascular Disease	93.701	5 - P30 - HL - 101317	15,738
ARRA - Role of ISG12 in Cellular Innate Immune Responses	93.701	1R21AI063014-01A2	138
Bacterial, Signaling, & Leukocyte Transcription Activation	93.701	3 - R01 - AI - 043524	(26,340)
Insulin Resistance in the Pathogenesis of NASH	93.701	5 - R01 - DK - 083850	(4,779)
3D Skin Model to Test Toxic and Sensitizing Potentials of Environmental Chemicals	93.701	5 - RC1 - ES - 018026	(50,468)
Molecular mechanism of ADNF and ADNP peptides in prevention of mitochondrial dysf	93.701	7 - R21 - AA - 017735	(3,744)
Dual Release of Osteogenic Factors to Enhance Bone Regeneration	93.701	5 - R03 - DE - 019508	51,984
ARRA - A Genetic Analysis of Intermediate Filament Domain Functions in C. elegans	93.701	R15 - 1R15GM086807	52,435
ARRA - Role of small RNAs in innate immunity and inflammation	93.701	1 - R15 - AI - 089518	121,142
ARRA - Understanding the Impact of Antigen 85 Complex Substrate Specificity on Mycobacterial Cell Wall	93.701	1R15AI089653-01	25,826
University of Wisconsin - Madison: ARRA - Influence of Human Gene Variants on the Effects of Developmental MeHg Exposure	93.701	1R21ES019104-01	2,546
Case Western Reserve University/Case Medical Center: Prevention of Cardiovascular Disease in Diabetes Mellitus	93.830	N01 - HC - 95181	(14,285)
Case Western Reserve University/Case Medical Center: Prevention of Cardiovascular Disease in Diabetes Mellitus	93.830	HHSN268201100027C	15,612
Duke University: PROSpective Multicenter Imaging Study for Evaluation of Chest Pain (PROMISE Trial)	93.837	R01 - HL - 098237	12,124
Medical University of Ohio at Toledo: Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	1 - U01 - HL - 071556	51,821
Mount Sinai School of Medicine - New York City: Future Revascularization Evaluation in Patients with Diabetes Mellitus: Optimal Management of Multivessel Disease (FREEDOM)	93.837	1 - R01 - HL - 071988	239
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	5 - U01 - HL - 071556	1,675,477
CORAL: Clinical Coordinating Center	93.837	5 - U01 - HL - 071556	(430)
Genetics of Hypertension	93.837	5 - R01 - HL - 076709	91,374
Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	93.837	U01 - HL - 071556	(48,953)
Genetic Elements Controlling Blood Pressure	93.837	5 - R01 - HL - 020176	349,139
Digitalis-Induced Signaling by Cardiac Na+/K+-ATPase	93.837	5 - P01 - HL - 036573	1,607,979
Transcriptional Regulation of Angiotensinogen Gene	93.837	R01 - HL - 092558	493,923
New York Medical College: Hormonal Regulation of Blood Pressure	93.837	P01 - HL - 034300	207,435
Innovative Models for Mechanistic Studies of Novel Hypertension Genes	93.837	R01 - HL - 112641	1,006,374
TRPC3 Protein in Molecular and Cellular Events During Atherogenesis	93.837	R01 - HL - 111877	485,614
Na/K-ATPase reduction in renal disease-related cardiac dysfunction	93.837	R01 - HL - 105649	284,246
CEACAM1: A link between metabolic and cardiovascular diseases	93.837	R01 - HL - 112248	444,391

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Case Western Reserve University/Case Medical Center: Prevention of Cardiovascular Disease in Diabetes Mellitus	93.838	N01 - HC - 95181	\$ 2,954
Inherited genetic risk factors common to COPD and lung cancer	93.838	1R01HL10801601	614,966
ELANE and CSF3R Mutations in Severe Congenital Neutropenia	93.839	1 - R15 - HL - 112183	1,314
Behavioral Dynamics of Langerhans Cells in Skin	93.846	5 - R01 - AR - 053355	(57)
Role of Calpains in Plasma Membrane Repair	93.846	1R21AA05442701A2	(1)
Regulation of IL-6 mediated inflammation and tissue destruction by EGCG	93.846	1 - R01 - AR - 063104	6,639
Inhibition of CCR1/CCR5 mediated angiogenesis and joint destruction by EGCG	93.846	5 - R03 - AR - 055741	34,544
Regulation of Melanocyte Differentiation by SWI/SNF Chromatin Remodeling Enzymes	93.846	R01 - AR - 059379	447,107
East Carolina University: B. burgdorferi motility and chemotaxis in the development of Lyme disease	93.846	1RC1AR060834-01A1	90,869
Ohio State University: Multi-faceted Approach to Modeling ACL Injury Mechanisms	93.846	Project Number 60030987	376,045
TPR Proteins in Steroid Receptor Signaling and Physiology	93.847	3 - R01 - DK - 070127	18
Innate Cellular Lectin-Mediated Binding of Xenoantigens	93.847	5R01DK056616002	(30,719)
Oxidative Stress and Vascular HO in Diabetes	93.847	R01 - DK - 068134	5,988
CEACAM and Insulin Action	93.847	R01 - DK - 054254	340,079
Role of JAK2-PAK1 Interaction in Prolactin-Dependent Signaling	93.847	5 - R01 - DK - 088127	166,917
Defining Preadipocyte Signature Genes	93.847	1R21DK083643-01A2	117,237
The Roles of Primary Cilia in Cardiovascular System	93.847	5 - R01 - DK - 080640	246,014
Heme Oxygenase Regulation of Eicosanoid Biosynthesis	93.847	5 - R01 - DK - 056601	86,336
University of Michigan: Optimization and Simulation of Kidney Paired Donation Programs	93.847	3002295226	28,154
Cornell University: Effects of Coenzyme Q10 in Early Parkinson's Disease - Phase III QE3 Study	93.853	U01 - NS - 050324	126,995
Mount Sinai School of Medicine - New York City: A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III)	93.853	1 - U01 - NS - 045719	328
Mechanisms of Sympathetic Neuron Development	93.853	5 - R01 - NS - 040644	10,637
Post-Hypoxic Regulation of GABA-A Receptor Function	93.853	5 - R01 - NS - 049389	5,128
Targeted Treatments for Invasive CNS Tumors	93.853	5 - R21 - NS - 065809	144,264
University of Medicine & Dentistry of New Jersey: Carotid Revascularization Endarterectomy vs. Stenting	93.853	5 - R01 - NS - 38384	59,679
University of Rochester: A Longitudinal Observational Follow-up of the PRECEPT Study Cohort (PostCEPT)	93.853	U01 - NS - 050095	368
University of Rochester: Study of Antidepressants in Parkinson's Disease (SAD PD)	93.853	5 - R01 - NS - 046487	2,255
Insulin Resistance Intervention after Stroke (IRIS) Trial	93.853	U01 - NS - 44876	135
Homeostatic Regulation of GABA Synapses	93.853	1R15NS067474-01	16,275
The Coordination of Netrin Signal Transduction	93.853	1 - R15 - NS - 075738	118,871
Bacterial, Signaling, & Leukocyte Transcription Activation	93.855	5 - R01 - AI - 043524	8,937
Locomotion in Parasitic Nematodes	93.855	5 - R01 - AI - 072644	230,339
Dysregulation of Innate Immune Responses by Borrelia burgdorferi: A Role for IL-10	93.855	R01 - AI - 073452	158,870
Francisella tularensis intracellularly-induced outer membrane proteins	93.855	5 - K22 - AI - 083372	39,165
University of Calgary: Glanders Vaccine Development	93.855	1 - U01 - AI - 077764	(152)
University of Calgary: Glanders Vaccine Development	93.855	U01 - AI - 077764	(1,804)
Improvement in Paired Donation Program	93.855	5 - R01 - AI - 090244	417,607
Impact of the Interferon Regulated Proteins XAF1 and ZNF313 on Innate Immunity	93.855	5R01AI068133-08	74,407
Development of Aspartate Pathway Inhibitors as Novel Antibiotics	93.855	R01 - A1077720-03	355,833
Immune Response to Pneumococcal Vaccine in HIV Infected Adults	93.855	5 - R01 - AI - 081558	423,229
Preclinical Development of a Tularemia Vaccine	93.855	R01 - AI - 093351	415,215
Selective Agents to Block Virulence in Gram-negative Pathogens	93.855	1 - R21 - AI - 098702	186,849
Role of TRIM79 in innate immunity to tick-borne encephalitis virus	93.855	1 - K22 - AI - 099020	38,522

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Na,K-ATPase as an Integrator of the Calcium Signaling Machinery	93.859	5 - R01 - GM - 078565	\$ 7,220
Novel Role of Base Excision Repair and Mismatch Repair in Cisplatin Sensitivity	93.859	5 - R01 - GM - 088249	235,178
Synthesis of Glycopeptide-based Cancer Antigen Vaccines	93.859	1 - R15 - GM - 094734	76,787
Regulation of Sororin Function by Mitotic Phosphorylation	93.859	1 - R15 - GM - 100440	123,782
The Mechanism of Pericentriolar Material Assembly During Centrosome Biogenesis	93.859	7 - R01 - GM - 098394	288,042
Chemobiologic Approach to NAADP Signaling	93.859	1 - R15 - GM - 100444	63,267
MLK4 Regulation of MAPK Signaling	93.859	1 - R15 - GM - 102831	49,311
University of Connecticut Health Center: Biophysics of the morphology & motility of <i>Borrelia burgdorferi</i> in diverse environments	93.859	R01 - GM - 072004	(1,547)
Mechanism of transport of secretory vesicles in regulated secretory pathway	93.865	5 - K22 - HD - 056137	97,288
Hypothalamic Leptin and Insulin Signals Aligning Metabolic State and Fertility	93.865	5 - R00 - HD - 056491	(115,746)
Inflammatory Triggers of Polycystic Ovarian Syndrome	93.865	R21 - HD - 071529	337,264
Ontogeny of the Phase II cytosolic sulfotransferases and adverse drug reactions	93.865	4 - R03 - HD - 071146	14,644
Simultaneous Insulin and Leptin Signaling in POMC Neurons Promotes Fertility and Metabolic Homeostasis in Male Rodents	93.865	F31 - HD - 75608	17,205
Elderly Immune Response to Pneumococcal Polysaccharide	93.866	5 - R01 - AG - 015978	9,269
Bone Loss with Aging Occurs Due to Increased PPAR-g Activity in Marrow Stem Cells	93.866	5 - R01 - AG - 028935	47,300
Rush-Presbyterian-St. Luke's Medical Center: Epidemiologic Study of Brain VitaminE, Diet & Age-Related Neurologic Diseases	93.866	R01 - AG - 031553	81,742
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<b>38,947,323</b>
<b>TANF CLUSTER:</b> Department of Health and Human Services: Lucas County Job and Family Services: Teenage Pregnancy Prevention Evaluation	93.558	48-12-TANF-02	46,746
<b>TEACHER QUALITY PARTNERSHIP GRANTS CLUSTER:</b> UToledo, UTeach, UTouch the Future (UT3)	84.336	P336B040031-06	433
<b>TRIO CLUSTER</b>			
Regular Upward Bound	84.047	P047A070851-10	61,877
Upward Bound Program	84.047A	P047A120141	283,700
<b>TOTAL TRIO CLUSTER</b>			<b>345,577</b>
<b>MEDICAID CLUSTER:</b> Ohio Colleges of Medicine Government Resource Center: UT Interprofessional Healthcare Provider Development	93.778	OHP201209	1,502,316
<b>CCDF CLUSTER:</b> Ohio Department of Jobs and Family Services: Reach Out and Read	93.575	48-12-QCC-05	10,961
<b>WIA CLUSTER</b>			
WIA - 12144	17.258		32,587
Monroe Cty WIA - 12121	17.258		(8)
<b>TOTAL WIA CLUSTER</b>			<b>32,579</b>

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
<b>OTHER</b>			
National Oceanic and Atmospheric Administration: University of Michigan: A Rapid and Accurate DNA Test for Invasive Fish Species from Water Samples	11.011	NA12OAR4320071	\$ 3,715
Department of Defense:			
Student Travel Support for the 2012 North American Membrane Society Meeting	12.300	N00014-12-1-0508	5,000
Marshall University Research Corporation: LRD Waterways Transportation Rates Research	12.107	W91237-11-P-0243	103,476
Air Force-AFIT-12121	12.607		333,311
Dept of Air Force--	12.607		3,000
STARTALK CHELER Program for Chinese heritage school teachers and administrators	12.900	H98230-13-1-0124	16,475
Total Department of Defense			461,262
U.S. Department of Justice: Additional DNA Analysis Capability in Northwest Ohio	16.000	2009CKWX0775	314,917
Department of State Bureau of Educational and Cultural Affairs:			
Admideast Fulbright Program	19.400		24,569
CEE - Fulbright	19.400		(2,090)
IIE - Fulbright	19.400		42,257
IIE-Brazil Science w/o Borders	19.400		76,445
T.E.A.C.H. Early Childhood®	19.400		7,039
Total Department of State Bureau of Educational and Cultural Affairs			148,220
National Aeronautics and Space Administration:			
Govt Training - 12121	43.001		82,345
NSF IPA Assignment - Min Song	43.001	CNS-1240341-001	223,727
Ohio Space Grant Consortium: Women in Science Day of Meetings (WISDOM)	43.001		4,001
Climate Change Education: Engaging Teachers and Students and Correcting Misperceptions using NASA data	43.008	NNX10AT44A	118,380
Total National Aeronautics and Space Administration			428,453
Department of Veterans Affairs:			
Military Service Center Student Support	64.028		9,218
Vet Voc - 12137	64.120		171,556
Army Medical-12121	64.120		287,396
Coast Guard Group-12121	64.120		3,000
Marine Corp-12121	64.120		5,250
Naval Ed/Trng - 12121	64.120		1,500
Navy Medical-12121	64.120		119,561
ROTC - 12126	64.120		448,313
BG ROTC - 12121	64.120		19,765
Post 911 GI Bill-12168	64.120		1,993,512
Go Army - 12162	64.120		127,525
Total Department of Veterans Affairs			3,186,596

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Department of Education:			
Ohio Department of Education: Engineering for Migrant Students and Teachers	84.011	USAS FUND 505	15,849
Ohio Department of Education: Engineering for Migrant Students and Teachers	84.011	TITLE I-C	17,847
Lesotho and South Africa: A Curriculum Development Project Integrating Visual Arts and Social Sciences	84.021	P021A100053	2,000
UT Student Support Services	84.042	P042A101389-12	223,306
Ohio Department of Education: CTE Teacher Preparation and Retention	84.048	VEPD-TPR-12-063099	211
Ohio Department of Education: CTE Teacher Preparation and Retention	84.048	VEPD-TPR-12-063099	76,104
BVR - 12140	84.126		139,546
Ohio Department of Education: Engineering for Migrant Students and Teachers	84.149	U.S.A.S. FUND 505	426
Accelerating Achievement in Math & Science in Urban Schools	84.206	S206A040096-05	185
University of Akron: Graduate Studies Consortium for Listening and Spoken Language (GSCLSL)	84.325	H325K120356	68,803
Project DIRECT Connections	84.325	H325K070101-10	17,148
Project EC-NET	84.325	H325T070038-11	34,545
The PARTNER Project	84.325	H325N110014	127,588
UT3 Inquiry Masters Program Advancing Content for Teachers (IMPACT)	84.381	P381B080006A	211,922
Ohio Department of Education: Carl D. Perkins Grant FY 12	84.403	USAS FUND 524	9
Ohio Department of Education: Carl D. Perkins Grant FY 13	84.403	USAS524	51,476
Total Department of Education:			986,965
Department of Health and Human Services:			
Lucas County Regional Health District: Healthy Relationships through Existing Support Groups	93.000	048100212HP0311	12,459
Lucas County Regional Health District: Options	93.000	4810012HP0207	7,565
Lucas County Regional Health District: Healthy Relationships through Existing Support Groups	93.000	48-1-001-2-HP-06-13	7,692
Lucas County Regional Health District: Options	93.000	4810012HP0613	4,056
Ryan White 340b Pharmacy Revenue Program	93.000	340B	30,888
Ryan White 340b Pharmacy Revenue Program UTMC	93.000	340B	14,852
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.000	6 - H76 - HA - 00732	111,784
Coordinated Services and Access to Research for Women, Infants, Children, and Youth(Ryan White IV Part D)	93.000	H12 - HA - 23012	71,476
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)	93.000	1H12HA24838-01-00	513,036
AHEC Point of Service Maintenance and Enhancement	93.107	U77 - HP - 23072	391,969
Model State-Supported AHEC	93.107	5 - U77 - HP - 03029	(65)
AHEC Point of Service Maintenance and Enhancement	93.107	U77 - HP - 23072	414,106

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Agency	CFDA #	Agency Number	Fiscal Year 2013
Part D Title IV Multidisciplinary Comprehensive Care Center for Families Impacted by HIV	93.153	H12 - HA - 23012	\$ (8,256)
NIOSH Training Project Grant (TPG): Industrial Hygiene - U Toledo	93.262	5 - T01 - OH - 008605	(1,047)
Occupational Health Training Grant	93.262	5 - T01 - OH - 008605	66,860
Occupational Health Training Grant	93.262	5 - T01 - OH - 008605	(10,414)
Jobs - 12170	93.654		28,682
OHIP Northwest Ohio Regional Extension Center: OHIP Northwest Ohio Regional Extension Center	93.729	90RC0012/01	37,162
Cellular function and structure of primary cilia	93.847	5F31DK096870-02	29,720
American Society for Virology Meeting	93.855	R13 - A1 - 096720	15,200
Hospital Council of Northwes Ohio: First Spending Plan Hospital Funding	93.889	04860042RPO613	25,197
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	2 - H76 - HA - 00732	(1,146)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	5 - H76 - HA - 00732	(31,219)
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	6 - H76 - HA - 00732	404,561
Program Income Account for Ryan White Part D	93.918	5H76HA0073210	2,465
Program Income Account for Ryan White Part C	93.918		4,303
Lucas County Regional Health District:Options	93.940	4810012HP0207	6
COMMUNITY MEDICAID SUMMARY OF REVENUE	93.958		674,631
Ohio Department of Mental Health: Child and Adolescent Psychiatry Residency and Training Program	93.958		29,838
Ohio Department of Alcohol and Drug Addiction Services: Reducing High Risk Drinking	93.959	99-8203-HEDUC-P-12-9	3,999
Public Health Traineeship	93.964	A03 - HP - 24232	5,712
Ohio Department of Health: Regional Comprehensive Genetic Services	93.994	04840011GS0613	185,654
Ohio Department of Health: Women's Health Week	93.994	ADMIN-20458 ADTS#4285	(387)
Ohio Department of Health: Regional Comprehensive Genetic Services	93.994	04840011GS0512	(162)
Total Department of Health and Human Services			3,041,177
HRSA National Health Services	99.999		31,337
<b>Total Other</b>			<b>8,602,642</b>
<b>Total Federal Expenditures</b>			<b>\$ 250,955,502</b>



# University of Toledo

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

### Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of University of Toledo under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

### Note 2 - Adjustments and Transfers

During the year ended June 30, 2013, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Work Study	\$ 18,225	FSEOG

# University of Toledo

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

### Note 3 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
10.200	CROSSROADS RESOURCE CENTER	Greenhouse Nurseries Ohio	\$ 18,739
10.200	INDIANA STATE UNIVERSITY	Greenhouse Nurseries Ohio	9,540
10.200	OHIO STATE UNIVERSITY	Greenhouse Nurseries Ohio	7,571
10.200	BOWLING GREEN STATE UNIVERSITY	Monitoring Agricultural Sewage Sludge, 2011	25,411
11.432	BLUE WATER SATELLITE, INC	Early Bloom Mapping in Lake Erie	23,600
12.800	BOWLING GREEN STATE UNIVERSITY	Rapidly Deployable Solar Electricity and Fuel Sources	(112)
12.800	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Rapidly Deployable Solar Electricity and Fuel Sources	29,060
12.800	UNIVERSITY OF WISCONSIN-MADISON	Rapidly Deployable Solar Electricity and Fuel Sources	(107)
12.800	BOWLING GREEN STATE UNIVERSITY	Lightweight Flexible Solar Cells	32,523
12.800	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Lightweight Flexible Solar Cells	149,975
12.800	OHIO STATE UNIVERSITY	Lightweight Flexible Solar Cells	31,919
12.800	OLD DOMINION UNIVERSITY	Lightweight Flexible Solar Cells	90,385
12.800	ROCHESTER INSTITUTE OF TECHNOLOGY	Lightweight Flexible Solar Cells	181,767
12.800	UNIVERSITY OF ILLINOIS	Lightweight Flexible Solar Cells	38,793
12.910	NATIONAL AERONAUTICS SPACE ADMINISTRATION	Application of Wave Bearing Technology To Helicopter Transmissions	259,618
16.000	LUCAS COUNTY TREASURER	Additional DNA Analysis Capability in Northwest Ohio	314,917
20.205	OHIO UNIVERSITY	Evaluation of Support Inspection Program	27,702
47.041	CENTRAL STATE UNIVERSITY	An Innovative Model for a New Advanced Energy Workforce	22,787
47.041	HOCKING COLLEGE	An Innovative Model for a New Advanced Energy Workforce	12,219
47.041	NORTHWEST STATE COMMUNITY	An Innovative Model for a New Advanced Energy Workforce	14,636
47.041	OKLAHOMA STATE UNIVERSITY	New Methodologies for System-Level Electromagnetic Compatibility (EMC) Analysis of Electronic Systems	80,751
47.046	ACUMEN RESEARCH AND EVALUATION	Networking Urban Resources with Teachers and University to enRich Early Childhood Science	153,600
47.046	WGTE PUBLIC MEDIA	Networking Urban Resources with Teachers and University to enRich Early Childhood Science	35,000
47.049	UNIVERSITY OF ROCHESTER	The CepOB3b Young Cluster: A New Laboratory for Studying the Role of Environment...	4,379
66.460	ATLAS PAVING, INC	A Multifaceted Urban Stream Restoration Project for the Ottawa River at The University of Toledo, Ohio	28,047
66.460	ENVIROSCIENCE INC	A Multifaceted Urban Stream Restoration Project for the Ottawa River at The University of Toledo, Ohio	4,635
66.460	TOLEDO METROPOLITAN AREA	A Multifaceted Urban Stream Restoration Project for the Ottawa River at The University of Toledo, Ohio	22,763
66.469	HULL & ASSOCIATES INC	Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	19,888
66.469	MANNIK & SMITH GROUP INC	Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	(3,490)
66.469	TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS	Maumee AOC, Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce Nonpoint Source Pollutants	5,382
66.708	CIFT	The University of Toledo Pollution Prevention Grant Proposal	10,894
66.708	TECHSOLVE INC	The University of Toledo Pollution Prevention Grant Proposal	10,290
81.087	NAUTICA WINDPOWER LLC	Center for Advanced Concept Offshore Wind Turbine Development	13,750
81.087	MONTANA STATE UNIVERSITY	Integration of Nutrient and Water Recycling for Sustainable Algal Biorefineries	3,937
84.325	TERRA COMMUNITY COLLEGE	The PARTNER Project	2,760
84.325	UNIVERSITY OF NORTH CAROLINA	The PARTNER Project	17,728
84.381	TOLEDO BOARD OF EDUCATION	UT3 Inquiry Masters Program Advancing Content for Teachers (IMPACT)	16,000
84.403	TERRA COMMUNITY COLLEGE	Carl D. Perkins Grant FY 14	25,947
93.000	UNIVERSITY OF TENNESSEE	Human Melanoma: Early Biomarkers/Targets of Progression and Prevention - Work Assignment #11	77,292
93.000	UNIVERSITY OF UTAH	Human Melanoma: Early Biomarkers/Targets of Progression and Prevention - Work Assignment #11	85,824
93.000	REGENTS OF UNIVERSITY OF CALIFORNIA	Evaluation of the Modulation on Gene Expression by Chemopreventive Agents in Human Colon Polyp Adenoma Cells Using Gene Arrays - Work Assignment #12	158,930

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

### Note 3 - Subrecipient Awards (Continued)

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
93.000	UNIVERSITY OF IOWA	Screen for Chemopreventive Agents that Inhibit Dnmt1, a Key Target in Carcinogenesis	\$ 217,477
93.000	UNIVERSITY OF MICHIGAN	Receptor Na/K-ATPase Antagonists As Novel Therapeutics For Renal/Cardiac Diseases	69,311
93.000	VILLANOVA SCHOOL OF BUSINESS	Feasibility of a New Thermo-brachytherapy Seed for Concurrent Brachytherapy and Hyperthermia Treatments in Prostate Cancer	10,884
93.000	UNIVERSITY OF GENOA	Chemoprevention of Tumors Induced by Mainstream Cigarette Smoke (MCS) in Mice	371,420
93.000	GEORGETOWN UNIVERSITY	Assessment Of Chemopreventive Agents In A Spontaneous Estrogen Receptor-Positive Breast Cancer Model	96,794
93.107	NORTHEASTERN OHIO UNIVERSITIES	Model State-Supported AHEC	(15)
93.107	AHEC	AHEC Point of Service Maintenance and Enhancement	49,301
93.107	BAHEC	AHEC Point of Service Maintenance and Enhancement	6,310
93.107	IMA AREA/MCO HEALTH	AHEC Point of Service Maintenance and Enhancement	38,638
93.107	LIMA AREA HEALTH EDUCATION	AHEC Point of Service Maintenance and Enhancement	591
93.107	NORTHEASTERN OHIO UNIVERSITIES	AHEC Point of Service Maintenance and Enhancement	178,788
93.107	OHIO UNIVERSITY	AHEC Point of Service Maintenance and Enhancement	32,363
93.107	SANDUSKY AREA HEALTH EDUCATION	AHEC Point of Service Maintenance and Enhancement	4,238
93.107	UNIVERSITY OF CINCINNATI	AHEC Point of Service Maintenance and Enhancement	57,728
93.107	AHEC	AHEC Point of Service Maintenance and Enhancement	88,998
93.107	IMA AREA/MCO HEALTH	AHEC Point of Service Maintenance and Enhancement	40,856
93.107	NEOUCOM	AHEC Point of Service Maintenance and Enhancement	131,081
93.107	OHIO UNIVERSITY	AHEC Point of Service Maintenance and Enhancement	66,357
93.107	UNIVERSITY OF CINCINNATI	AHEC Point of Service Maintenance and Enhancement	16,668
93.226	ALLIANCE FOR PAIRED DONATION	Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	247,230
93.226	UNIVERSITY OF MICHIGAN	Evaluation of a Standard Acquisition Charge Model for Kidney Paired Donation	22,880
93.279	UNIVERSITY OF CINCINNATI	Methamphetamine Toxicity and Corticostriatal Glutamate	12,754
93.701	ACADEMIC HEALTH CENTER CORP	Validation Study of a Multi-gene Test for Lung Cancer Risk	7,009
93.701	ACCUGENOMICS	Validation Study of a Multi-gene Test for Lung Cancer Risk	3,316
93.701	CLEVELAND CLINIC	Validation Study of a Multi-gene Test for Lung Cancer Risk	37,912
93.701	HENRY FORD HEALTH SYSTEM	Validation Study of a Multi-gene Test for Lung Cancer Risk	185,549
93.701	ID CLINICAL RESEARCH LTD	Validation Study of a Multi-gene Test for Lung Cancer Risk	3,375
93.701	INOVA RESEARCH CENTER	Validation Study of a Multi-gene Test for Lung Cancer Risk	7,326
93.701	MAYO CLINIC ROCHESTER	Validation Study of a Multi-gene Test for Lung Cancer Risk	16,416
93.701	MEDICAL UNIVERSITY OF SOUTH	Validation Study of a Multi-gene Test for Lung Cancer Risk	45,000
93.701	NATIONAL JEWISH HEALTH	Validation Study of a Multi-gene Test for Lung Cancer Risk	2,930
93.701	OHIO STATE UNIVERSITY	Validation Study of a Multi-gene Test for Lung Cancer Risk	4,610
93.701	RESEARCHDX LLC	Validation Study of a Multi-gene Test for Lung Cancer Risk	31,740
93.701	UNIVERSITY OF MICHIGAN	Validation Study of a Multi-gene Test for Lung Cancer Risk	208,200
93.701	VANDERBILT UNIVERSITY MEDICAL	Validation Study of a Multi-gene Test for Lung Cancer Risk	2,680
93.837	JAFT	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	(3,221)
93.837	MASSACHUSETTS GENERAL HOSPITAL	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	2,259
93.837	MCKESSON SPECIALTY ARIZONA INC	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	(1,254)
93.837	RHODE ISLAND HOSPITAL	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	(8,512)
93.837	PORTLAND STATE UNIVERSITY	Digitalis-Induced Signaling by Cardiac Na+/K+-ATPase	334,850
93.837	TEMPLE UNIVERSITY	CEACAM1: A link between metabolic and cardiovascular diseases	31,480
93.837	HOPE HEART INSTITUTE	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	(260)
93.837	MASSACHUSETTS GENERAL HOSPITAL	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	10,340
93.837	MCKESSON SPECIALTY ARIZONA INC	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	4,754
93.837	REGENTS OF THE UNIVERSITY OF MICHIGAN	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	7,689
93.837	RHODE ISLAND HOSPITAL	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	150,809
93.837	SALFORD ROYAL HOSPITAL NHS	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	15,000
93.837	UNIVERSITY OF MICHIGAN	Cardiovascular Outcomes in Renal Atherosclerotic Lesions (CORAL)	18,568
93.838	HENRY FORD HEALTH SYSTEM	Inherited genetic risk factors common to COPD and lung cancer	27,500
93.838	MEDICAL UNIVERSITY OF SOUTH CAROLINA	Inherited genetic risk factors common to COPD and lung cancer	21,268
93.846	UNIVERSITY OF WISCONSIN-MADISON	Regulation of Melanocyte Differentiation by SWI/SNF Chromatin Remodeling Enzymes	50,739

# University of Toledo

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

### Note 3 - Subrecipient Awards (Continued)

CFDA Number	Agency	Description	Current Year Transferred to Subrecipient
93.847	CINCINNATI CHILDREN'S HOSPITAL	Defining Preadipocyte Signature Genes	\$ 20,403
93.853	UNIVERSITY OF ARKANSAS	Post-Hypoxic Regulation of GABA-A Receptor Function	2,222
93.855	ALLIANCE FOR PAIRED DONATION	Improvement in Paired Donation Program	68,750
93.859	REGENTS UNIVERSITY OF MINNESOTA	Chemobiologic Approach to NAADP Signaling	14,987
93.994	PROMEDICA HEALTH SYSTEM	Regional Comprehensive Genetic Services	9,206
93.994	TOLEDO CHILDREN'S HOSPITAL	Regional Comprehensive Genetic Services	15,678
		Total amount provided to subrecipients	<u>\$ 5,175,220</u>

# University of Toledo

## Schedule of Findings and Questioned Costs Year Ended June 30, 2013

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

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

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

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:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, and 93.408	Student Financial Aid Cluster
93.778	Medicaid Cluster
64.120	ROTC

Dollar threshold used to distinguish between type A and type B programs: \$1,484,657

Auditee qualified as low-risk auditee?  Yes  No

# **University of Toledo**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2013**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

# University of Toledo

## Summary Schedule of Prior Audit Findings Year Ended June 30, 2013

<u>Prior Year Finding Number</u>	<u>Federal Program</u>	<u>Original Finding Description</u>	<u>Status</u>	<u>Planned Corrective Action</u>
2012-01	Student Financial Aid Cluster	Notification to student the amount of Federal Direct Loans, Federal Perkins Loans, and/or TEACH funds as well as the student's right to cancel such awards was not done within 30 days of the University crediting the student's account with such funds.	Corrected	

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**University of Toledo**  
**National Collegiate Athletics Association**

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**Agreed-upon Procedures Report**  
**Related to NCAA Constitution 3.2.4.16**  
**June 30, 2013**

# **University of Toledo National Collegiate Athletics Association Report**

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

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

We have performed the procedures enumerated below, which were agreed to by the president of the University of Toledo (the "Institution"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program Statement of Revenues and Expenditures of the University of Toledo is in compliance with the National Collegiate Athletics Association (NCAA), Constitution 3.2.4.16 for the year ended June 30, 2013. The University of Toledo's management is responsible for the statement of revenues and expenditures ("statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

**Internal Control Structure**

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

- 1) We met with the Director of Internal Audit and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the Institution, the competence of personnel, and the protection of records and equipment.
- 2) We obtained the audited financial statements for the year ended June 30, 2013. We noted there were no additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.
- 3) We requested any documentation of the accounting systems and procedures unique to the intercollegiate athletics department. We noted the cash disbursement, cash receipt, and payroll control environment and accounting systems were not unique to the intercollegiate athletics department and have been addressed in connection with the audit of the Institution's financial statements. We noted the control environment related to the ticket collection receipting process was unique to intercollegiate athletics. We then performed the following procedure:

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

- i. We selected three games and traced ticket collections per the receipting process for such games to the reconciliation and documentation of the related cash deposit amount with the bank.

**Result:** The above procedure was performed for one football game on September 15, 2012, one men's basketball game on January 12, 2013, and one women's basketball game on February 20, 2013 with no exceptions.

### **EADA Reporting**

- B. **Procedure:** We obtained the financial data detailing operating revenues, expenses, and capital related to the Institution's intercollegiate athletics program that is submitted to the NCAA, referred to as "EADA reporting," and agreed the amounts to the Intercollegiate Athletics Program Statement of Revenues and Expenditures for the reporting period.

**Result:** We completed the procedure above without exception.

### **Capital Expenditure Survey and Related Debt**

- C. We performed the following procedures related to capital assets and long-term debt:

- 1) **Procedure:** As of August 15, 2013, the capital expenditure survey has been removed from the submission to the NCAA, and instead fields for athletics and institutional debt service and debt balance have been added to the miscellaneous information screen. We agreed the data provided for athletics and institutional debt service and debt balance fields in the miscellaneous information screen for the submission to the NCAA to the Institution's general ledger, including additions, deletions, and book values as disclosed in the report in Notes 1 and 2.

**Result:** We noted no exceptions.

### **Intercollegiate Athletics Restricted and Endowment and Plant Funds**

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

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

## **Statement of Revenues and Expenditures**

- E. **Procedure:** We obtained the Intercollegiate Athletics Program Statement of Revenues and Expenditures for the reporting period prepared by management and agreed all amounts back to the Institution's general ledger.

**Result:** We noted no exceptions.

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

**Result:** We received explanations from the intercollegiate athletics department for the variances greater than 10 percent and \$100,000 and disclosed them in Appendix A.

## **Revenues**

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

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

### 1) Ticket Sales

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

**Result:** The above procedure was performed for one football game on September 15, 2012, one men's basketball game on January 12, 2013, one women's basketball game on February 20, 2013, and one women's volleyball game on September 8, 2012 with no exceptions.

### 2) Student Fees

**Procedure:** We agreed student fees reported by the Institution in the statement for the reporting period to student enrollments during the same reporting period. We obtained the Institution's methodology for allocating student fees to intercollegiate athletics programs and recalculated totals.

**Result:** No exceptions noted.

3) Contributions

**Procedure:** We requested supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods.

**Result:** We noted no single contribution or contributor of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods.

4) NCAA/Conference Distributions Including All Tournament Revenues

**Procedure:** We obtained and inspected a sample of 12 transactions related to the Institution's participation in revenues from tournaments during the reporting period. We agreed the related revenues to the Institution's general ledger and the statement. We also recalculated totals.

**Result:** The selection was agreed to the general ledger and statement without exception. The transactions tested were:

<u>Transaction</u>	<u>Amount</u>
1	\$58,736
2	100,000
3	77,923
4	98,858
5	1,175
6	170,000
7	300,000
8	70,552
9	188,872
10	2,000
11	361,485
12	1,080

**Expenditures**

H. **Procedure:** We compared sports camp expenses reported in the statement during the reporting period to supporting schedules provided by the Institution.

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

We performed the following procedures for the indicated expenditure category:

I) Athletic Student Aid

**Procedure:** We selected a sample of 60 students from the listing of institutional student aid recipients during the reporting period. We obtained the individual student account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals. We agreed a sample of 60 expenses obtained from the above expense supporting schedules to each student account detail.

**Result:** We noted no exceptions. The students' accounts tested are summarized below:

<u>Student Tested</u>	<u>Amount Disbursed</u>	<u>Student Tested</u>	<u>Amount Disbursed</u>
1	\$24,112	31	\$30,024
2	28,906	32	30,024
3	28,906	33	28,906
4	30,024	34	28,906
5	30,024	35	28,906
6	30,024	36	28,906
7	28,906	37	30,024
8	28,906	38	25,512
9	28,906	39	28,906
10	28,906	40	23,292
11	28,906	41	28,906
12	28,906	42	27,112
13	30,024	43	28,906
14	30,024	44	28,906
15	30,024	45	30,024
16	30,024	46	30,024
17	30,024	47	28,906
18	30,024	48	28,906
19	30,024	49	28,906
20	30,024	50	28,906
21	30,024	51	28,906
22	30,024	52	30,024
23	30,024	53	30,024
24	30,024	54	30,024
25	30,024	55	20,904
26	30,024	56	30,024
27	30,024	57	28,906
28	30,024	58	28,906
29	30,024	59	30,024
30	30,024	60	28,906

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

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

**Result:** We selected four coaches' contracts that included men's football, men's basketball, men's baseball, and women's basketball. We noted no exceptions.

3) Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities

**Procedure:** We selected a sample of five support staff/administrative personnel employed by the Institution and related entities during the reporting period. We obtained and inspected W-2s for each selection. We agreed related W-2s to the related support staff/administrative salaries, benefits, and bonuses paid by the Institution and related entities expense recorded by the Institution in the statement during the reporting period. We also recalculated totals.

**Result:** No exceptions noted. The staff/personnel tested are summarized below:

<u>Staff Tested</u>	<u>Gross Pay</u>
1	\$131,613
2	89,273
3	71,584
4	87,774
5	41,992

4) Team Travel

**Procedure:** We obtained the Institution's team travel policies and agreed them to existing institutional and NCAA related policies.

**Result:** No exceptions noted.

5) Other Operating Expenses

**Procedure:** We agreed a sample of 60 operating expenses obtained from the above expense supporting schedules to supporting documentation. We recalculated totals. We calculated the percentage of other operating expenses to total operating expenses and compared to a threshold of less than 10 percent of total operating expenses.



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

**Result:** No exceptions noted. The transactions tested are summarized below:

	<u>Transaction ID</u>	<u>Transaction Date</u>	<u>Amount</u>
1	657860	3/28/2013	\$3,221.00
2	648990	3/1/2013	1,232.70
3	659592	4/3/2013	1,374.70
4	625874	12/11/2012	6,000.00
5	645486	2/19/2013	931.63
6	660392	4/5/2013	3,000.00
7	655564	3/21/2013	1,030.00
8	657655	3/28/2013	2,650.00
9	639259	1/30/2013	2,056.00
10	673707	5/17/2013	1,521.00
11	679218	6/5/2013	2,330.00
12	629407	12/24/2012	1,122.98
13	634359	1/15/2013	1,596.94
14	643771	2/13/2013	1,750.00
15	634447	1/15/2013	6,040.00
16	677496	5/30/2013	4,955.00
17	659834	4/4/2013	1,034.72
18	657923	3/29/2013	971.80
19	661386	4/10/2013	897.92
20	661197	4/10/2013	897.92
21	677439	5/30/2013	1,079.00
22	630684	1/3/2013	2,995.00
23	633641	1/11/2013	3,134.70
24	634792	1/16/2013	4,077.60
25	634790	1/16/2013	2,277.00
26	634791	1/16/2013	1,601.16
27	634793	1/16/2013	1,261.80
28	636401	1/22/2013	5,018.10
29	638890	1/29/2013	1,475.00
30	638891	1/29/2013	995.00
31	672989	5/15/2013	2,995.00
32	635208	1/17/2013	900.00
33	635207	1/17/2013	900.00
34	647863	2/26/2013	2,000.00
35	659460	4/4/2013	1,583.05
36	672407	5/13/2013	1,383.82
37	633823	1/11/2013	3,800.00
38	633822	1/11/2013	3,510.00
39	634794	1/16/2013	6,336.00
40	638846	1/29/2013	2,397.60
41	662826	4/15/2013	4,422.00
42	663888	4/17/2013	2,500.00
43	623788	12/4/2012	3,228.02
44	626157	12/11/2012	1,671.84
45	631678	1/4/2013	6,098.76
46	634398	1/15/2013	927.00
47	640811	2/3/2013	1,502.02
48	643712	2/13/2013	1,265.00
49	639004	1/28/2013	4,000.00
50	639004	1/28/2013	4,000.00
51	657868	3/28/2013	900.00
52	645885	2/20/2013	900.00
53	681789	6/12/2013	2,310.32
54	674681	5/21/2013	1,421.10
55	656973	3/25/2013	1,420.00
56	650502	3/6/2013	945.50
57	654959	3/19/2013	4,898.16
58	586421	8/6/2012	6,740.00
59	613058	10/30/2012	7,088.39
60	619719	11/20/2012	8,100.00

### **Affiliated and Outside Organizations**

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

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

	Beginning Cash Balance June 30, 2012	Cash Receipts	Contribution to or on Behalf of Program	Ending Cash Balance June 30, 2013
The Varsity T Club	\$ 5,334	\$ 29,160	\$ 24,461	\$ 10,033
Group Downtown				
Coaches Association	2,619	181,585	177,287	6,917
Women's Basketball Fan Club	<u>3,219</u>	<u>34,211</u>	<u>32,944</u>	<u>4,486</u>
Total all funds	<u>\$ 11,172</u>	<u>\$ 244,956</u>	<u>\$ 234,692</u>	<u>\$ 21,436</u>

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

- 1) We obtained and disclosed a summary of revenue and expenses for the organization. A summary of revenue and expenses is included in the following at June 30, 2013:

Revenue	\$ 181,585
Expenses	<u>177,287</u>
Net income	<u>\$ 4,298</u>

- 2) We agreed a sample of three operating revenue categories reported in the organization's statement during the reporting period to supporting schedules provided by the organization. The samples selected were:

<u>Revenue Category</u>	<u>Amount</u>
1 Football 50/50	\$50,981
2 Women's BB 50/50	48,891
3 Men's BB 50/50	21,087

- 3) We agreed a sample of three operating revenue receipts obtained from the above operating revenue schedule to bank deposit information on the bank statement. The samples selected were:

	<u>Amount</u>	<u>Date</u>
1	\$2,237	2/11/2013
2	9,253	10/9/2012
3	4,118	2/19/2013

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

- 4) We agreed each operating expense category reported in the organization's statement during the reporting period to supporting schedules provided by the organization. The expenses were:

<u>Operating Expense Account</u>	<u>Amount</u>
1 Football 50/50 Winners	\$24,426
2 Women's BB 50/50 Winners	24,825
3 Men's BB 50/50 Winners	10,570
4 Director Compensation	3,600
5 Giant Raffle	11,000
6 Support to UT Athletics	66,181
7 Miscellaneous	2,715

- 5) We agreed a sample of three operating expenses obtained from the above operating expense supporting schedules to the bank statement detail showing the amount of the check clearing the bank. The samples selected were:

	<u>Amount</u>	<u>Date</u>
1	\$26,181	4/3/2013
2	6,804	9/18/2012
3	2,198	3/31/2013

- 6) We directly confirmed cash balances recorded at the end of the reporting period by the organization to the original bank statement and agreed to the related year-end bank reconciliation.
- 7) We obtained and inspected minutes of the organization's governing bodies during the reporting period and selected a sample of three financial transactions discussed in the minutes. We agreed each selection to the organization's accounting records. Only two specific financial transactions were referenced in the minutes. Thus, we were only able to agree two transactions to accounting records. The transactions tested were:

<u>Meeting Date</u>	<u>Amount</u>
11/8/2012	\$5,000
3/7/2013	17,000

**Result:** No exceptions noted.

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University of Toledo  
Toledo, Ohio

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

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

*Plante & Moran, PLLC*

December 17, 2013

# University of Toledo

## National Collegiate Athletics Association Report

### Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2013

	Men's Football	Men's Basketball	Women's Basketball	Other	Total
<b>Operating Revenue</b>					
Ticket sales	\$ 1,197,038	\$ 335,534	\$ 197,742	\$ 253,315	\$ 1,983,629
Student fees	-	-	-	11,149,815	11,149,815
Guarantees	1,625,000	125,000	3,000	68,250	1,821,250
Contributions	-	-	-	3,189,080	3,189,080
NCAA/Conference distributions, including all tournament revenue	361,485	-	-	1,641,114	2,002,599
Program sales, concessions, novelty sales, and parking	9,248	6,023	3,778	83,985	103,034
Royalties, advertisements, and sponsorships	2,705	-	-	1,536,885	1,539,590
Sports camp revenue	3,545	57,898	38,492	94,224	194,159
Other	146,527	16,096	109,493	752,566	1,024,682
<b>Total operating revenue</b>	<b>3,345,548</b>	<b>540,551</b>	<b>352,505</b>	<b>18,769,234</b>	<b>23,007,838</b>
<b>Operating Expenditures</b>					
Athletic student aid	2,414,622	377,396	481,305	4,035,547	7,308,870
Guarantees	625,000	82,089	29,086	67,191	803,366
Coaching salaries, etc. (by institution)	2,078,986	900,222	790,991	1,199,404	4,969,603
Support staff/Administrative salaries, benefits, and bonuses paid by the University and related entities	-	-	-	2,333,186	2,333,186
Recruiting	171,153	67,601	97,933	78,535	415,222
Team travel	1,173,403	124,995	150,584	810,051	2,259,033
Equipment, uniforms, and supplies	351,532	62,902	74,270	611,758	1,100,462
Game expenses	407,924	192,356	99,171	80,493	779,944
Fundraising, marketing, and promotion	-	-	-	958,127	958,127
Sports camp expense	-	53,092	62,088	104,721	219,901
Spirit groups	-	-	-	66,107	66,107
Medical expenses and insurance	-	-	3,495	260,202	263,697
Memberships and dues	153,494	4,460	3,530	15,070	176,554
Other operating expenses	468,931	35,768	37,641	1,457,729	2,000,069
<b>Total operating expenditures</b>	<b>7,845,045</b>	<b>1,900,881</b>	<b>1,830,094</b>	<b>12,078,121</b>	<b>23,654,141</b>
<b>(Deficiency) Excess of Revenue (Under) Over Expenditures</b>	<b>\$ (4,499,497)</b>	<b>\$ (1,360,330)</b>	<b>\$ (1,477,589)</b>	<b>\$ 6,691,113</b>	<b>\$ (646,303)</b>

# University of Toledo

## National Collegiate Athletics Association Report

### Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2013

#### Note I - Intercollegiate Athletics-related Assets

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

The current year capitalized additions and deletions to facilities during the year ended June 30, 2013 are as follows:

	Current Year Additions	Current Year Deletions
Football athletics facilities	\$ 1,437,178	\$ -
Basketball athletics facilities	-	-
Other athletics facilities	<u>666,576</u>	<u>537,694</u>
Total athletics facilities	<u>\$ 2,103,754</u>	<u>\$ 537,694</u>
Other institutional facilities	<u>\$ 78,569,275</u>	<u>\$ 49,877,552</u>

The total estimated book values of property, plant, and equipment, net of depreciation, of the Institution as of the year ended June 30, 2013, are as follows:

	Estimated Book Value
Athletically related property, plant, and equipment balance	\$ 48,976,842
Institution's total property, plant, and equipment balances	\$ 652,951,835

# University of Toledo

## National Collegiate Athletics Association Report

### Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures For the Year Ended June 30, 2013

#### Note 2 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding (including principal and interest) for the Institution for the year ended June 30, 2013 are as follows:

	Annual Debt Service	Debt Outstanding
Athletically related facilities	\$ 1,803,738	\$ 46,091,711
Institution's total	\$ 38,996,000	\$ 360,225,000

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the Institution during the year ended June 30, 2013 is as follows:

	Glass Bowl		Savage Hall		Practice Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 13,900	\$ 23,263	\$ 446,064	\$ 840,933	\$ -	\$ 479,578	\$ 459,964	\$ 1,343,774
2015	14,650	21,200	537,305	746,601	-	479,578	551,955	1,247,379
2016	15,350	19,188	557,580	725,427	-	479,578	572,930	1,224,192
2017	16,100	22,125	517,029	771,348	-	479,578	533,129	1,273,052
2018	16,900	19,750	608,269	680,695	-	479,578	625,169	1,180,023
Thereafter	55,850	54,475	15,865,695	7,279,076	10,000,000	3,825,049	25,921,545	11,158,600
Total	\$ 132,750	\$ 160,001	\$ 18,531,942	\$ 11,044,080	\$ 10,000,000	\$ 6,222,939	\$ 28,664,692	\$ 17,427,020



# University of Toledo National Collegiate Athletics Association Report

## Appendix A

	2012-13 Total	2011-12 Total	\$ Change	% Change	Explanation of Variance per Management
<b>Revenue</b>					
Men's teams -					
Football -					
Guarantees	\$ 1,625,000	\$ 475,000	\$ 1,150,000	242.11%	In fiscal year 2013, the University played two regular season guarantee games which in combination paid over \$1 million. Also, the Military Bowl game played in fiscal year 2012 paid a greater guarantee than the Little Caesars Bowl played in fiscal year 2011.
NCAA/Conference distributions, including all tournament revenue	361,485	-	361,485	-	Fiscal year 2013 includes a MAC Distribution for NIU participation in the Orange Bowl.
Basketball -					
Guarantees	125,000	-	125,000	-	An additional guarantee game was played in fiscal year 2013 in order to fund the overseas trip to Greece in fiscal year 2014.
Women's teams -					
Basketball -					
Contributions	-	123,102	(123,102)	(100.00%)	The fiscal year 2012 activity was related to a trip to Israel that was privately funded.
Nonprogram specific -					
NCAA/Conference distributions, including all tournament revenue	1,641,114	1,429,248	211,866	14.82%	An additional \$300,000 was received in fiscal year 2013 due to Temple's buyout from the MAC Conference.

# University of Toledo National Collegiate Athletics Association Report

## Appendix A (Continued)

	2012-13 Total	2011-12 Total	\$ Change	% Change	Explanation of Variance per Management
<b>Expenditures</b>					
Men's teams -					
Football:					
Coaching salaries	\$ 2,078,986	\$ 1,896,099	\$ 182,887	9.65%	The variance was caused by contractual increases in football, as well as discretionary bonuses that were privately funded.
Team travel	1,173,403	750,501	422,902	56.35%	The variance is due to travel expense for the postseason game with Boise State being higher than the previous year's trip to Washington, D.C. Additionally, the trips to Arizona and Wyoming were also chartered flights, which increased costs. Charter flights are dependent on the location of the opponent. Fiscal year 2012 included only one charter flight.
Other operating expense	468,931	249,772	219,159	87.74%	A three-year "catch-up" payment to the team physician totaling \$120,000 was paid in fiscal year 2013 and will be \$40,000 annually going forward per his contract. Also, fiscal year 2013 includes allowable team occasional meals reclassified out of travel/training table expense to this account group.
Nonprogram specific -					
Athletic student aid	4,035,547	3,550,961	484,586	13.65%	A total of seven additional scholarships were awarded in men's and women's basketball in fiscal year 2013. The increase is also related to additional graduate assistant positions at a cost of approximately \$150,000 and higher level course fees and housing.
Memberships and dues	15,070	124,638	(109,568)	(87.91%)	Fiscal year 2012 includes MAC dues of \$100,000 which were paid out of the President's Office in fiscal year 2013.



# Dave Yost • Auditor of State

**UNIVERSITY OF TOLEDO**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2014**