

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
February 19, 2009

ITEM FOR INFORMATION

SUBJECT: Reports on Federal Awards Pursuant to Federal Office of Management and Budget (OMB) Circular A-133

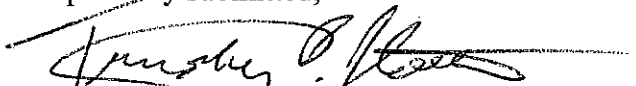
SUMMARY:

Enclosed are the Reports on Federal Awards in accordance with OMB Circular A-133 for the year ended June 30, 2008. Our independent auditors, PricewaterhouseCoopers, conducted their audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 PricewaterhouseCoopers plan and perform the audit to obtain reasonable assurance about whether any non-compliance that could have a direct and material effect on a major federal program occurred.

It is PricewaterhouseCoopers' opinion that the University has complied, in all material respects, with the requirements applicable to each of its major federal programs for the year ended June 30, 2008.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

February 2009
Enclosure

The University of Michigan
Reports on Federal Awards in Accordance
with OMB Circular A-133
For the Year Ended June 30, 2008
EIN 38-6006309

The University of Michigan
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Report of Independent Auditors

The Regents of the University of Michigan

In our opinion, the accompanying consolidated statement of net assets and the related consolidated statement of revenues, expenses and changes in net assets and cash flows, present fairly, in all material respects, the financial position of the University of Michigan (the "University") at June 30, 2008 and 2007, and its consolidated revenues, expenses and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of July 1, 2007.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2008 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2008. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2008 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

PriceWaterhouseCoopers LLP

September 9, 2008

THE UNIVERSITY OF MICHIGAN

Management's Discussion and Analysis (Unaudited)

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Michigan (the "University") at June 30, 2008 and 2007 and its activities for the three fiscal years ended June 30, 2008. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is a comprehensive public institution of higher learning with approximately 57,000 students and 6,600 faculty members on three campuses in southeast Michigan. The University offers a diverse range of degree programs from baccalaureate to post-doctoral levels through 19 schools, colleges and divisions, and contributes to the state and nation through related research and public service programs. The University, in total, employs more than 49,000 permanent and temporary staff. The University also maintains one of the largest health care complexes in the world through its Hospitals and Health Centers ("HHC"). HHC consists of three hospitals, 40 health centers and more than 120 outpatient clinics. HHC is an integral part of the University's Health System which also includes the University's Medical School; Michigan Health Corporation, a wholly-owned corporation created to pursue joint venture and managed care initiatives; and M-CARE, a wholly-owned health maintenance organization which was sold effective December 31, 2006.

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

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

Financial Highlights

During fiscal 2008, the University implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement requires accrual-based measurement and recognition of the cost of postemployment benefits during the periods when employees render their services. Previously, the University recognized obligations for most postemployment benefits as they were paid. Implementation of this Statement resulted in an increase in liabilities and a decrease in net assets of \$1.4 billion.

The University's financial position remains strong, with assets of \$14.8 billion and liabilities of \$4.0 billion at June 30, 2008, compared to assets of \$13.8 billion and liabilities of \$2.3 billion at June 30, 2007. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, totaled \$10.8 billion at June 30, 2008 as compared to \$11.5 billion at June 30, 2007. Changes in net assets represent the University's results of operations and are summarized for the years ended June 30, 2008 and 2007 as follows:

	2008	2007
	(in millions)	
Operating revenues and state educational appropriations	\$ 4,508.6	\$ 4,167.8
Total expenses before implementation of GASB Statement No. 45	4,756.4	4,464.2
	(247.8)	(296.4)
Net investment income	621.9	1,572.6
Gifts and other nonoperating revenues, net	287.6	336.8
Increase in net assets before implementation of GASB Statement No. 45	661.7	1,613.0
Implementation of GASB Statement No. 45, postemployment benefits:		
Obligations as of July 1, 2007	(1,306.9)	
Additional operating expenses for 2008	(97.3)	
(Decrease) increase in net assets	\$ (742.5)	\$ 1,613.0

Before the implementation of GASB Statement No. 45, net assets increased \$662 million in fiscal 2008 and \$1.6 billion in fiscal 2007, primarily due to net investment income which totaled \$622 million and \$1.6 billion in fiscal 2008 and 2007, respectively. The results of operations reflect the University's focus on maintaining its national standards academically, and in research and health care, while addressing declining base state appropriations and rising health care, regulatory, and facility costs in a competitive recruitment environment for faculty and health care professionals. Operating revenues and state educational appropriations increased 8 percent, or \$341 million, while total expenses before implementation of GASB Statement No. 45 increased 7 percent, or \$292 million. Gifts and other nonoperating revenues, which in fiscal 2007 include a \$160 million gain on the sale of M-CARE, decreased 15 percent, to \$288 million in fiscal 2008.

THE UNIVERSITY OF MICHIGAN

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

The University invests its financial assets to maximize total return with an appropriate level of risk. While the University's working capital is invested in relatively short duration assets, the University invests its endowment with a strategy that seeks to maximize total return over the long term. The success of this long-term investment strategy is evidenced by strong returns over sustained periods of time and the University's ability to limit losses in the face of challenging markets. In 2008, during a difficult year for public equities, the University's returns in nonmarketable limited partnerships and absolute return strategies aided by strong returns from its energy holdings and hedging strategies resulted in positive investment income.

Sale of M-CARE

Formed by the University in 1986, M-CARE offered managed health care benefits to the employees of the University and other employers in Southeast Michigan. Completing the sale of M-CARE to Blue Cross Blue Shield of Michigan ("Blue Cross") and its subsidiary Blue Care Network in fiscal 2007 enabled the University to make a smooth transition with a non-profit, community-minded, quality-oriented partner, at a time when the health insurance industry is experiencing great turbulence, including the rapid growth of consumer driven health care plans and emerging technologies that require significant capital investment. This sale also enabled the University to better direct its resources toward its core mission of education, research and patient care.

In 2007, the University received proceeds from the sale net of expenses of \$258 million and recognized a \$160 million gain on the sale. In 2008, pursuant to the terms of the sales agreement, the sales price was reduced by \$7 million based on certain changes in net assets. As part of the sale, Blue Cross also committed up to \$10 million to launch a joint venture with the University. This venture will commission research and other projects aimed at improving the quality of health care in the state of Michigan, and transforming the way patient care is delivered in the state and beyond.

Subscription premiums revenue recognized by M-CARE from employers other than the University totaled approximately \$197 million for the six months ended December 31, 2006, the effective date of the sale. University members enrolled in M-CARE at the time of the sale maintained the same coverage through December 31, 2007. Replacement health plans designed and funded by the University, similar to the M-CARE HMO and GradCare plans and administered by Blue Cross, were available to University employees for calendar 2008 in addition to the other health plan choices offered by the University.

Using the Financial Statements

The University's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the University as a whole.

THE UNIVERSITY OF MICHIGAN

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

Statement of Net Assets

The statement of net assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities — net assets — is one indicator of the current financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A comparison of the University's assets, liabilities and net assets at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in millions)	
Current assets	\$ 2,536	\$ 2,418
Noncurrent assets:		
Endowment, life income and other investments	7,855	7,380
Capital assets, net	4,130	3,755
Other	250	263
Total assets	<u>14,771</u>	<u>13,816</u>
Current liabilities	1,058	879
Noncurrent liabilities	2,958	1,440
Total liabilities	<u>4,016</u>	<u>2,319</u>
Net assets	<u>\$ 10,755</u>	<u>\$ 11,497</u>

The University continues to maintain and protect its strong financial foundation. This financial health, as reflected in the statement of net assets at June 30, 2008 and 2007, results from the prudent utilization of financial resources including careful cost controls, preservation of endowment funds, conservative utilization of debt, and adherence to a long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash and cash equivalents, operating and capital investments, and accounts receivable. Total current assets increased \$118 million, to \$2.5 billion at June 30, 2008. Cash and cash equivalents and operating investments totaled \$1.2 billion at June 30, 2008, which represents approximately three months of total expenses excluding depreciation.

Current liabilities consist primarily of accrued compensation, accounts payable, deferred revenue, commercial paper and the current portion of bonds payable. Total current liabilities increased \$179 million, to \$1.1 billion at June 30, 2008, primarily due to the timing of investment trade settlements and the 2008 implementation of GASB Statement No. 45, which includes a current portion of obligations for postemployment benefits.

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

Endowment, Life Income and Other Investments

The University's endowment, life income and other investments increased \$475 million, to \$7.9 billion at June 30, 2008. This increase primarily resulted from favorable investment performance and the receipt of new endowment funds through gifts and transfers, offset by endowment distributions to beneficiary units for operations. The composition of the University's endowment, life income and other investments at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in millions)	
Endowment investments	\$ 7,572	\$ 7,090
Life income investments	118	120
Noncurrent portion of insurance and benefits obligations investments	165	170
	\$ 7,855	\$ 7,380

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

The University uses its endowment funds to support operations in a way that strikes a balance between generating a predictable stream of annual support for current needs and preserving the purchasing power of the endowment funds for future periods. The major portion of the endowment is maintained in the University Endowment Fund, a unitized pool which represents a collection of more than 6,500 separate (individual) funds, the majority of which are restricted for specific purposes. The University Endowment Fund is invested in the University's Long Term Portfolio, a single diversified investment pool. The University's endowment spending rate policy provides for an annual distribution of 5 percent of the one-quarter lagged, moving average fair value of University Endowment Fund assets, with distributions limited to 5.3 percent of current fair value.

Any capital gains or income generated above the endowment spending rate are reinvested so that in lean times funds will be available. Effective July 1, 2006, the moving average period was extended from three years to four years and it is being extended by one quarter each subsequent quarter until it reaches seven years. This change is expected to reduce distribution volatility, as well as better preserve and grow the endowment corpus over time. In addition, departments may also use withdrawals from funds functioning as endowment to support capital expenditures and operations.

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

Endowment spending rate distributions totaled \$227 million, \$205 million and \$190 million and withdrawals from funds functioning as endowment totaled \$20 million, \$57 million and \$46 million in 2008, 2007 and 2006, respectively. Total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 4.0 percent, 5.0 percent and 5.2 percent of the fair value of the University Endowment Fund for 2008, 2007 and 2006, respectively. Over the past ten years, total spending rate distributions combined with withdrawals from funds functioning as endowment averaged 6.5 percent.

Capital and Debt Activities

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

Capital asset additions totaled \$701 million in 2008, as compared to \$611 million in 2007. Capital asset additions primarily represent replacement, renovation and new construction of academic, research, clinical and athletic facilities, as well as significant investments in equipment, including information technology. Current year capital asset additions were primarily funded with gifts and net assets designated for capital purposes of \$413 million, as well as debt proceeds of \$276 million and state capital appropriations of \$12 million. Construction in progress, which totaled \$647 million at June 30, 2008 and \$349 million at June 30, 2007, includes important new facilities for patient care, research, instruction, athletics and student residential life.

Renovation and expansion projects completed in 2008 include the Solid State Electronics Laboratory, and the Observatory Lodge. The expansion and renovation of the Solid State Electronics Laboratory, which has been renamed the Michigan Nanofabrication Facility, provided a new clean room and support space as well as architectural, mechanical and electrical improvements. This facility is now one of the premier nanofabrication facilities in the world and supports important new energy initiatives, nanotechnology, microchip fabrication and other research initiatives. The renovation of the Observatory Lodge provided an additional 18,000 net square feet of classroom, office and research space for the Division of Kinesiology, as well as major upgrades and replacements of mechanical and electrical infrastructure, while maintaining the historical nature of the building.

Many significant facility enhancement projects continue for critical academic, patient care, research and residential life facilities. Construction continues on a new facility for the Stephen M. Ross School of Business which will support the School's distinct, team-based learning that bridges theory and practice. Classrooms, offices and other spaces will be arranged in a setting conducive to collaboration inside the School. Technology designed into the building will foster interaction with firms and organizations around the world. The University expects classes to begin in this new facility in January 2009.

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

A new facility for C.S. Mott Children's Hospital and Women's Hospital is being constructed to meet increasing patient demand and accommodate future research, education and clinical care innovations. The new state-of-the art facility will further enhance specialty services for newborns, children and pregnant women not offered anywhere else in Michigan, including programs for Level I pediatric trauma, pediatric liver transplant, and craniofacial anomalies as well as high-risk pregnancy and specialty gynecological services. With a clinic building of nine floors and an inpatient building of twelve floors, the new facility will be approximately 1.1 million gross square feet. After the new facility is completed in 2012, the existing C.S. Mott Children's Hospital and Women's Hospital will be used to benefit the entire Health System.

The University continues construction of a new state-of-the art eye center that will more than double capacity for eye care, research and education, as well as give scientists more space to search for a cure for Type 1 diabetes. The new facility, which includes eight floors for clinics, surgery and research, will serve the growing number of patients who need advanced eye care and access to the latest research discoveries. Large windows and a full wall of glass panels on the building's façade will allow natural light to fill the clinics and common space, of particular benefit to patients whose vision is impaired. Clinics will have space for patient education and comfortable waiting areas designed to aid patient flow. Research areas will feature open laboratories to encourage collaboration and provide flexibility as research projects grow. The new facility will also house the Brehm Center for Type 1 Diabetes Research and Analysis, which will provide opportunities for collaboration among diabetes and vision scientists, particularly on vision loss caused by diabetes. The new eye center, which is expected to open in 2010, will be adjacent to and connected to the current Kellogg Eye Center tower.

The University also continues construction of its first new student residence hall in more than 40 years. Combining sophisticated classroom and academic space with residence space for 460 students, the North Quad Residential and Academic Complex will provide classrooms, studios and offices for five information and communications-related university programs. The result will be an environment in which interactions among students and faculty flow from classrooms to hallways to faculty offices to living quarters. The living spaces, like the whole of the project, are designed to facilitate student learning, and student social and programmatic needs. The University expects this new facility to be completed in Summer 2010.

At June 30, 2008, the University was nearing completion of a comprehensive renewal and renovation of the Mosher-Jordan Hall, the University's first residence hall to undergo such a renovation. The project preserves the existing historic areas and details, while creating new community environments by reconfiguring current spaces and completing significant infrastructure upgrades. The project also includes a new, multi-level lobby and entrance to provide a single point of entry for residents and visitors, as well as centralized services for students in both houses of Mosher-Jordan. Infrastructure upgrades include new plumbing, elevators, heating, ventilation, fire detection and suppression systems, wired and wireless high-speed network access, renovated bath facilities, and accessibility

THE UNIVERSITY OF MICHIGAN

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

improvements. Taking place along with this renovation is the creation of the Hill Dining Center which will enable the University to consolidate dining services for all of the Hill area residence halls. This innovative new dining center is attached to Mosher-Jordan on the rear of the building facing Palmer Field and will feature a marketplace style facility with seating for 700, as well as a food emporium on the top floor with café style seating for 70.

In July 2007, the University broke ground on the first Student Housing Facility on the Flint Campus. This facility will provide accommodations for 310 students and will consist of one, two and four bedroom units, which include handicap accessible units. All units will contain one or two bathrooms, a kitchen and living room. The first floor of the facility will also provide communal living and learning space for residents. Commencing with the Fall 2008 semester, this facility will enter service at full capacity.

The Museum of Art's historic home, Alumni Memorial Hall, is undergoing a transformative facility expansion and restoration. An addition will nearly double the Hall's size to address space needs and allow for future growth in collections and programming, while the renovation will address needed infrastructure improvements. The addition consists of three floors with a lower level and will provide space for galleries, collections, exhibitions, classrooms and administration. The University expects this project to be completed in early 2009.

In December 2007 the University began a comprehensive renovation and expansion of Michigan Stadium. The project will add 400,000 square-feet encompassed by two multi-story masonry structures on both the east and west sides of the stadium, leaving the end zones open. The structures include 83 suites and 3,000 club seats, and will provide space for additional restrooms, concessions, first-aid and security stations. Renovation to the stadium itself will result in improvements in the number and quality of restrooms and concession stands, wider aisles, handrails and additional entry and exit points for improved crowd circulation and safety; and additional dedicated seating for fans with impaired mobility. Construction will take place in the off-season so as not to interrupt the home football schedule and is expected to be completed before the 2010 football season.

The University takes its financial stewardship responsibility seriously and works hard to manage its financial resources effectively, including the prudent use of debt to finance capital projects. A strong debt rating is an important indicator of the University's success in this area. During 2008, Moody's Investors Service affirmed its highest credit rating (Aaa) for bonds backed by a broad revenue pledge based on the University's extremely strong credit fundamentals, including significant financial resources, strong market position and consistent operating performance derived from a well diversified revenue base. Standard & Poor's Ratings Services also affirmed its highest credit rating (AAA) based on the University's national reputation for excellence, strong financial performance, exceptional record of fundraising, and manageable debt burden and capital plan. Only two other public universities have received the highest credit ratings from both Moody's and Standard & Poor's.

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

Long-term debt activity for the year ended June 30, 2008, and the type of revenue it is supported by, is summarized as follows:

	Beginning Balance	Additions (in millions)	Reductions	Ending Balance
Commercial Paper:				
General revenues	\$ 110	\$ 170	\$ 143	\$ 137
Bonds and Notes:				
General revenues	255	224	20	459
Hospital revenues	581		29	552
Faculty Group Practice revenues	94	1	3	92
Student residences revenues	2			2
	\$ 1,042	\$ 395	\$ 195	\$ 1,242

The University maintains a combination of fixed and variable rate debt with effective interest rates that averaged 3.40 percent in fiscal 2008 and 4.04 percent in fiscal 2007. Consistent with the University's capital and debt financing plans, total outstanding debt increased \$200 million, or 19 percent, to \$1.2 billion at June 30, 2008, and interest expense increased 10 percent, to \$34 million.

The University utilizes commercial paper, backed by a general revenue pledge, to provide interim financing for its capital improvement program. Outstanding commercial paper is converted to long-term debt financing, as appropriate, within the normal course of business. At June 30, 2008 and 2007, commercial paper totaled \$137 million and \$110 million, respectively, and is included in current liabilities. During fiscal 2008, the University issued \$170 million of commercial paper to fund new construction projects and refund Hospital Revenue Refunding Bonds Series 1998A-1.

In March 2008, the University issued \$224 million in variable rate general revenue bonds (Series 2008A and Series 2008B) to convert \$73 million of commercial paper to long-term debt and provide \$150 million for capital projects, including the Michigan Stadium Renovation and Expansion, North Quad Residential and Academic Complex, Stephen M. Ross School of Business Facilities Enhancement, and the Flint Student Housing Facility, as well as \$475,000 for debt issuance costs. Of the total bond issue, \$126 million is variable rate debt and \$98 million is variable rate debt with a corresponding swap to fixed.

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

Obligations for Postemployment Benefits

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

Implementation of this Statement resulted in an increase in liabilities and a decrease in net assets of \$1.4 billion in fiscal 2008. Of this increase, \$1.3 billion represents a one-time nonoperating expense to reflect the present value of the University's obligations for postemployment benefits as of July 1, 2007 and \$97 million represents the additional fiscal 2008 operating expense for postemployment benefit obligations. In addition, a liability for insurance and benefit reserves for life insurance and open long-term disability claims, which totaled \$88 million at June 30, 2007, is considered part of the obligations for postemployment benefits liability as defined by GASB Statement No. 45 and has been reclassified accordingly as part of the implementation of this statement.

Using current actuarial assumptions, and presuming a continuation of the current level of benefits, the University's liability for postemployment benefits obligations totaled \$1.5 billion at June 30, 2008. Since a portion of retiree medical services will be provided by the University's Health System, this liability is net of the related margin and fixed costs of providing those services which totaled \$221 million at June 30, 2008.

By implementing a series of health benefit initiatives over the past few years, the University has favorably impacted its liability for postemployment benefits obligations by \$226 million. In accordance with GASB Statement No. 45, the University's liability for postemployment benefits obligations at June 30, 2008 does not reflect anticipated Medicare Part D prescription drug subsidies for future years of \$179 million.

THE UNIVERSITY OF MICHIGAN

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

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The composition of the University's net assets at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in millions)	
Invested in capital assets, net of related debt	\$ 3,030	\$ 2,864
Restricted:		
Nonexpendable:		
Permanent endowment corpus	1,071	960
Expendable:		
Net appreciation of permanent endowments	1,492	1,420
Funds functioning as endowment	1,561	1,492
Restricted for operations and other	680	693
Unrestricted	2,921	4,068
	\$ 10,755	\$ 11,497

Net assets invested in capital assets represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The \$166 million increase reflects the University's continued development and renewal of its capital assets in accordance with its long-range capital plan.

Restricted nonexpendable net assets represent the historical value (corpus) of gifts to the University's permanent endowment funds. The \$111 million increase primarily represents new gifts. Restricted expendable net assets are subject to externally imposed stipulations governing their use. This category of net assets includes net appreciation of permanent endowments, funds functioning as endowment and net assets restricted for operations, facilities and student loan programs. Restricted expendable net assets totaled \$3.7 billion at June 30, 2008, as compared to \$3.6 billion at June 30, 2007.

Although unrestricted net assets are not subject to externally imposed stipulations, all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. At June 30, 2008, unrestricted net assets included funds functioning as endowment of \$3.3 billion offset by unfunded obligations for postemployment benefits of \$1.5 billion, which were recognized in fiscal 2008 pursuant to the implementation of GASB Statement No. 45. At June 30, 2007 unrestricted net assets included funds functioning as endowment of \$3.1 billion.

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

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the University's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A comparison of the University's revenues, expenses and changes in net assets for the three years ended June 30, 2008 is summarized as follows:

	2008	2007	2006
	(in millions)		
Operating revenues:			
Student tuition and fees, net of scholarship allowances	\$ 791.2	\$ 718.7	\$ 675.7
Sponsored programs	853.2	823.7	818.4
Patient care revenues and managed care premiums	2,105.4	1,983.6	1,990.5
Other	354.8	309.4	298.4
	4,104.6	3,835.4	3,783.0
Operating expenses	4,820.0	4,433.6	4,256.0
Operating loss	(715.4)	(598.2)	(473.0)
Nonoperating and other revenues (expenses):			
State educational appropriations	404.0	332.4	364.9
Private gifts	136.7	132.8	90.0
Net investment income	621.9	1,572.6	959.8
Interest expense	(33.6)	(30.6)	(27.1)
State capital appropriations	11.8	6.4	20.1
Endowment and capital gifts and grants	160.1	137.6	151.0
Other	(21.1)	60.0	(11.9)
Nonoperating and other revenues, net	1,279.8	2,211.2	1,546.8
Implementation of GASB Statement No. 45, postemployment benefits obligations as of July 1, 2007	(1,306.9)		
(Decrease) increase in net assets	(742.5)	1,613.0	1,073.8
Net assets, beginning of year	11,497.1	9,884.1	8,810.3
Net assets, end of year	<u>\$ 10,754.6</u>	<u>\$ 11,497.1</u>	<u>\$ 9,884.1</u>

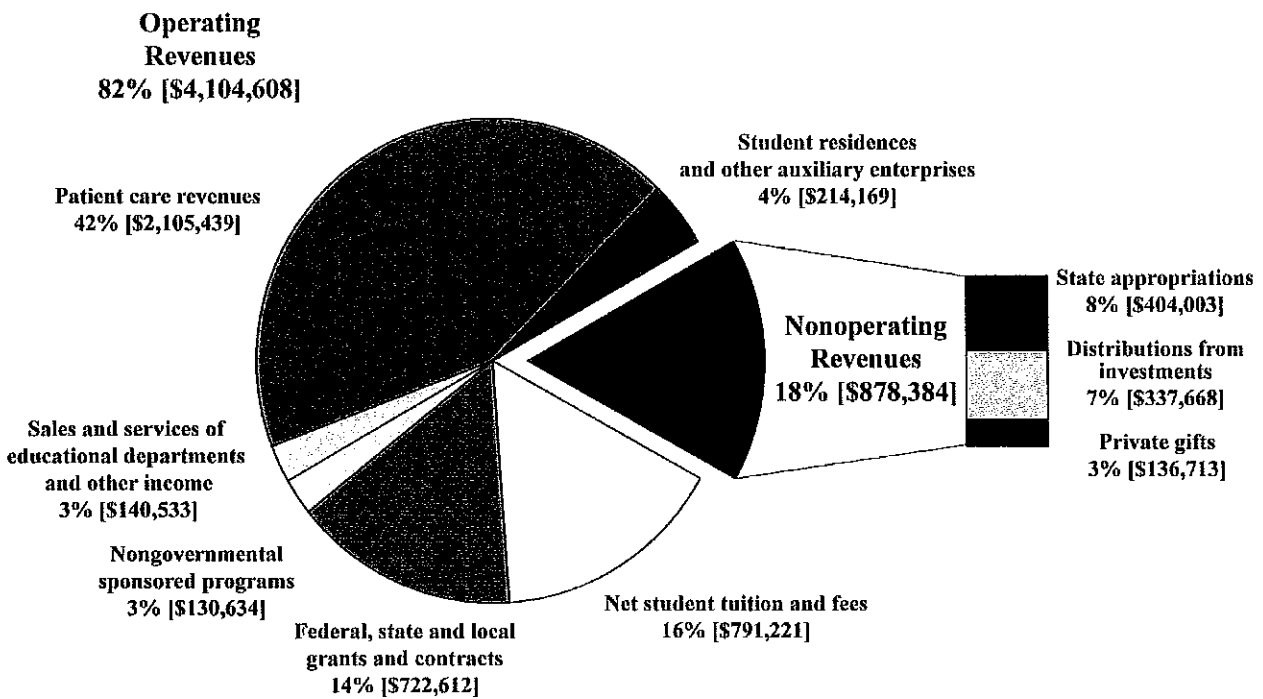
One of the University's greatest strengths is the diverse streams of revenue that supplement its student tuition and fees, including private support from individuals, foundations and corporations, along with government and other sponsored programs, state appropriations and investment income. The University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

THE UNIVERSITY OF MICHIGAN

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

The following is a graphic illustration of revenues by source, both operating and nonoperating, which are used to fund the University's operating activities for the year ended June 30, 2008 (amounts are presented in thousands of dollars). Significant recurring sources of the University's revenues are considered nonoperating, as defined by GASB, such as state appropriations, private gifts and distributions from investments.

Fiscal Year 2008 Revenues for Operating Activities

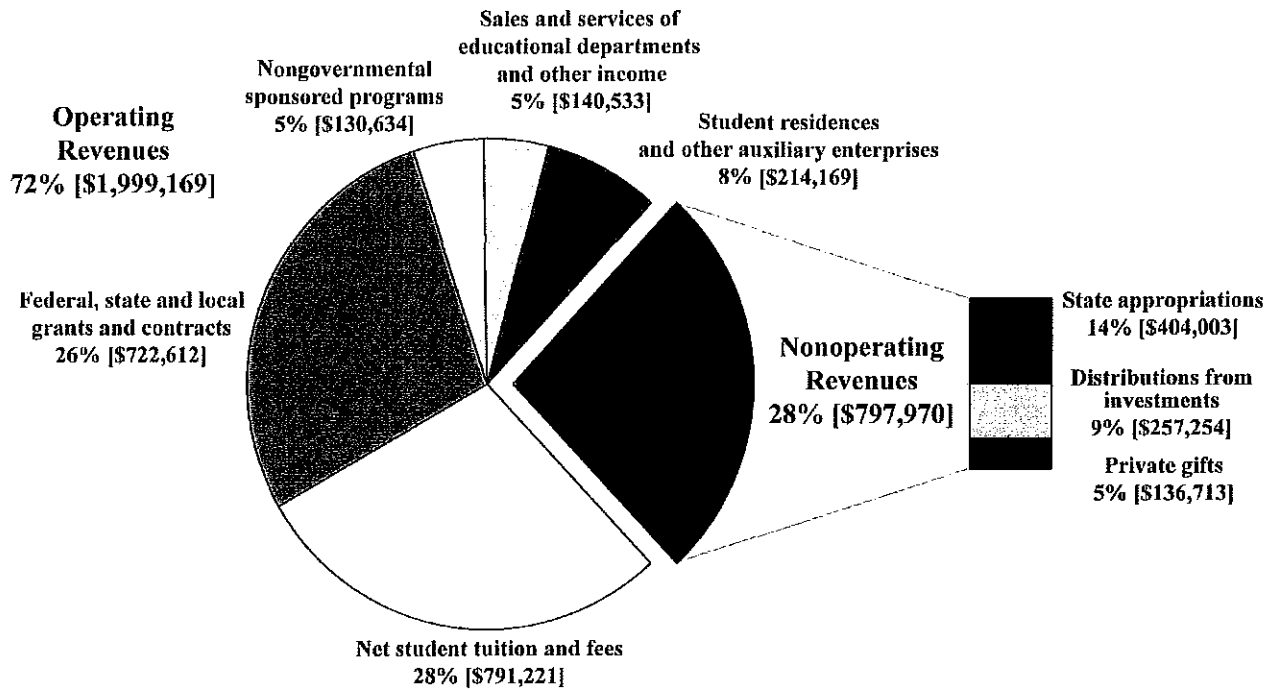


THE UNIVERSITY OF MICHIGAN

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

The University measures its performance both for the University as a whole and for the University without its Health System and other similar activities. The exclusion of the Health System allows a clearer view of the operations of the schools and colleges, as well as the central administration. The following is a graphic illustration of University revenues by source, both operating and nonoperating, which are used to fund operating activities other than the Health System, for the year ended June 30, 2008 (amounts are presented in thousands of dollars).

**Fiscal Year 2008 Revenues for Operating Activities
Excluding Revenues from the University's Health System**



Tuition and state appropriations are the primary sources of funding for the University's academic programs. There is a direct relationship between the growth or reduction in state support and the University's ability to restrain tuition fee increases. Together, net student tuition and fees and base state appropriations increased 6 percent, or \$70 million, to \$1.2 billion in 2008, as compared to 5 percent, or \$54 million, to \$1.1 billion in 2007.

THE UNIVERSITY OF MICHIGAN

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

Downturns in state of Michigan tax revenues continue to put pressure on the state budget. For the three years ended June 30, 2008, state educational appropriations revenue consisted of the following components:

	2008	2007	2006
	(in millions)		
Base appropriations	\$ 370.1	\$ 372.8	\$ 362.0
Net restoration (rescission)	33.9	(40.4)	2.9
	<u>\$ 404.0</u>	<u>\$ 332.4</u>	<u>\$ 364.9</u>

Due to ongoing pressures and volatility in the state budget, the University's base appropriations continue to be constrained and subject to mid-year rescission and restoration. Net revenues from state educational appropriations increased \$39 million, or 11 percent, to \$404 million in 2008 from 2006, while base state appropriations increased \$8 million, or 2 percent, over the past two years. The \$34 million net restoration in fiscal 2008 represents the return of part of a fiscal 2007 mid-year rescission. The \$40 million mid-year rescission in fiscal 2007 consists of a reduction in base appropriations of \$6 million and a deferral of \$34 million until fiscal 2008. The net restoration in fiscal 2006 of \$2.9 million represents the return of a fiscal 2005 net mid-year rescission.

To offset the constrained base state appropriations, net student tuition and fees revenue has increased 17 percent, or \$116 million, over the past two years. For the three years ended June 30, 2008, net student tuition and fees revenue consisted of the following components:

	2008	2007	2006
	(in millions)		
Student tuition and fees	\$ 975.3	\$ 891.6	\$ 834.4
Scholarship allowances	(184.1)	(172.9)	(158.7)
	<u>\$ 791.2</u>	<u>\$ 718.7</u>	<u>\$ 675.7</u>

In 2008, net student tuition and fees revenue increased 10 percent, or \$73 million, to \$791 million, which reflects a 9 percent, or \$84 million, increase in gross tuition and fee revenues offset by a 6 percent, or \$11 million, increase in scholarship allowances. Tuition rate increases in 2008 were 7.4 percent for all undergraduate students on the Ann Arbor campus, with a 7.9 percent tuition rate increase for the Dearborn campus, a 6.4 percent tuition rate increase for the Flint campus and a 5 percent increase for most graduate tuition rates. The University also experienced a modest growth in the number of students.

THE UNIVERSITY OF MICHIGAN

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

In 2007, net student tuition and fees revenue increased 6 percent, or \$43 million, to \$719 million, which reflects a 7 percent, or \$57 million, increase in gross tuition and fee revenues offset by a 9 percent, or \$14 million, increase in scholarship allowances. Tuition rate increases in 2007 averaged 5.8 percent for all undergraduate students on the Ann Arbor campus, with an 8 percent tuition rate increase for the Dearborn and Flint campuses and a 5 percent increase for most graduate tuition rates. The University also experienced a modest growth in the number of students.

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

While tuition and state appropriations fund a large percentage of University costs, private support is becoming increasingly essential to the University's academic distinction. Private gifts for other than capital and permanent endowment purposes totaled \$137 million in 2008, as compared to \$133 million in 2007 and \$90 million in 2006.

The University receives revenues for sponsored programs from various government agencies and private sources, which normally provide for both direct and indirect costs to perform these sponsored activities. Revenues for sponsored programs increased 4 percent, or \$35 million, to \$853 million in 2008, from \$818 million in 2006. A significant portion of the University's sponsored programs revenues relate to federal research and its growth is consistent with the national trend of stabilized federal research activity.

Patient care revenues and managed care premiums for the three years ended June 30, 2008 is summarized as follows:

	2008	2007	2006
	(in millions)		
Patient care revenues	\$ 2,105.4	\$ 1,786.8	\$ 1,585.4
Managed care premiums		196.8	405.1
	<u>\$ 2,105.4</u>	<u>\$ 1,983.6</u>	<u>\$ 1,990.5</u>

The majority of these revenues relate to patient care services, which are principally generated within the University's hospitals and ambulatory care facilities under contractual arrangements with governmental payers and private insurers. Managed care premiums represent subscription revenue recognized by M-CARE from contracts associated with employers other than the University. Patient care revenues increased 18 percent, or \$319 million, to \$2.1 billion in 2008, as compared to an increase of 13 percent, or \$201 million, to \$1.8 billion in 2007. The increased revenues for both years primarily resulted from a growth in both outpatient and inpatient volume, as well as increased reimbursement rates from third party payers. The decrease in managed care premiums in 2008 and 2007 reflects the sale of M-CARE which was effective December 31, 2006.

THE UNIVERSITY OF MICHIGAN

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

Net investment income for the three years ended June 30, 2008 is summarized as follows:

	2008	2007 (in millions)	2006
Interest and dividends, net	\$ 236.5	\$ 256.9	\$ 214.3
Increase in fair value of investments	385.4	1,315.7	745.5
	<u>\$ 621.9</u>	<u>\$ 1,572.6</u>	<u>\$ 959.8</u>

Net investment income totaled \$622 million in 2008, as compared to \$1.6 billion in 2007 and \$960 million in 2006. Fiscal 2008 was a difficult year for public equities, but the University's returns in nonmarketable limited partnerships and absolute return strategies aided by strong returns from its energy holdings and hedging strategies resulted in positive investment income. Prior to 2008, net investment income was primarily the result of strong performance of the University's nonmarketable limited partnerships, non-U.S. dollar equities and absolute return strategies, which provided consistent positive returns during fiscal 2007 and 2006, combined with a meaningful increase in invested balances over the same time period. The University's endowment investment policies are designed to maximize long-term total return, while its income distribution policy is designed to preserve the value of the endowment and generate a predictable stream of spendable income.

With the Michigan Difference capital campaign nearing completion, gifts and grants for endowment and capital purposes continue to be a significant part of sustaining the University's excellence. Private gifts for permanent endowment purposes totaled \$94 million in 2008, as compared to \$73 million in 2007 and \$86 million in 2006. Capital gifts and grants totaled \$66 million in 2008, as compared to \$65 million in 2007 and \$65 million in 2006. Over the past three years, major capital gifts have been received in support of the University's wide-ranging building initiatives which include the Stephen M. Ross School of Business, Health System, Intercollegiate Athletics and College of Engineering capital projects.

Net other nonoperating revenues in 2007 include the \$160 million gain on the sale of M-CARE, offset by the establishment of an \$83 million liability for the University's faculty retirement furlough program. During 2007, the University recorded a liability for the program, of which \$81 million was considered noncurrent. Faculty hired prior to January 1, 1984 who meet eligibility requirements are eligible for a terminal furlough year that may be taken as the last year preceding retirement or in partial installments over two or three years prior to the effective date of retirement.

In addition to revenue diversification, the University continues to make cost containment an ongoing priority. This is necessary as the University continues to face significant financial pressures, particularly in the areas of compensation and benefits, which represent 67 percent of total expenses, as well as in the areas of energy, technology and ongoing maintenance of facilities and infrastructure.

THE UNIVERSITY OF MICHIGAN

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

A comparative summary of the University's expenses for the three years ended June 30, 2008 is as follows (amounts in millions):

	2008		2007		2006	
Operating:						
Compensation and benefits	\$ 3,234.2	67%	\$ 2,961.9	66%	\$ 2,757.9	64%
Supplies and services	1,167.6	24	1,103.9	25	1,150.2	27
Depreciation	319.4	6	284.1	6	264.0	6
Scholarships and fellowships	98.8	2	83.7	2	83.9	2
	4,820.0	99	4,433.6	99	4,256.0	99
Nonoperating:						
Interest	33.6	1	30.6	1	27.1	1
	\$ 4,853.6	100%	\$ 4,464.2	100%	\$ 4,283.1	100%

The University is committed to recruiting and retaining outstanding faculty and staff and the compensation package is one way to successfully compete with peer institutions and nonacademic employers. The resources expended for compensation and benefits increased 9 percent, or \$272 million, to \$3.2 billion in 2008. Of this increase, compensation expense increased 7 percent, to \$2.4 billion, and employee benefits increased 17 percent, to \$807 million. For 2007, compensation increased 7 percent, to \$2.3 billion, and employee benefits increased 11 percent, to \$685 million.

The majority of the compensation expense increase occurred in the Health System, where nursing and other health professionals were added to support higher patient volume levels. Increases in wage rates also accounted for a significant portion of the expense growth, a reflection of the high demand for nurses and other health professionals and an industry-wide shortage of personnel in these fields. In addition, staffing levels were increased in many administrative and support areas, to further strengthen these areas and in response to the increasing regulatory burden borne by health systems.

In 2008, the Health System had a growth in compensation expense of 8 percent, which includes a growth in employees of 4 percent, while the rest of the University had a growth in compensation expense of 5 percent, which includes a growth in employees of 1 percent. In 2007, the Health System had a growth in compensation expense of 9 percent, which includes a growth in employees of 5 percent, while the rest of the University had a growth in compensation expense of 4 percent, with a minimal change in the number of employees.

THE UNIVERSITY OF MICHIGAN

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

Employee benefits expense grew at a higher rate than compensation over the past two years primarily because of the rising costs of health insurance and the implementation of GASB Statement No. 45 in fiscal 2008. Health care benefits are one of the most significant employee benefits and over the past several years, the University has implemented several initiatives to better control its rate of increase, encourage employees to choose the lowest cost insurance plan that meets their needs and share with employees a small portion of health insurance cost increases.

The University utilizes a single pharmacy benefit administrator to manage all pharmacy benefits with University oversight. The University also actively promotes and manages generic drug utilization and has achieved a 68 percent generic dispensing rate in 2008, as compared to 60 percent in 2007 and 57 percent in 2006. In January 2006, the University unbundled pharmacy benefit claim processing and mail order services and selected separate vendors for each service to achieve better discounts for retail and mail order pricing arrangements and additional rebates.

Compared to most employers, the University is in a unique position to utilize internal experts to advise and guide its health care and drug plans. For example, the University utilizes a Pharmacy Benefits Advisory Committee, which consists of internal experts such as Health System physicians, School of Pharmacy faculty and an on-staff pharmacist, to monitor the safety and effectiveness of covered medications as well as to optimize appropriate prescribing, dispensing and cost effective use of prescription drugs.

Current campus collaborations include several which are part of the Michigan Healthy Community initiative, a campus-wide effort to encourage healthier living through increased activity, attention to physical safety in the workplace, and other health and wellness efforts. The health and wellness programs offered by the University through this initiative have resulted in greater integration of evidence-based wellness programming into the University's benefit programs. For example, the MHealthy: Focus on Medicines program, which commenced in 2007, offers employees, retirees and dependents taking seven or more prescription medications a comprehensive medication review with a university pharmacist to optimize treatment and reduce drug interaction risks. The MHealthy: Focus on Diabetes, a two-year pilot program, launched in July 2006, reduces or eliminates co-pays for selected medications for employees and dependents who have diabetes to encourage the proper and sustained use of specific drugs that help people manage their diabetes and to help prevent or reduce the long-term complications of the disease.

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

Supplies and services expenses increased 6 percent, or \$64 million, to \$1.2 billion in 2008, as compared to a decrease of 4 percent, or \$46 million, in 2007. The change in 2008 is primarily due to increased patient activity experienced by the Health System. The change in 2007 reflects the impact of the sale of M-CARE effective December 31, 2006. As the majority of its expenses were non-salary, the sale of M-CARE six months into fiscal 2007 had a meaningful effect on this category of expense. Excluding the impact from the sale of M-CARE, a 13 percent increase and a 7 percent increase would have been experienced in 2008 and 2007, respectively.

THE UNIVERSITY OF MICHIGAN

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

In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative summary of the University's expenses by functional classification for the three years ended June 30, 2008 is as follows (amounts in millions):

	2008		2007		2006	
Operating:						
Instruction	\$ 784.7	16%	\$ 727.3	16%	\$ 683.0	16%
Research	571.7	12	540.6	12	519.7	12
Public service	121.9	2	103.9	2	104.9	2
Institutional and academic support	448.7	9	378.7	9	380.5	9
Auxiliary enterprises:						
Patient and managed care	2,046.0	42	1,860.6	42	1,843.6	43
Other	179.6	4	198.5	4	127.7	3
Operations and maintenance of plant	249.2	5	256.3	6	248.7	6
Depreciation	319.4	7	284.0	6	264.0	6
Scholarships and fellowships	98.8	2	83.7	2	83.9	2
	4,820.0	99	4,433.6	99	4,256.0	99
Nonoperating:						
Interest	33.6	1	30.6	1	27.1	1
	\$ 4,853.6	100%	\$ 4,464.2	100%	\$ 4,283.1	100%

Instruction and public service expenses increased 9 percent, or \$75 million, to \$907 million in 2008, as compared to a 5 percent, or \$43 million, increase in 2007. These increases are consistent with the small level of growth in the related revenue sources, as well as the implementation of GASB Statement No. 45, which increased instruction and public service expenses by 2 percent in 2008.

To measure its total volume of research expenditures, the University considers research expenses, included in the above table, as well as research related facilities and administrative expenses, research initiative and start-up expenses, and research equipment purchases. These amounts aggregated \$876 million in 2008, as compared to \$823 million in 2007 and \$797 million in 2006. This represents an increase of 10 percent, or \$79 million, from 2006 to 2008, which includes the impact of the implementation of GASB Statement No. 45, which increased the total volume of research expenditures by 2 percent in 2008.

Patient and managed care expenses increased 10 percent, or \$185 million, to \$2.0 billion in 2008, as compared to a 1 percent, or \$17 million increase in 2007. The increase in 2008 is a result of increased patient activity, including costs of medical supplies and pharmaceuticals, and the implementation of GASB Statement No. 45, offset by the sale of M-CARE effective December 31, 2006. Excluding the impact of the implementation of GASB Statement No. 45 in 2008 and the sale of M-CARE in 2007, a 13 percent increase and an 8 percent increase would have been experienced in 2008 and 2007, respectively.

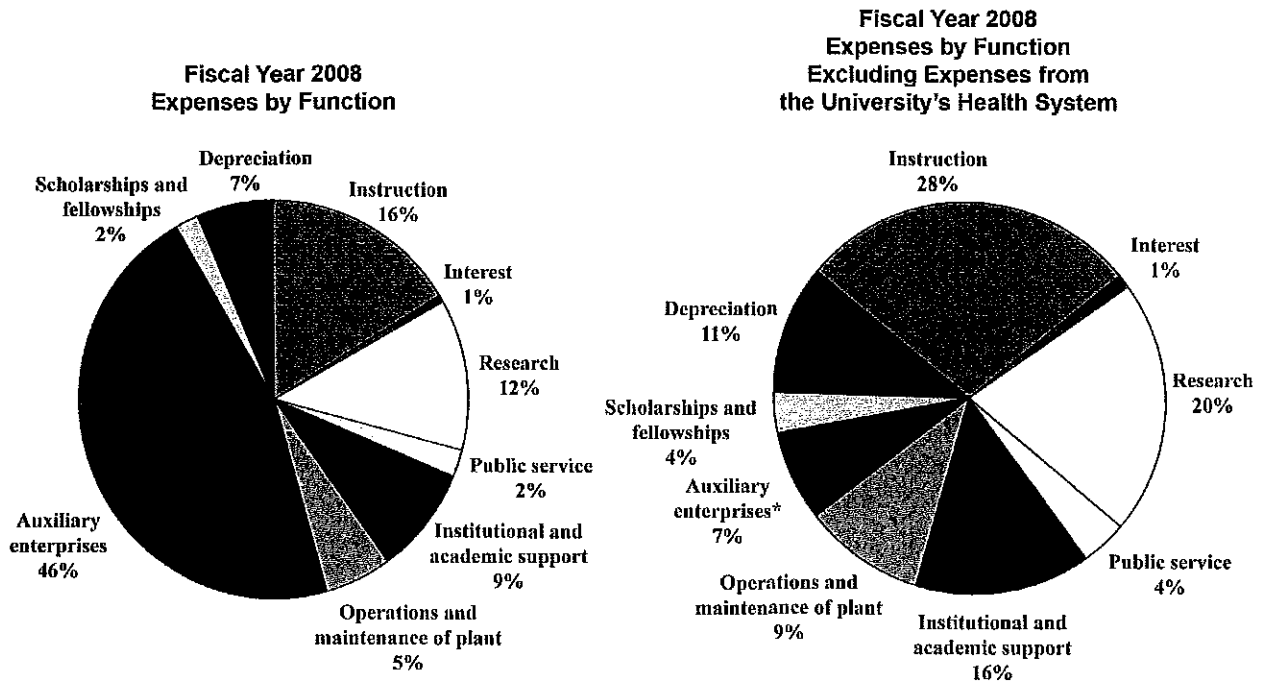
THE UNIVERSITY OF MICHIGAN

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

Total scholarships and fellowships provided to students aggregated \$300 million in 2008, as compared to \$272 million in 2007 and \$258 million in 2006, an increase of 16 percent over the past two years. Tuition, housing and fees revenues are reported net of aid applied to students' accounts, while amounts paid directly to students are reported as scholarship and fellowship expense. Scholarships and fellowships for the three years ended June 30, 2008 are summarized as follows:

	2008	2007	2006
	(in millions)		
Paid directly to students	\$ 98.8	\$ 83.7	\$ 83.9
Applied to tuition and fees	184.1	172.9	158.7
Applied to University Housing	16.7	15.7	15.7
	<u>\$ 299.6</u>	<u>\$ 272.3</u>	<u>\$ 258.3</u>

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



*Excludes expenses from the University's Health System of \$2.0 billion

THE UNIVERSITY OF MICHIGAN

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

Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30, 2008 and 2007 is as follows:

	2008	2007
	(in millions)	
Cash received from operations	\$ 4,109.3	\$ 3,835.9
Cash expended for operations	(4,391.7)	(4,114.1)
Net cash used in operating activities	(282.4)	(278.2)
Net cash provided by investing activities	189.6	16.9
Net cash used in capital and related financing activities	(478.6)	(407.6)
Net cash provided by noncapital financing activities	585.0	736.8
Net increase in cash and cash equivalents	13.6	67.9
Cash and cash equivalents, beginning of year	481.5	413.6
Cash and cash equivalents, end of year	\$ 495.1	\$ 481.5

Cash received from operations primarily consists of student tuition, sponsored program grants and contracts, and patient care revenues. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include state appropriations and private gifts used to fund operating activities. In 2007, net cash from noncapital financing activities also includes proceeds from the sale of M-CARE. Cash and cash equivalents increased \$14 million in 2008, as compared to an increase of \$68 million in 2007.

Economic Factors That Will Affect the Future

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

THE UNIVERSITY OF MICHIGAN

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

A crucial element to the University's future continues to be our strong relationship with the state of Michigan. Historically, there has been a direct relationship between the growth or reduction of state support and the University's ability to control tuition increases, as reduced growth in state appropriations generally necessitates increased tuition levels. Given the State's constrained financial circumstances, the anticipated one percent increase in educational appropriations in fiscal 2009 is an important indicator that the State recognizes the crucial role that higher education in general, and the State's research universities in particular, can play in transforming the State's economy. To support the University's commitment to both academic excellence and accessibility, the University's budget for fiscal 2009 includes a moderate increase in tuition rates along with an increased investment in financial aid for undergraduates.

Private gifts are an increasingly important supplement to the fundamental support provided by state appropriations and student tuition to maintain academic quality and support future initiatives. The University launched the public phase of a major fundraising campaign in May 2004, with the announcement of an ambitious goal of \$2.5 billion. The campaign, titled "The Michigan Difference", will provide support for student scholarships and fellowships, endowed professorships, facilities, academic programs, research and other projects. Since launching the quiet phase of the campaign in 2000, the University has raised \$2.6 billion in cash and pledges and \$448 million in bequests, a total of \$2.9 billion, or 120 percent of the goal, through June 30, 2008. The campaign will continue through December 2008.

The University continues to execute its long-range plan to modernize and expand its complement of older facilities while adding key new facilities for instruction, research, patient care, and residential life. This strategy addresses the University's growth and the continuing effects of technology on teaching and research methodologies. Authorized costs to complete construction and other projects totaled \$1.1 billion at June 30, 2008. Funding for these projects is anticipated to include \$975 million from gifts and net assets designated for capital purposes as well as future borrowings, \$140 million from the utilization of unexpended debt proceeds and \$16 million from the State Building Authority. While the State continues to support the University's systematic renewal of core academic facilities, economic pressures may also affect the State's future support.

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

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

THE UNIVERSITY OF MICHIGAN

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

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

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

THE UNIVERSITY OF MICHIGAN

Consolidated Statement of Net Assets

	June 30,	
	2008	2007
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 495,137	\$ 481,488
Operating investments	686,218	693,851
Investments for capital activities	697,269	720,143
Investments for student loan activities	29,869	27,873
Investment trade settlements receivable	56,289	4,498
Accounts receivable, net	443,375	367,715
Current portion of notes and pledges receivable, net	73,832	62,385
Current portion of prepaid expenses and other assets	54,037	59,678
Total Current Assets	2,536,026	2,417,631
Noncurrent Assets:		
Endowment, life income and other investments	7,854,562	7,379,836
Notes and pledges receivable, net	233,572	247,148
Prepaid expenses and other assets	17,153	15,783
Capital assets, net	4,129,830	3,755,398
Total Noncurrent Assets	12,235,117	11,398,165
Total Assets	\$ 14,771,143	\$ 13,815,796
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 191,694	\$ 204,649
Investment trade settlements payable	64,442	7,244
Accrued compensation and other	297,725	268,584
Deferred revenue	178,638	165,295
Current portion of insurance and benefits reserves	64,117	53,549
Current portion of obligations for postemployment benefits	60,792	8,493
Commercial paper and current portion of bonds payable	172,939	145,148
Deposits of affiliates and others	27,933	26,211
Total Current Liabilities	1,058,280	879,173
Noncurrent Liabilities:		
Accrued compensation	78,578	81,174
Insurance and benefits reserves	78,448	87,653
Obligations for postemployment benefits	1,431,021	79,194
Obligations under life income agreements	60,437	59,739
Government loan advances	86,567	85,940
Bonds payable	1,069,278	897,618
Deposits of affiliates and other	153,860	148,164
Total Noncurrent Liabilities	2,958,189	1,439,482
Total Liabilities	4,016,469	2,318,655
Net Assets:		
Invested in capital assets, net of related debt	3,030,110	2,864,340
Restricted:		
Nonexpendable	1,070,958	959,614
Expendable	3,733,022	3,605,213
Unrestricted	2,920,584	4,067,974
Total Net Assets	10,754,674	11,497,141
Total Liabilities and Net Assets	\$ 14,771,143	\$ 13,815,796

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

THE UNIVERSITY OF MICHIGAN

Consolidated Statement of Revenues, Expenses
and Changes in Net Assets

	Year Ended June 30,	
	2008	2007
	(in thousands)	
Operating Revenues		
Student tuition and fees	\$ 975,316	\$ 891,634
Less scholarship allowances	184,095	172,952
Net student tuition and fees	791,221	718,682
Federal grants and contracts	712,963	695,289
State and local grants and contracts	9,649	12,937
Nongovernmental sponsored programs	130,634	115,498
Sales and services of educational departments	138,484	114,020
Auxiliary enterprises:		
Patient care revenues and managed care premiums	2,105,439	1,983,636
Student residence fees (net of scholarship allowances of \$16,701,000 in 2008 and \$15,690,000 in 2007)	74,759	70,255
Other revenues	139,410	123,151
Student loan interest income and fees	2,049	1,903
Total Operating Revenues	4,104,608	3,835,371
Operating Expenses		
Compensation and benefits	3,234,232	2,961,914
Supplies and services	1,167,616	1,103,928
Depreciation	319,351	284,048
Scholarships and fellowships	98,847	83,712
Total Operating Expenses	4,820,046	4,433,602
Operating loss	(715,438)	(598,231)
Nonoperating Revenues (Expenses)		
State educational appropriations	404,003	332,446
Private gifts for other than capital and endowment purposes	136,713	132,804
Net investment income	621,878	1,572,591
Interest expense	(33,644)	(30,606)
Total Nonoperating Revenues, Net	1,128,950	2,007,235
Income before other revenues (expenses)	413,512	1,409,004
Other Revenues (Expenses)		
State capital appropriations	11,796	6,413
Capital gifts and grants	66,372	64,870
Private gifts for permanent endowment purposes	93,777	72,686
Implementation of GASB Statement No. 45, postemployment benefits obligations as of July 1, 2007	(1,306,859)	
Other	(21,065)	60,023
Total Other (Expenses) Revenues, Net	(1,155,979)	203,992
(Decrease) increase in net assets	(742,467)	1,612,996
Net Assets, Beginning of Year	11,497,141	9,884,145
Net Assets, End of Year	\$ 10,754,674	\$ 11,497,141

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

THE UNIVERSITY OF MICHIGAN
Consolidated Statement of Cash Flows

	Year Ended June 30,	
	2008	2007
	(in thousands)	
Cash Flows From Operating Activities		
Student tuition and fees	\$ 798,616	\$ 721,973
Federal, state and local grants and contracts	735,478	704,243
Nongovernmental sponsored programs	134,387	120,835
Sales and services of educational departments	275,134	243,343
Patient care revenues and managed care premiums	2,073,439	1,953,441
Student residence fees	75,412	71,082
Payments to employees	(2,413,442)	(2,188,845)
Payments for benefits	(681,369)	(652,446)
Payments to suppliers	(1,182,195)	(1,164,678)
Payments for scholarships and fellowships	(98,783)	(83,712)
Student loans issued	(15,866)	(24,346)
Student loans collected	14,700	19,040
Student loan interest and fees collected	2,049	1,903
Net Cash Used in Operating Activities	(282,440)	(278,167)
Cash Flows From Investing Activities		
Interest and dividends on investments, net	294,545	147,405
Proceeds from sales and maturities of investments	5,039,730	5,122,737
Purchases of investments	(5,252,622)	(5,165,786)
Net decrease (increase) in cash equivalents from noncurrent investments	100,741	(114,667)
Increase in deposits of affiliates and others, net	7,288	27,167
Net Cash Provided by Investing Activities	189,682	16,856
Cash Flows From Capital and Related Financing Activities		
State capital appropriations	1,773	8,419
Private gifts and other receipts	65,013	60,126
Proceeds from issuance of capital debt	393,770	202,370
Principal payments on capital debt	(193,644)	(77,304)
Interest payments on capital debt	(35,072)	(31,685)
Payments for bond refunding and related costs	(251)	(355)
Purchases of capital assets	(710,638)	(570,594)
Proceeds from sales of capital assets	483	1,424
Net Cash Used in Capital and Related Financing Activities	(478,566)	(407,599)
Cash Flows From Noncapital Financing Activities		
State educational appropriations	364,159	371,622
Private gifts and other receipts	217,599	102,700
Student direct lending receipts	253,462	219,787
Student direct lending disbursements	(255,765)	(220,480)
Amounts received for annuity and life income funds	15,029	12,340
Amounts paid to annuitants and life beneficiaries and related expenses	(6,992)	(6,699)
Proceeds, net of expenses, from sale of M-CARE	(2,519)	257,523
Net Cash Provided by Noncapital Financing Activities	584,973	736,793
Net increase in cash and cash equivalents	13,649	67,883
Cash and Cash Equivalents, Beginning of Year	481,488	413,605
Cash and Cash Equivalents, End of Year	\$ 495,137	\$ 481,488

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

THE UNIVERSITY OF MICHIGAN

Consolidated Statement of Cash Flows--Continued

	Year Ended June 30,	
	2008	2007
	(in thousands)	
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (715,438)	\$ (598,231)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	319,351	284,048
Changes in assets and liabilities:		
Accounts receivable, net	(24,602)	(23,126)
Prepaid expenses and other assets	2,841	2,742
Accounts payable	(6,403)	(64,249)
Accrued compensation and other	26,991	99,703
Deferred revenue	13,343	(731)
Insurance and benefits reserves	4,210	(66,010)
Obligations for postemployment benefits	97,267	87,687
Net cash used in operating activities	<u>\$ (282,440)</u>	<u>\$ (278,167)</u>

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

Note 1--Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation: The University of Michigan (“the University”) is a state-supported institution with an enrollment of approximately 57,000 students on its three campuses. The financial statements include the individual schools, colleges and departments, the University of Michigan Hospitals and Health Centers, Michigan Health Corporation (a wholly-owned corporation created to pursue joint venture and managed care initiatives), Veritas Insurance Corporation (a wholly-owned captive insurance company) and M-CARE (a wholly-owned health maintenance organization that was sold effective December 31, 2006). While the University is a political subdivision of the state of Michigan, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The University is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501(c)(3), and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, and the American Institute of Certified Public Accountants’ Audit and Accounting Guide, *Audits of State and Local Governments*. The statements of net assets, revenues, expenses and changes in net assets, and of cash flows are reported on a consolidated basis, and all intra-University transactions are eliminated as required by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. The University has the option of applying pronouncements issued by the Financial Accounting Standards Board (“FASB”) after November 30, 1989, provided that such pronouncements do not conflict or contradict GASB pronouncements. The University has elected not to apply any FASB pronouncements issued after the applicable date.

During fiscal 2008, the University implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires accrual-based measurement and recognition of the cost of postemployment benefits during the periods when employees render their services. Previously, the University recorded obligations for most postemployment benefits as they were paid. Implementation of this Statement resulted in an increase in liabilities and a decrease in net assets of \$1,491,813,000 in fiscal 2008. Of this increase, \$1,306,859,000 represents a one-time nonoperating expense to reflect the present value of the University’s obligations for postemployment benefits as of July 1, 2007 and \$97,267,000 represents the additional fiscal 2008 operating expense for postemployment benefit obligations. In addition, insurance and benefit reserves for life insurance and open long-term disability claims, which totaled \$87,687,000 at June 30, 2007, are considered postemployment benefits as defined by GASB Statement No. 45 and have been reclassified to the liability for postemployment benefit obligations as part of the implementation of this Statement.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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

Net assets are categorized as:

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently. Such net assets include the corpus portion (historical value) of gifts to the University's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
 - Expendable – Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. Such net assets include net appreciation of the University's permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.
- Unrestricted: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

Summary of Significant Accounting Policies: The accompanying financial statements have been prepared on the accrual basis. The University reports as a special purpose government entity engaged primarily in business type activities, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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

Investment trade settlements receivable and payable relate to investment transactions occurring on or before June 30, which settle after such date.

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

Investments in nonmarketable limited partnerships are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2008 and 2007, as adjusted by cash receipts, cash disbursements, and securities distributions through June 30, 2008 and 2007. In addition, the carrying amount of these investments is adjusted for June 30 information from management of the investment partnerships when necessary to provide a reasonable estimate of fair value as of June 30, 2008 and 2007. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material.

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

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

The University receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and are not recorded as assets until the related gift is received.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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

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

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

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

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

For donor restricted endowments, the Uniform Management of Institutional Funds Act, as adopted in Michigan, permits the Board of Regents to appropriate an amount of realized and unrealized endowment appreciation as determined to be prudent. The University's policy is to retain net realized and unrealized appreciation with the endowment after spending rule distributions. Net appreciation of permanent endowment funds, which totaled \$1,492,000,000 and \$1,420,000,000 at June 30, 2008 and 2007, respectively, is available to meet spending rate distributions and is recorded in restricted expendable net assets. The University's endowment spending rule is further discussed in Note 2.

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

Patient care revenues are reported net of contractual allowances. Patient care services are primarily provided through the University of Michigan Health System, which includes the Hospitals and Health Centers, the Faculty Group Practice of the University of Michigan Medical School and the Michigan Health Corporation. Patient care services are also provided through University Health Services, which provides health care services to students, faculty and staff, and Dental Faculty Associates, which provides dental care services performed by faculty dentists.

Managed care premiums relate to M-CARE, a wholly-owned health maintenance organization which was sold effective December 31, 2006.

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

The University's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts and investment income.

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

Reclassifications: Certain prior year amounts have been reclassified to conform with current year presentations.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

New Accounting Pronouncements: In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for the University's fiscal year beginning July 1, 2008. This Statement establishes criteria to ascertain whether certain events result in a requirement for the University to estimate the components of any expected pollution remediation costs and determine whether these costs should be accrued as a liability or, if appropriate, capitalized.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the University's fiscal year beginning July 1, 2009. This Statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's fiscal year beginning July 1, 2009. This Statement requires derivative instruments 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 derivative instruments that do not qualify as an effective hedge, including investment derivative instruments, will be reported as investment income. This Statement also requires additional disclosures about the University's derivative instruments.

The University is evaluating the effect that these Statements will have on its financial statements.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments

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

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

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

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

Distributions are made from the University Endowment Fund to the University entities that benefit from the endowment fund. The endowment spending rule provides for an annual distribution of 5 percent of the one-quarter lagged moving average fair value of fund units, limited to 5.3 percent of the current fair value to protect endowment principal in the event of a prolonged market downturn. Effective July 1, 2006, the moving average period was extended from three years to four years, and it is being extended by one quarter each subsequent quarter until it reaches seven years. Distributions are also made from the University Investment Pool to University entities based on the 90-day U.S. Treasury Bill rate. The University's costs to administer and grow the University Endowment Fund and University Investment Pool are funded by investment income.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

Cash and Cash Equivalents: Cash and cash equivalents, which totaled \$495,137,000 and \$481,488,000 at June 30, 2008 and 2007, respectively, represent short-term money market investments in overnight collective funds managed by the University's custodian or short-term highly liquid investments registered as securities and held by the University or its agents in the University's name. The University had actual cash balances in its bank accounts in excess of Federal Deposit Insurance Corporation limits in the amount of \$17,667,000 and \$8,832,000 at June 30, 2008 and 2007, respectively. The University does not require deposits to be collateralized or insured.

Investments: At June 30, 2008 and 2007, the University's investments, which are held by the University or its agents in the University's name, are summarized as follows:

	2008	2007
	(in thousands)	
Cash equivalents, noncurrent	\$ 239,043	\$ 339,784
Fixed income securities	1,663,408	1,753,140
Commingled funds	2,075,546	2,123,446
Equity securities	1,171,267	1,531,815
Nonmarketable alternative investments	4,111,493	3,067,846
Other investments	7,161	5,672
	<u>\$ 9,267,918</u>	<u>\$ 8,821,703</u>

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

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

The University minimizes concentration of credit risk, the risk of a large loss attributed to the magnitude of the investment in a single issuer of fixed income securities, by diversifying its fixed income issues and issuers and holding U.S. Treasury securities which are considered to have no credit risk. The University also manages this risk at the account level by limiting each fixed income manager's holding of any non-U.S. government issuer to 5 percent of the value of the investment account.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of fixed income securities. Effective duration, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other imbedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income securities was 4.7 years at June 30, 2008, compared to 4.1 years at June 30, 2007. The University manages the effective duration of its fixed income securities at the account level; fixed income managers generally may not deviate from the duration of their respective benchmarks by more than 25 percent.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The composition of fixed income securities at June 30, 2008 and 2007, along with credit quality and effective duration measures, is summarized as follows:

	2008					Duration (in years)
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	
U.S. Treasury	\$ 70,900				\$ 70,900	3.6
U.S. Treasury Inflation Protected	489,523				489,523	4.4
U.S. Government agency	126,522				126,522	1.6
Mortgage backed		\$ 123,464			123,464	2.7
Asset backed		56,035		\$ 3	56,038	5.7
Corporate and other		773,542	\$ 22,960	459	796,961	5.8
	\$ 686,945	\$ 953,041	\$ 22,960	\$ 462	\$ 1,663,408	4.7

	2007					Duration (in years)
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	
U.S. Treasury	\$ 391,214				\$ 391,214	9.7
U.S. Treasury Inflation Protected	370,881				370,881	4.1
U.S. Government agency	110,851				110,851	1.9
Mortgage backed		\$ 211,656		\$ 4,187	215,843	1.7
Asset backed		70,290		2,503	72,793	0.7
Corporate and other		449,099	\$ 25,631	116,828	591,558	2.3
	\$ 872,946	\$ 731,045	\$ 25,631	\$ 123,518	\$ 1,753,140	4.1

Of the University's fixed income securities, 99 percent and 91 percent were rated investment grade or better at June 30, 2008 and 2007, with 57 percent and 70 percent of these securities rated AAA/Aaa or better at June 30, 2008 and 2007, respectively.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

Commingled (pooled) funds include Securities and Exchange Commission regulated mutual funds and externally managed funds, limited partnerships, and corporate structures which are generally unrated and unregulated. The composition of commingled funds at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in thousands)	
Absolute return	\$ 1,177,265	\$ 1,178,374
U.S. equities	152,614	115,207
Non-U.S./global equities	644,542	736,080
U.S. fixed income	79,782	81,542
Other	21,343	12,243
	<u>\$ 2,075,546</u>	<u>\$ 2,123,446</u>

Commingled funds have liquidity (redemption) provisions, which enable annual or more frequent withdrawals subject to notice requirements of up to 90 days. Certain commingled funds held in the Long Term Portfolio and the Daily and Monthly Portfolios may use derivatives, short positions and leverage as part of their investment strategy. These investments are structured to limit the University's risk exposure to the amount of invested capital.

Nonmarketable alternative investments consist of limited partnerships involving an advance commitment of capital called by the general partner as needed and distributions of capital and return on invested capital as underlying strategies are concluded during the life of the partnership. The composition of these partnerships at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in thousands)	
Private equity	\$ 1,074,706	\$ 836,956
Real estate	969,778	749,763
Absolute return	715,916	527,368
Energy	849,458	535,707
Venture capital	501,635	418,052
	<u>\$ 4,111,493</u>	<u>\$ 3,067,846</u>

While the University's limited partnership investments are diversified in terms of manager selection and industry and geographic focus, one energy partnership represented 6 percent, or \$540,000,000, of total investments at June 30, 2008. The University's committed but unpaid obligation to these limited partnerships is further discussed in Note 12.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

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

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

Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's non-U.S. dollar holdings net of forward foreign exchange contracts amounted to \$1,324,618,000, or 14 percent of total investments, at June 30, 2008, as compared to \$1,271,515,000, or 14 percent of total investments, at June 30, 2007. The University manages foreign exchange risk through manager agreements that provide minimum diversification and maximum exposure limits by country and currency.

The Long Term Portfolio and the Daily and Monthly Portfolios hold positions in bond and stock index futures contracts. Bond futures are used to adjust the duration of cash equivalents and the fixed-income portion of the portfolios. Stock index futures are used to overlay cash equivalents and more closely align the portfolios' asset class exposures with asset allocation targets. To meet trading margin requirements, the University has deposited U.S. Government securities and cash with a fair value of \$29,373,000 and \$20,575,000 at June 30, 2008 and 2007, respectively, with its futures contract broker as collateral.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

The Long Term Portfolio and the Daily and Monthly Portfolios, together, had fully collateralized short-term securities loans of \$377,025,000 and \$864,179,000 at June 30, 2008 and 2007, respectively, through a securities lending program administered by the University's master custodian. At loan inception, an approved borrower must deliver collateral of cash, securities or letters of credit to the University's lending agent equal to 102 percent for domestic securities and 105 percent for foreign securities. Collateral positions are monitored daily to insure that borrowed securities are never less than 100 percent collateralized. The fair value of the collateral totaled \$393,361,000, or 104 percent of the fair value of the securities on loan, at June 30, 2008, as compared to \$890,544,000, or 103 percent of the fair value of the securities on loan, at June 30, 2007. Neither the University nor its securities lending agent has the ability to pledge or sell collateral securities unless a borrower defaults. Securities loans may be terminated upon notice by either the University or the borrower.

Note 3--Accounts Receivable

The composition of accounts receivable at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in thousands)	
Patient care	\$ 362,323	\$ 310,432
Sponsored programs	66,800	75,959
State appropriations, educational and capital	78,326	28,460
Student accounts	18,383	20,145
Other	31,593	27,130
	<u>557,425</u>	<u>462,126</u>
Less provision for uncollectible accounts receivable	114,050	94,411
	<u>\$ 443,375</u>	<u>\$ 367,715</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 4--Notes and Pledges Receivable

The composition of notes and pledges receivable at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in thousands)	
Notes:		
Federal student loan programs	\$ 99,464	\$ 99,601
University student loan funds	18,837	17,041
Other	729	726
	<u>119,030</u>	<u>117,368</u>
Less allowance for doubtfully collectible notes	2,800	2,300
Total notes receivable, net	<u>116,230</u>	<u>115,068</u>
Gift pledges outstanding:		
Capital	137,270	148,910
Operations	77,570	72,561
	<u>214,840</u>	<u>221,471</u>
Less:		
Allowance for doubtfully collectible pledges	6,843	6,961
Unamortized discount to present value	16,823	20,045
Total pledges receivable, net	<u>191,174</u>	<u>194,465</u>
Total notes and pledges receivable, net	307,404	309,533
Less current portion	73,832	62,385
	<u>\$ 233,572</u>	<u>\$ 247,148</u>

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 4--Notes and Pledges Receivable--Continued

Payments on pledges receivable at June 30, 2008 are expected to be received in the following years ended June 30 (in thousands):

2009	\$ 61,679
2010-2013	118,562
2014 and after	34,599
	<u>\$ 214,840</u>

As discussed in Note 1, pledges for permanent endowment do not meet eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Accordingly, permanent endowment pledges totaling approximately \$105,467,000 and \$96,360,000 at June 30, 2008 and 2007, respectively, are not recognized as assets in the accompanying financial statements. In addition, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their realizability and valuation.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 5--Capital Assets

Capital assets activity for the years ended June 30, 2008 and 2007 is summarized as follows:

	2008			Ending Balance
	Beginning Balance	Additions	Retirements	
	(in thousands)			
Land	\$ 81,808	\$ 7,085		\$ 88,893
Land improvements	93,887	2,512		96,399
Infrastructure	164,091	21,072		185,163
Buildings	4,481,092	231,888	\$ 10,036	4,702,944
Construction in progress	348,891	298,017		646,908
Equipment	1,345,544	120,039	51,268	1,414,315
Library materials	386,020	19,908		405,928
	6,901,333	700,521	61,304	7,540,550
Less accumulated depreciation	3,145,935	319,351	54,566	3,410,720
	\$ 3,755,398	\$ 381,170	\$ 6,738	\$ 4,129,830

	2007			Ending Balance
	Beginning Balance	Additions	Retirements	
	(in thousands)			
Land	\$ 81,278	\$ 530		\$ 81,808
Land improvements	91,452	2,435		93,887
Infrastructure	146,809	17,282		164,091
Buildings	3,957,478	547,580	\$ 23,966	4,481,092
Construction in progress	557,036	(208,145)		348,891
Equipment	1,178,658	230,900	64,014	1,345,544
Library materials	365,894	20,126		386,020
	6,378,605	610,708	87,980	6,901,333
Less accumulated depreciation	2,925,164	284,048	63,277	3,145,935
	\$ 3,453,441	\$ 326,660	\$ 24,703	\$ 3,755,398

The increase in construction in progress of \$298,017,000 in fiscal 2008 represents the amount of capital expenditures for new projects of \$472,012,000 net of capital assets placed in service of \$173,995,000. The decrease in construction in progress of \$208,145,000 in fiscal 2007 represents the amount of capital assets placed in service of \$560,193,000 net of capital expenditures for new projects of \$352,048,000.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt

Long-term debt at June 30, 2008 and 2007 is summarized as follows:

	2008	2007
	(in thousands)	
Commercial Paper:		
Tax-exempt, variable rate (1.58%)*	\$ 129,825	\$ 103,125
Taxable, variable rate (2.56%)*	6,760	7,075
General Revenue Bonds:		
Series 2008A, variable rate 1.60%* through 2038	105,810	
Series 2008B, variable rate 1.50%* to fixed via swap through 2026 and variable rate 2027 through 2028	118,335	
Series 2005A, 5.00% through 2018	34,315	37,745
unamortized premium	2,498	3,097
unamortized loss on extinguishment	(316)	(400)
Series 2005B, variable rate 1.45%* through 2035	48,020	48,020
Series 2002, variable rate 1.40%* to fixed via swap through 2018 and variable rate 2019 through 2032	119,900	130,090
General Revenue Refunding Bonds:		
Series 2003, 3.50% to 5.00% through 2015	29,395	34,660
unamortized premium	1,552	2,175
unamortized loss on extinguishment	(281)	(399)
Hospital Revenue Bonds:		
Series 2007A, variable rate 3.00%* through 2038	50,120	50,120
Series 2007B, variable rate 1.45%* through 2038	100,235	100,235
Series 2005A, variable rate 2.05%* through 2036	69,315	69,315
Series 2005B, variable rate 1.40%* to fixed via swap through 2026	75,065	78,085
Series 1995A, variable rate 1.40%* through 2028	100,000	100,000
Hospital Revenue Refunding Bonds:		
Series 2002A, 5.00% to 5.25% through 2022	58,325	67,125
unamortized premium	1,279	1,747
unamortized loss on extinguishment	(2,342)	(2,700)
Series 1998A-1, 5.25% through 2011		16,540
unamortized premium		129
Series 1998A-2, variable rate 2.05%* to fixed via swap through 2025	44,670	44,670
Series 1992A, variable rate 2.05%* through 2020	56,000	56,000
Medical Service Plan Revenue Bonds:		
Series 1995A, variable rate 1.40%* through 2028	48,800	49,300
Series 1991, 6.90% to 7.05% capital appreciation through 2012	7,674	9,290
Medical Service Plan Revenue Refunding Bonds:		
Series 1998A-1, variable rate 2.05%* to fixed via swap through 2022	35,030	35,350
Housing Energy Conservation HUD Loan, 3.00% through 2021	2,233	2,372
Total long-term debt	1,242,217	1,042,766
Less current portion of long-term debt	172,939	145,148
	<u>\$ 1,069,278</u>	<u>\$ 897,618</u>

* Denotes rate at June 30, 2008

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

Long-term debt activity, and the type of revenue it is supported by, for the year ended June 30, 2008 is summarized as follows:

	Beginning Balance	Additions (in thousands)	Reductions	Ending Balance
Commercial Paper:				
General revenues	\$ 110,200	\$ 169,625	\$ 143,240	\$ 136,585
Bonds and Notes:				
General revenues	254,988	224,145	19,905	459,228
Hospital revenues	581,266		28,599	552,667
Faculty Group Practice revenues	93,940	584	3,020	91,504
Student residences revenues	2,372		139	2,233
	<u>\$ 1,042,766</u>	<u>\$ 394,354</u>	<u>\$ 194,903</u>	<u>\$ 1,242,217</u>

The University maintains a combination of variable and fixed rate debt, with effective interest rates that averaged 3.40 percent in fiscal 2008 and 4.04 percent in fiscal 2007. The University utilizes commercial paper to provide interim financing for its capital improvement program. The Board of Regents has authorized the issuance of up to \$150,000,000 in commercial paper backed by a general revenue pledge. Outstanding commercial paper debt is converted to long-term debt financing, as appropriate, within the normal course of business.

During fiscal 2008, the University issued \$169,625,000 of commercial paper to fund new construction projects and refund Hospital Revenue Refunding Bonds Series 1998A-1. In March 2008, the University issued \$224,145,000 of variable rate General Revenue Bonds. Bond proceeds were used to convert \$73,200,000 of commercial paper to long-term debt and provide \$150,470,000 for capital projects and \$475,000 for debt issuance costs. Of the total bond issue, \$105,810,000 (Series 2008A) is variable based on a daily rate mode and \$118,335,000 (Series 2008B) is variable based on a weekly rate mode.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

Debt obligations are generally callable by the University and mature at various dates through fiscal 2038. Principal maturities and interest on debt obligations for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest* (in thousands)	Total
2009	\$ 172,114	\$ 21,959	\$ 194,073
2010	27,452	21,024	48,476
2011	29,862	20,231	50,093
2012	43,438	19,133	62,571
2013	45,956	17,656	63,612
2014-2018	207,656	73,995	281,651
2019-2023	216,909	53,838	270,747
2024-2028	243,210	32,419	275,629
2029-2033	132,815	16,992	149,807
2034-2038	120,415	5,132	125,547
	1,239,827	\$ 282,379	\$ 1,522,206
Plus unamortized premiums, net	2,390		
	<u>\$ 1,242,217</u>		

* Interest on variable rate debt is estimated based on rates in effect at June 30, 2008

In connection with the Series 2008B General Revenue Bonds, the University entered into a floating-to-fixed interest rate swap agreement with a notional value covering a portion of the principal amount outstanding, \$98,490,000 at June 30, 2008, and decreasing as principal on the underlying bonds is repaid. The swap agreement converts the floating variable rate on these bonds to a fixed rate of 3.105 percent until the swap terminates in April 2026. The University makes fixed rate payments to the counterparty and receives a variable rate payment based on 68 percent of the One-Month USD LIBOR. The University has the option to terminate the swap upon five days written notice and payment of the fair market compensation for the value of the swap.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt--Continued

In connection with the issuance of the Series 2005B Hospital Revenue Bonds, the University entered into a floating-to-fixed interest rate swap agreement for a notional amount tied to the outstanding balance of the bonds. The swap agreement converts the floating variable rate on these bonds to a fixed rate of 3.229 percent commencing December 2005 through December 2025, the final maturity of the underlying bonds. The University makes fixed rate interest payments to the counterparty and receives a variable rate payment based on 68 percent of the One-Month USD LIBOR. The University has the option to terminate the swap upon five business days written notice and payment of the fair market compensation for the value of the swap.

In connection with the Series 2002 General Revenue Bonds, the University entered into a floating-to-fixed interest swap agreement with a notional value covering a portion of the principal amount outstanding, \$58,215,000 at June 30, 2008 and 2007, and decreasing as principal on the underlying bonds is repaid. The swap agreement converts the floating variable rate on these bonds to a fixed rate of 3.5375 percent until the swap terminates in April 2018. The University makes fixed rate payments to the counterparty and receives a variable rate payment based on 68 percent of One-Month USD LIBOR through April 1, 2009 and 63 percent of the Five-Year USD LIBOR Swap Rate for the balance of the term. The University has the option to terminate the swap upon five days written notice and payment of the fair market compensation for the value of the swap.

In connection with the issuance of the Series 1998A-2 Hospital Revenue Refunding Bonds and the Series 1998A-1 Medical Service Plan Revenue Refunding Bonds, the University entered into floating-to-fixed interest rate swap agreements for notional amounts tied to the outstanding balance of the bonds. The swap agreements convert the floating variable rates on these Hospital and Medical Service Plan bonds to fixed rates of 4.705 percent and 4.685 percent, respectively through December 2024 and December 2021, the final maturity dates of the underlying bonds. The University makes fixed interest payments to the counterparty and receives a variable rate payment based on the floating Bond Market Association Municipal Swap Index. The counterparty has the option of terminating the swaps if for any 180-day period the average variable rate is more than 7.0 percent.

The estimated fair value of the interest rate swaps was a liability of \$11,612,000 at June 30, 2008 and a liability of \$871,000 at June 30, 2007. The fair value represents the estimated amount that the University would pay to terminate the swap agreements at the statement of net assets date, taking into account current interest rates and creditworthiness of the underlying counterparties. In accordance with governmental accounting standards, these amounts are not required to be included in the accompanying financial statements.

The University maintains unsecured lines of credit with three major commercial banks to support the liquidity requirements of variable rate debt. Available lines of credit, which totaled \$650,000,000 at June 30, 2008 and \$450,000,000 at June 30, 2007, were entirely unused during fiscal 2008 and 2007.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 7--Self-Insurance

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

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

Changes in the total reported liability for insurance and benefits obligations for the years ended June 30, 2008 and 2007 are summarized as follows:

	2008	2007
	(in thousands)	
Balance, beginning of year	\$ 141,202	\$ 212,099
Claims incurred and changes in estimates	220,493	82,403
Claim payments	(219,130)	(153,300)
Balance, end of year	142,565	141,202
Less current portion	64,117	53,549
	\$ 78,448	\$ 87,653

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 8--Postemployment Benefits

The University provides retiree health and welfare benefits, primarily medical, prescription drug, dental and life insurance coverage, to eligible retirees and their eligible dependents. Substantially all of the approximately 32,000 permanent University employees may become eligible for these benefits if they reach retirement age while working for the University. For employees retiring on or after January 1, 1987, contributions toward health and welfare benefits are shared between the University and the retiree and can vary based on date of hire, date of retirement, age and coverage elections.

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

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

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

The University's annual other postemployment benefits ("OPEB") cost is actuarially determined in accordance with the parameters of GASB Statement No. 45. Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided and announced future changes at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 8--Postemployment Benefits--Continued

Changes in the total reported liability for postemployment benefits obligations for the year ended June 30, 2008 are summarized as follows:

	Retiree Health and Welfare	Long-term Disability (in thousands)	Total
Balance, beginning of year	\$ 4,749	\$ 82,938	\$ 87,687
Annual OPEB cost:			
One-time amortization of total unfunded actuarially accrued liability at July 1, 2007	1,259,125	47,734	1,306,859
Recurring postemployment benefits expense	134,820	15,564	150,384
Payments of current premiums and claims	(38,519)	(14,598)	(53,117)
Balance, end of year	1,360,175	131,638	1,491,813
Less current portion	45,514	15,278	60,792
	\$ 1,314,661	\$ 116,360	\$ 1,431,021

The OPEB balance at the beginning of the year, which totaled \$87,687,000, represents a liability for open long-term disability claims and life insurance reserves, which were previously recorded at June 30, 2007 as a liability for insurance and benefit reserves. These reserves are considered postemployment benefits as defined by GASB Statement No. 45 and have been reclassified to obligations for postemployment benefits as part of the implementation of this statement.

Since a portion of retiree medical services will be provided by the University's Health System, the liability for postemployment benefit obligations is net of the related margin and fixed costs of providing those services which totaled \$220,782,000 at June 30, 2008. In accordance with GASB Statement No. 45, obligations for postemployment benefits at June 30, 2008 do not reflect anticipated Medicare Part D prescription drug subsidies for future years, which would have reduced the accrued liability by \$179,000,000.

The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment and currently pays for postemployment benefits on a pay-as-you-go basis. The University's obligations for postemployment benefits at June 30, 2008 as a percentage of covered payroll, of \$2,311,422,000, was 65 percent.

In fiscal 2008, the University's annual OPEB cost represents the annual required contribution ("ARC"). The ARC represents a level of funding that an employer is projected to need in order to prefund its obligations for postemployment benefits over its employees' years of service. The University has chosen to amortize its initial unfunded actuarial accrued liability over one year, the minimum period allowed by GASB Statement No. 45.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 8--Postemployment Benefits--Continued

At June 30, 2008, the University's OPEB liability was calculated using the projected unit credit method. Significant actuarial methods and assumptions used in the valuation are as follows:

	<u>Retiree Health and Welfare</u>	<u>Long-term Disability</u>
Discount Rate	6.4%	8.0%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	11.7%/5.0%	11.7%/5.0%
Immediate/Ultimate Rx Trend Rate	8.5%/5.0%	8.5%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Projected to 2014	2005 SOA Life Waiver (Modified)

Note 9--Retirement Plan

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

Eligible employees generally contribute 5 percent of their pay and the University generally contributes an amount equal to 10 percent of employees' pay to the plan. Participants may elect to contribute additional amounts to the plan within specified limits that are not matched by University contributions. Contributions and covered payroll under the plan (excluding participants' additional contributions) for the three years ended June 30, 2008 are summarized as follows:

	2008	2007	2006
	(in thousands)		
University contributions	\$ 194,962	\$ 183,145	\$ 171,868
Employee contributions	\$ 96,015	\$ 90,252	\$ 84,706
Payroll covered under plan	\$ 2,311,422	\$ 2,172,592	\$ 2,001,670
Total payroll	\$ 2,444,522	\$ 2,292,929	\$ 2,155,752

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 10--Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement No. 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. All of the unrestricted net assets, which totaled \$2,920,584,000 at June 30, 2008, have been designated for academic and research programs and initiatives, and capital programs.

Note 11--Federal Direct Lending Program

The University distributed \$255,765,000 and \$220,480,000 for the years ended June 30, 2008 and 2007, respectively, for student loans through the U.S. Department of Education ("DoED") federal direct lending program. These distributions and related funding sources are not included as expenses and revenues in the accompanying financial statements. The statement of net assets includes a payable of \$2,026,000 and \$4,329,000 at June 30, 2008 and 2007, respectively, for DoED funding received in advance of distribution.

Note 12--Commitments and Contingencies

Authorized expenditures for construction and other projects unexpended as of June 30, 2008 were \$1,131,102,000. Of these expenditures, approximately \$15,590,000 will be funded by the State Building Authority, \$140,107,000 will be funded using unexpended debt proceeds, and the remaining \$975,405,000 will be funded by internal sources, gifts and future borrowings.

Under the terms of various limited partnership agreements approved by the Board of Regents or by University officers, the University is obligated to make periodic payments for advance commitments to venture capital, private equity, real estate, energy and absolute return strategies. As of June 30, 2008, the University had committed, but not paid, a total of \$3,334,023,000 in funding for these alternative investments. Outstanding commitments for such investments are anticipated to be paid in the following years ended June 30 (in thousands):

2009	\$ 1,161,813
2010	729,805
2011	557,230
2012	334,799
2013	229,559
2014 and beyond	320,817
	<u>\$ 3,334,023</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 12--Commitments and Contingencies--Continued

The University has entered into operating leases for space, which expire at various dates through fiscal 2018. Outstanding commitments for these leases are expected to be paid in the following years ended June 30 (in thousands):

2009	\$ 37,332
2010	33,251
2011	28,672
2012	26,464
2013	22,963
2014-2018	67,651
	<u>\$ 216,333</u>

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

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

Note 13--Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB Statement No. 35.

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

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 13--Segment Information--Continued

Condensed financial information for HHC, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2008 and 2007 is as follows:

	2008	2007
	(in thousands)	
Condensed Statement of Net Assets		
Assets:		
Current assets	\$ 396,679	\$ 304,711
Noncurrent assets	2,451,429	2,417,956
Total assets	<u>\$ 2,848,108</u>	<u>\$ 2,722,667</u>
Liabilities:		
Current liabilities	\$ 161,462	\$ 150,501
Noncurrent liabilities	808,195	576,017
Total liabilities	<u>969,657</u>	<u>726,518</u>
Net assets:		
Invested in capital assets, net of related debt	538,854	533,475
Restricted	73,181	69,436
Unrestricted	1,266,416	1,393,238
Total net assets	<u>1,878,451</u>	<u>1,996,149</u>
Total liabilities and net assets	<u>\$ 2,848,108</u>	<u>\$ 2,722,667</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating revenues	\$ 1,719,135	\$ 1,561,198
Operating expenses other than depreciation expense	(1,561,044)	(1,400,029)
Depreciation expense	(122,363)	(99,476)
Operating income	35,728	61,693
Nonoperating revenues, net	97,308	239,145
Income before other revenues (expenses) and transfers	133,036	300,838
Other (expenses) revenues, net	(259,342)	5,780
Net (expenses) revenues before transfers	(126,306)	306,618
Transfers from (to) other University units, net	8,608	(74,608)
(Decrease) increase in net assets	(117,698)	232,010
Net assets, beginning of year	1,996,149	1,764,139
Net assets, end of year	<u>\$ 1,878,451</u>	<u>\$ 1,996,149</u>
Condensed Statement of Cash Flows		
Net cash flows provided by operating activities	\$ 188,136	\$ 149,799
Net cash flows provided by (used in) investing activities	92,117	(328)
Net cash flows used in capital and related financing activities	(211,183)	(104,588)
Net cash flows provided by (used in) noncapital financing activities	5,561	(70,205)
Net increase (decrease) in cash and cash equivalents	74,631	(25,322)
Cash and cash equivalents, beginning of year	82,381	107,703
Cash and cash equivalents, end of year	<u>\$ 157,012</u>	<u>\$ 82,381</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 14--Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2008 and 2007 are summarized as follows:

	2008				Total
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	
Instruction	\$ 676,273	\$ 108,472			\$ 784,745
Research	397,464	174,188			571,652
Public service	85,931	35,949			121,880
Academic support	166,489	37,148			203,637
Student services	62,365	16,343			78,708
Institutional support	124,370	41,955			166,325
Operations and maintenance of plant	40,584	208,661			249,245
Auxiliary enterprises	1,680,756	544,900			2,225,656
Depreciation			\$ 319,351		319,351
Scholarships and fellowships				\$ 98,847	98,847
	<u>\$ 3,234,232</u>	<u>\$ 1,167,616</u>	<u>\$ 319,351</u>	<u>\$ 98,847</u>	<u>\$ 4,820,046</u>

	2007				Total
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	
Instruction	\$ 631,262	\$ 96,082			\$ 727,344
Research	376,184	164,421			540,605
Public service	73,985	29,934			103,919
Academic support	146,090	28,438			174,528
Student services	56,114	14,865			70,979
Institutional support	111,011	22,218			133,229
Operations and maintenance of plant	37,231	219,020			256,251
Auxiliary enterprises	1,530,037	528,950			2,058,987
Depreciation			\$ 284,048		284,048
Scholarships and fellowships				\$ 83,712	83,712
	<u>\$ 2,961,914</u>	<u>\$ 1,103,928</u>	<u>\$ 284,048</u>	<u>\$ 83,712</u>	<u>\$ 4,433,602</u>

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 15--Sale of M-CARE

The University sold M-CARE, its wholly-owned health maintenance organization, to Blue Cross Blue Shield of Michigan effective December 31, 2006. Proceeds from the sale, net of expenses, totaled \$257,523,000 and the University recognized a gain on the sale of \$159,743,000 in fiscal 2007, which is included in other revenues in the statement of revenues, expenses and changes in net assets. In fiscal 2008, based on certain changes in net assets pursuant to the terms of the sales agreement, the sales price was reduced by \$6,500,000, of which \$4,500,000 is included in accrued liabilities at June 30, 2008. Subscription premiums revenue recognized by M-CARE from employers other than the University totaled approximately \$196,800,000 for the six months ended December 31, 2006.

The University of Michigan
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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
Agriculture, Department of				
Direct		10		\$ 1,181,344
Pass-Through:				
Biotechnology Research and Development Corporation	146	10		109,152
Michigan Technological University	P0074554	10		62,910
Southwestern Michigan Commission	Contract Agmt dtd 11/3/06	10		28,866
T/J Technologies, Inc.	USDA-II-07	10		95,600
University of Chicago	35843-B / Helen Levy	10		1,658
University of Illinois at Chicago	PO# P0147531	10		16,781
University of Minnesota	Q6706392243	10		(7,811)
US-Israel Binational Agricultural Research and Development Fund (BARD)	IS-3869-06	10		49,495
Central Intelligence Agency				
Direct		13		124,575
Pass-Through:				
Columbia University	P.O. # 565105	13		27,810
Commerce, Department of-Economic Development Administration				
Direct		11		456,867
Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct		11		4,426,305
Pass-Through:				
Indiana, Dept of Natural Resources	email dtd 12/15/05 & 12/16/05	11		1,182
Michigan, State of, Environmental Quality, Department of	08-309-14	11		29,274
Michigan, State of, Environmental Quality, Department of	Project#08-309-13	11		21,935
Ohio State University Research Foundation	RF01066360	11		8,055
University of Maryland, The	CA03-23; NOAA Award NA16OC2473	11		90,273
University of Maryland, The	Cooperative Agreement 07-14	11		57,509
Commerce, Department of-Office of the Secretary				
Direct		11		42,874
Pass-Through:				
Center for Automotive Research (CAR)	UM/CAR Subcontract	11		175,817
Delphi Automotive Systems	PO# 450329811	11		191,333
Ford Motor Company	A10 PO04 142968 001	11		(41)
POM Group, Inc., The	Faxed SubK dtd 8/10/04	11		542,014
Commerce, Department of-Technology Administration				
Direct		11		(3,956)
Defense, Department of-Air Force, Department of the				
Direct		12		8,574,154
Pass-Through:				
Battelle	SubK Agmt TCN 05158(SSP)	12		49,153
Delcross Technologies, LLC	RT Res. Agmt. dtd 12/21/07	12		76,978
Delcross Technologies, LLC	RT Res. Agmt. Dtd 3/21/07	12		132,158
Electrodynamic Applications, Inc.	20071201	12		45,086
Electrodynamic Applications, Inc.	Agreement	12		143,201
Electromagnetics and Electronic Solutions, Inc	Agreement	12		33,000
ERC, Inc.	RS060133	12		67,387
Fracture Analysis Consultants	Agmt Subent# PW-07-1	12		41,173
Harvard University	133486 -09	12		32,245
Kent State University	444286-P8061716	12		188,104
Massachusetts Institute of Technology	5710001867	12		59,425

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Massachusetts Institute of Technology	700004948	12		67,946
Mayaterials Company	Letter	12		7,901
Ohio State University	60006916	12		82,759
Ohio State University	GRT00008581/RF60012388	12		324,080
Opteos, Inc.	Opteos Agreement	12		38,891
Picomatrix, Inc.	Sub to FA9550-07-c0110	12		29,983
Pohang University of Science & Technology (Postech)	Agreement	12		7,291
Purdue University	4104-18065	12		57,986
Rolls Royce, PLC	PO#5100000451	12		48,137
Soar Technology, Inc.	sub#10121-1, Vendor#8001900	12		29,406
Southwest Sciences, Inc.	STTR Res Agmt dtd 11/15/05	12		74,159
Spectral Sciences, Inc	8576	12		49,793
Streamline Numerics, Inc	aGREEMENT 11/8/07	12		25,584
Streamline Numerics, Inc	RT Res. Agmt dtd 9/1/06	12		17,761
UES, Inc.	PO Agmt S-827-000-001	12		35,624
Universal Technology Corporation	SK 06S531042C1(R1)PM F33...	12		(15)
University of Arizona	Y452425	12		229,646
University of Florida, The	UF-EIES-0712015-UMC	12		64,423
University of Illinois-Urbana-Champaign	2003-07178-01-00	12		52,822
University of Wisconsin	A867086	12		75,109
Virtual EM Inc	SUBk 09/01/07	12		42,688
Wyle Laboratories	PO# 19041 OB 11-315S dtd 1/13/	12		2,146
Defense, Department of-Army, Department of the Direct		12		27,051,581
Pass-Through:				
Alion Science and Technology	po#SUB1187401000	12		26,975
Alion Science and Technology	SubK#1272849JP dtd 7/22/05	12		(46,919)
BAE Systems	316095	12		68,862
BAE Systems	PO#RP6897, No. 15	12		7,278
California Institute of Technology	77-1069043	12		(393)
Carollo Engineers, A Professional Corporation	Agmt. Proj. #7387A dtd 8/31/06	12		52,483
Center for Rotorcraft Innovation	06-B-01-01.2 A17	12		(1,484)
Center for Rotorcraft Innovation	07-B-01-01.7-A17	12		22,147
Center for Rotorcraft Innovation	2008-B-11-01.7-A1	12		21,187
Duke University	06-SC-ARO-1055	12		108,347
EPIR, Ltd.	Agmt Cntrct#0001-SUOM-07-0001	12		33,040
eV Products	Agmt	12		80,000
General Dynamics Advanced Information Systems	PO FCN000468 SP#001	12		17,430
General Dynamics Corporation	Subcontract	12		33,306
Georgia Institute of Technology	R7443-S1	12		268,656
Global Technologies Connection Inc	Letter dtd 10/12/07	12		22,934
Global Technologies Connection Inc	Res Agmt dtd 1/24/07	12		12,292
Innovative Biotherapies	Master Res Agmt & Proj Specifici	12		115,943
Mayaterials Company	Award Ltr	12		(529)
Micro Analysis and Design, Inc.	DAAD19-01-2-0009	12		168,655
Omni Sciences, Inc.	R T Res. Agmt Dtd 4/9/07	12		121,730
Omni Sciences, Inc.	RT Res. Agmt. dtd 9/1/06	12		136,286
Opteos, Inc.	Award Letter	12		138,234
Physical Sciences, Inc.	SubK#41286-1533-46	12		23,810
Science & Technology International	W81XWH-07-C-0086	12		78,423
Sensorcon	Roundtable Research Agreement	12		27,416
Stemion Inc.	Agmt dtd 08/24/06	12		72,808

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T.E.A.M., Inc	PO1886	12		93,686
T/J Technologies, Inc.	W56HZV-07-C-0030	12		371,996
Techno-Sciences, Inc. (TSI)	S041115-01A	12		57,391
Telecordia Technologies	SubK#10085872-9/1/03	12		198,633
University of California - San Francisco	4591sc	12		6,464
University of Illinois at Chicago	2005-03207-01-00	12		47,257
University of Leeds	W911NF-07-1-0445	12		45,244
University of Maryland, The	Z918803	12		86,972
University of Texas	07-026	12		(7,799)
University of Washington	145611	12		199,359
Defense, Department of-Defense Advanced Research Projects Agency				
Direct		12		4,059,762
Pass-Through:				
BAE Systems	071548	12		6,942
Case Western Reserve University	Cost Reimb. Consortium Agmt...	12		1,752
CBRJETE	Ltr -HARDI-081507-002 8/28/07	12		496,993
Dendritech, Inc.	Sub-K to DOD STTR Ph 2	12		61,161
Duke University	N66001-07-C-2024	12		69,836
Honeywell International	PO C09050025 under HL-C09...	12		37,921
Inst for the Study of Learning and Expertise (ISLE)	Subaward Agmt	12		147,790
International Business Machines Corporation	W0853330	12		4,499
Johns Hopkins University	907975	12		28,709
Rice University	R15271	12		8,067
Science Applications International Corporation	4400136311	12		23,370
SeaLandAire Technologies, Inc	PSC-F920B-UMI-02m1	12		66,986
SRJ International	loa-SubK 03-000221 TO4-12/7/06	12		146,951
SRI International	Task Order #005 u/subk03-00022	12		19,457
Techfinity, Inc	RT Res. Agmt dtd 11/1/07	12		20,509
University of California - Berkeley		12		863,291
University of California - Berkeley	SA4474-32446	12		248,305
University of California - Berkeley	SA5611-11559	12		50,383
University of Connecticut	Personal Serv Agmt	12		69,415
Defense, Department of-Defense Threat Reduction Agency				
Direct		12		124,716
Pass-Through:				
Constellation Technology Corporation	SubK #D6-0313 7/6/06	12		9,578
University of New Mexico	798117-871E	12		73,479
Defense, Department of-National Geospatial-Intelligence Agency				
Direct		12		328,378
Pass-Through:				
Scientific Modeling	Awd ltr for HM1582-07-C-0013	12		83,489
Defense, Department of-National Security Agency				
Direct		12		26,492
Defense, Department of-Navy, Department of the				
Direct		12		7,791,278
Pass-Through:				
21st Century Technologies, Inc	SubK # TCT-006-0048	12		6,626
Adaptive Materials Inc	Research Agmt	12		27,289
Computer Sciences Corporation	#N00024-01-D-7017	12		(4,666)
Computer Sciences Corporation	SUB k #S-9292 Prime K # N00024	12		138,782
Computer Sciences Corporation	Sub-K Agmt. dtd 4/13/06	12		483,543

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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Computer Sciences Corporation	Task Order 002-Subk S9292	12		2,258
Computer Sciences Corporation	Tsk#006-Cnt#N00024-01-D-7017	12		168,875
eMagin Corporation	Agmt#N05-T003 Prop#-1801	12		35,594
Focus: Hope	39030	12		43,359
Focus: Hope	PO #38842 dated 8/30/07	12		69,278
Georgia Institute of Technology	D-5109-S1	12		5,165
Georgia Institute of Technology	E -21-6RU-G6	12		68,115
GPA Technologies, Inc		12		128,645
ITT Industries	PO#197191J TO RFP ITT-006-017	12		2,907
Michigan Engineering Services	cK#1222&Allocation of Rights A	12		(587)
Michigan Molecular Institute	Amendment to CDA 7910	12		195
Michigan State University	61-3488A	12		199,420
North Carolina A & T State University	210013FF	12		67,360
North Carolina A & T State University	210013GG	12		36,762
Northrop Grumman Corporation	Subcontract	12		88,986
Ohio State University	RF00959544	12		61,204
QuesTek Innovations, LLC	PO# 05-194	12		120,746
University of California - Santa Barbara	KK5152	12		24,039
University of California - Santa Barbara	KK5153	12		130,717
University of Chicago	27499	12		263,991
University of New Mexico	271130-871E	12		93,292
University of New Orleans	07-UM-S1	12		24,850
Vyalex Inc.	Res Agmt 8/7/07	12		96,827
Defense, Department of-Other				
Direct		12		860,605
Pass-Through:				
Alien Science and Technology	Subc Agmt #19185KR	12		751,490
Biolife, LLC	Research Agmt dtd 5/12/06	12		60,027
Case Western Reserve University	sub to gmt# W81XWH-07-1-0409	12		160,703
Constellation Technology Corporation	D7-0503	12		33,904
Focus: Hope	PO# 38813 dtd 8/21/07	12		22,071
Geneva Foundation	S-2008-TSNRP-01	12		4,910
Innovative Biotherapies	Research Agmt dtd 12/13/04	12		(66)
NanoOpto Corporation	Check #20029	12		3,207
Omni Sciences, Inc.	RT Res Agmt 4/09/07	12		8,405
Radiation Monitoring Devices, Inc.	DTRA SBIR #HDTRA 1-07-C-0044	12		7,178
Radiation Monitoring Devices, Inc.	Sub SBIR Con-HDTRA 1-07-C-0045	12		46,839
Robotic Research, LLC	Agreement	12		27,170
Roswell Park Cancer Institute	Agmt W81XWH-07-1-0504/57-8064	12		12,545
Sarcoma Alliance for Research Through Collaboration (SARC)	Clinical Trial SARC 006	12		2,404
Science Applications International Corporation	4400117769	12		101,002
Education, Department of				
Direct		84		3,937,805
Pass-Through:				
Abt Associates, Inc.	Subcontract#20409	84		41,642
Co-nect Schools	SubK agrmt dtd 9/1/03	84		23,674
Corporation for Public Broadcasting	Agmt For CPB#9811	84		2,010,670
Detroit Public Schools	Contract #4-0134-2	84		1,064
Florida State University	R00874	84		3,011
Florida State University	Subcontr #R00119	84		78,341
Higher Education for Development	E-mail dated 3/13/07	84		3,661

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Learning Point Associates	Cont # S2006-043-PO 070710	84		121,917
Learning Point Associates	PO # 070789	84		251,585
Learning Point Associates	S2006-044	84		187,568
Michigan, State of, Education, Department of	P.O. #313P7200478	84		566,154
Michigan, State of, Education, Department of	Prj #070290-130/ltr dtd 8/1/06	84		54,262
United States Automotive Materials Partnership	081936	84		38,261
University of Chicago	Subawd32638	84		79,400
University of Pennsylvania	Agmt #5-43287-A - PO#2007425	84		203,546
University of Pittsburgh	0701512	84		17,620
University of Washington	514217	84		204,670
Wayne State University	Subawd #WSU05023	84		(3,532)
Energy, Department of				
Direct		81		13,665,971
Pass-Through:				
Argonne National Laboratory	6F-00637	81		9,082
Battelle	00062354	81		29,399
Battelle Memorial Institute	46827	81		175,181
Battelle Pacific Northwest Laboratories	22898	81		90,516
Brookhaven National Laboratory	89911	81		19,084
Brookhaven National Laboratory	90770	81		55,860
Carnegie-Mellon University	1070083-202847	81		41,588
Case Western Reserve University	RES501429	81		3,826
Cornell University	41843-8369	81		8,362
Duke University	05 SC DOE 1016	81		24,204
Electric Power Research Institute	EP-P18924/C9349	81		123,399
General Motors Corporation	TCS75069 003	81		133,798
Idaho National Laboratory	00038523	81		157,376
Idaho National Laboratory	00051890	81		6,202
Idaho National Laboratory	00052338	81		50,577
Lawrence Berkeley National Laboratory	6720903 (LBNL)	81		276,045
Lawrence Livermore National Security, LLC	B539659	81		22,268
Lawrence Livermore National Security, LLC	B561528	81		61,705
Lawrence Livermore National Security, LLC	B566265	81		18,238
Lawrence Livermore National Security, LLC	B574751	81		849
Los Alamos National Laboratory	33673-001-06	81		23,091
Los Alamos National Security, LLC	25369-001-06	81		(532)
Los Alamos National Security, LLC	48826-001-07	81		59,295
Michigan Technological University	MTU 050516Z16	81		126,223
Michigan, State of, Labor and Economic Growth, Department of	Letter dtd 6/19/07	81		13,200
Next Energy	Agmt #DE-FC26-06NT42813	81		343,610
Pennsylvania State University	2851 UM DOE 4423	81		118,239
Quantum Research Services, Inc.	SubK DOE grant 97ER82465	81		(29,522)
Radiation Safety Engineering, Inc.	Award per letter did 10/12/00	81		(19,257)
Robert Bosch Corporation	Research Agreement	81		75,186
Sandia National Laboratories	16073	81		(973)
Sandia National Laboratories	20087	81		(694)
Sandia National Laboratories	240985	81		109,859
Sandia National Laboratories	554742	81		(2,352)
Sandia National Laboratories	590386	81		36,631
Sandia National Laboratories	646367	81		29,996
Sandia National Laboratories	651105	81		3,265

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Sandia National Laboratories	682315	81		46,087
Sandia National Laboratories	752592	81		7,625
Sandia National Laboratories	763642	81		29,627
Sandia National Laboratories	767581	81		36,872
Sandia National Laboratories	768225	81		77,663
Sandia National Laboratories	802846	81		32,594
Sandia National Laboratories	805234	81		19,049
Sandia National Laboratories	PECASE Awrd-5-4-04	81		52,543
Sandia National Laboratories	PO#7629 refPO#A0337	81		(13,387)
Stanford University	PO#0000052901	81		7,107
United States Automotive Materials Partnership	04-1223	81		10,083
United States Automotive Materials Partnership	05-1296	81		13,381
United States Automotive Materials Partnership	07-1713	81		54,142
United States Automotive Materials Partnership	07-1806	81		73,234
United States Automotive Materials Partnership	07-1855	81		25,887
United States Automotive Materials Partnership	07-1880	81		46,755
Universal Display Corporation	Amend #1 Master Subcont Agmt	81		285
Universal Display Corporation	Subcont Agmt # 062007.01	81		9,691
Universal Display Corporation	Subcontract	81		10,013
Universal Display Corporation	SubK #100104.02	81		188,903
Universal Display Corporation	SubK#051106.01 DE-FG02-04 ER84	81		12,377
Universal Oil Products	Agreement	81		5,883
University of California	13137-002-06	81		(55,476)
University of California	34132-001-06	81		69,328
University of California	B568598	81		15,000
University of California	B568599	81		20,000
University of Illinois-Urbana-Champaign	2007-05891-02	81		22,647
University of Minnesota	X9106023103	81		39,540
University of New Mexico	048479 871E	81		25,696
University of Southern California	116411	81		237,526
University of Texas	UTA07-895	81		47,961
University of Wisconsin	A827761	81		116,763
UOP, LLC	06C0746 - PO #4500148668	81		162,018
UT-Battelle, LLC	4000030047	81		2,390
UT-Battelle, LLC	4000031899	81		(7,343)
UT-Battelle, LLC	4000039699	81		31,459
UT-Battelle, LLC	4000056824	81		149,917
Environmental Protection Agency				
Direct		66		1,283,887
Pass-Through:				
Environmental Science and Engineering, Inc.	3921101GB1002115	66		7,282
Great Lakes Commission	Award Letter dated 3/2/07	66		85,158
Great Lakes Commission	LOA did 4/13/06	66		39,684
Great Lakes Commission	Ltr dtd 3/20/06	66		37,880
Health Effects Institute	Res Agmt #4748-RFPA05-3/06-9	66		56,656
Michigan State University	61 3361A	66		83,553
Michigan State University	61-3371A	66		12,753
Michigan State University	61-3383F	66		284,863
Michigan, State of, Community Health, Department of	20070105	66		(1,224)
Michigan, State of, Community Health, Department of	20081661	66		37,577
Ohio State University	60004377 PO#RF01073836	66		36,415
University of Washington	202634	66		6,901

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University of Washington	412177	66		54,218
Wayne State University	5-P01-CA.075136-06	66		(5,637)
Federal Reserve System				
Direct		18		49,047
General Services Administration				
Pass-Through:				
CFI Group, Inc.	Letter dated 1/2/02	39		126,886
Health and Human Services, Department of-Administration for Children and Families				
Pass-Through:				
Michigan, State of, State Court Administrative Office	SCAO-08-059	93		22,025
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93		610,121
Pass-Through:				
Michigan Public Health Institute	C-87003-115-504200	93		15,418
Michigan Public Health Institute	C-87003-115-504200	93		41,267
University of Illinois at Chicago	Grant App dtd 7/28/05	93		24,638
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93		10,648,971
Pass-Through:				
Association of American Medical Colleges	MM-0789-04/04	93		176,724
Association of American Medical Colleges	MM-0996-07/07	93		208,795
Association of Schools of Public Health, Inc.	S3011-23/23	93		89,671
Boston University	1 R49 CE00946-1 Con#7573-5	93		7,763
Boston University	RA232924BAJ	93		7,085
Community Health and Social Services, Inc.	Agmnt. dtd 12/20/04	93		31,360
Duke University	Subcontract	93		(7,312)
Genesee County	Contract 10/1/07	93		4,136
Genesee County	email dtd 2/21/07	93		22,914
Michigan, State of, Community Health, Department of	20060049	93		(1,217)
Michigan, State of, Community Health, Department of	20071034	93		44,932
National Bureau of Economic Research	Subcontract	93		36,095
Special Olympics, Inc.	Agreement	93		(6)
TKC Integration Services, LLC	PO 300619101-01	93		139,624
University of California - Davis	Sub 0700016	93		34,779
University of North Carolina	UNC-CH Subcontract	93		46,908
University of Utah	Agreement#2506055-02	93		65,964
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Direct		93		1,332,367
Pass-Through:				
Arbor Research Collaborative For Health	Subent under HHSM-500-2005-000	93		696,383
Arbor Research Collaborative For Health	SubK 10/1/04-9/30/05	93		382,727
Florida Medical Quality Assurance, Inc	HHSM-500-2006-NW07C	93		2,560
Iowa Foundation for Medical Care	CMS500-02-0030/TSK ORD	93		505,136
Michigan Public Health Institute	N-12004-11-504200	93		(7,587)
Michigan, State of, Community Health, Department of	20080921	93		20,484
MPRO	Subcontract	93		30,000
Health and Human Services, Department of-Food and Drug Administration				

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Direct		93		664,156
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93		655,503
Pass-Through:				
American Medical Student Association (AMSA)	Subcont to 230-03-0015	93		12,327
Arbor Research Collaborative For Health	SubK Agrmnt 9/25/05...	93		1,044,918
Lutheran Medical Center	Agreement	93		23,553
Michigan State University	61-0560UM	93		6,054
National Kidney Foundation of Michigan	Agmt 1/11/05	93		(359)
National Kidney Foundation of Michigan	Agmt dtd 9/1/07	93		24,831
University of California - Los Angeles	1595 G HC453	93		10,900
University of California - Los Angeles	1920GB633 FAU-444590AP31287	93		62,182
University of California-San Diego	PO# 10277739	93		101,317
Health and Human Services, Department of-National Institutes of Health				
Direct		93		389,943,277
Pass-Through:				
Adelphi Technology, Inc.	Res Agmt dtd 1/16/07	93		6,996
Advanced Circulatory Systems, Inc.	SubK-4/26/06-#R43 NS054372-01	93		2,984
Albert Einstein College of Medicine	9-526-2145	93		84,116
Albert Einstein College of Medicine	9-526-2463	93		10,210
Albert Einstein College of Medicine	R03 BS061114 Prime	93		29,554
Albert Einstein College of Medicine	Sub Grant # 9-526-2347	93		326,773
Alliance for the Prudent Use of Antibiotics (APUA)	Memo of Agrmnt # UM-ROAR-01	93		1,360
American College of Radiology	ACRIN 6654	93		275,241
American College of Radiology	Check No. 77904 dtd 7/23/02	93		100,060
American Medical Student Association (AMSA)	Subcontract	93		7,272
ArchieMD, Inc.	Roundtable Research Agreement	93		43,710
Arizona State University	SC34106M00018	93		14,169
Averta Pharmaceuticals	Rt Res Agmt dtd 10/19/06	93		237,338
Baylor College of Medicine	R01 NS021889,PO#100565859	93		3,239
Both Israel Hospital	7 R01 CA095662-03	93		117,821
Both Israel Hospital	Mem of Agmt 6/14/05	93		176,317
Beth Israel Hospital	R01 DA 03574	93		53,672
Bio Logic Engineering, Inc.	RT Res Agmt 4/1/07	93		88,743
Biodiscovery LLC	RT Research Agmt.Dtd 9/27/06	93		(14,978)
Boston University	7426-5	93		123,300
Boston University	7558-05	93		630,067
Brigham and Women's Hospital	Agmt to NIH# 5 R01ES0170798-05	93		16,466
Brigham and Women's Hospital	Agmt# 1 R01ES013744-01A2	93		10,141
Brigham and Women's Hospital	BWH#726971:	93		14,905
Brigham and Women's Hospital	Consort Agmt ER-9/16/06	93		31,503
Brigham and Women's Hospital	Const Agmt effect 8/11/06	93		170,905
Burnham Institute, The	5 U54 RR020843-03 prime	93		66,518
California Pacific Medical Center	108577	93		234,139
Cancer Therapy and Research Center	CCOP 07001	93		108,552
Cancer Therapy and Research Center	CCOP-06008	93		(4,023)
Cancer Therapy and Research Center	Contract# SELENIUM-06002	93		14,845
Cancer Therapy and Research Center	SELENIUM-07003	93		19,659
Cancer Trials Support Unit (CTSU)	CTWU Coop Group Fiscal	93		96,000
Carnegie-Mellon University	1090172-208367	93		38,203

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Case Western Reserve University	015330872001	93		16,212
Case Western Reserve University	Agmt did 9/1/04	93		2,579
Case Western Reserve University	Amend #3 5 R01 DK069764-02	93		69,207
Case Western Reserve University	Case Subaward No. RES501460	93		586
Case Western Reserve University	RES502898 PO#ZJK0800003	93		20,313
Children's Hospital of Boston	0000233005	93		1,662
Children's Hospital of Los Angeles	CT Agmt to NANT Consortium	93		15,900
Children's Hospital of Philadelphia, The	320756-01-04	93		27,789
Children's Hospital of Pittsburgh	U01 DK072146 3/06	93		901
Children's Research Institute	Subent #7928-04-04	93		76,827
Ciclo MedSolutions, LLC	RT Res. Agmt Did March 2008	93		14,964
Cincinnati Children's Hospital Medical Center	CHMC #466	93		1,373
Colorado State University	G-4413-1/PO P319713	93		67,097
Columbia University		93		(1,076)
Columbia University	Agmt # MD000206-05/PO #565480	93		52,279
Columbia University	Agmnt to Protocols-Study 1&2	93		55,992
Columbia University	Agmt 07/01/04	93		(30,917)
Columbia University	PO# 557602	93		12,280
Columbia University	PO# 561744	93		158,056
Columbia University	subaward 5-32050	93		89,008
Community Health and Social Services, Inc.	Sub-Contract did 9/1/05 CDC GR	93		43,502
Core MicroSolutions, Inc.	Email did 6/24/04	93		(4,100)
Dartmouth College	364	93		106,597
Dartmouth College	Sub Agmt5-36240.5700 Pm190138	93		1,758
Duke University	Agmnt of 9/4/03	93		130,853
Duke University	Duke Univ U01 DK065176	93		(1,705)
Duke University	ID#820	93		3,953
Duke University	N01-A1-05419 SubK#10GC102970..	93		149,585
Duke University	N01-HD-43385 prime	93		162,481
Duke University	Protocol No. Z1031	93		5,271
Duke University	Subcontract	93		30,018
Duke University	U 10 HL080413 prime	93		188,566
Emmes Corporation, The	Letter Agreement	93		6,066
Emmes Corporation, The	Ltr Agmt-Verteporfin & Trial	93		39,816
Florida State University	Subcontract	93		51,532
Fluorescence Innovations, Inc	Research Agmt	93		19,677
Forsyth Institute, The	R01 DE016276	93		207,303
Forsyth Institute, The	Under Grant# R01 DE016376	93		72,571
General Electric Company	700174652	93		157,454
George Washington University	04-C03	93		33,871
George Washington University	Site #1326-1U01-DK61055	93		5,850
George Washington University	Sub#05-B02 Awd#N01-DK-6-2204	93		192,806
Georgetown University	RX 4265-053-UM-MORGENSTERN	93		32,637
Georgetown University	RX 4265-053-UM-SANCHEZ	93		52,348
Georgetown University	Subent #RX4300-019-	93		70,442
Grizzly Moose LLC	Agreement	93		13,936
HAMZTEC, LLC	Research Agreement	93		19,469
Harvard University	150015.0006	93		81,272
Harvard University		93		260,620
Harvard University	1 R01 ES013967-01-A1 prime	93		46,080
Harvard University	Agmt of 06/20/06	93		(459)
Healthmedia, Inc.	Research Agmt	93		13,469

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Henry Ford Health System	2 U19 CA79689-09	93		63,063
Henry Ford Health System	SC under 1 R01 HL068971-05A1	93		304,855
Henry Ford Health System	Sub #2 R01 DK064695-04A1	93		27,601
Henry Ford Health System	Sub to Grnt #U01 A 1042174	93		(163)
Henry Ford Health System	Subcontract	93		11,245
HighThroughput Development (HTD) Biosystems, Inc	Res Agmt dtd 7/1/07	93		182,570
Howard University	Agmt	93		258,499
Hutchinson, Fred, Cancar Research Center	Subaward # 0000640063	93		12,688
IMMCO Diagnostics	Research Agmt	93		23,876
Indiana University	203015	93		12,996
Indiana University		93		255,410
Indiana University	PO #296057	93		296,558
Indiana University	PO# EP-10370	93		37,930
Indiana University	R01-DC006436	93		6,136
Industrial Science and Technology Network	Letter Authorization	93		14,178
Industrial Science and Technology Network	Ltr dtd 8/30/06	93		242,549
Innovative Biotherapies	Agmt dtd 1/1/07	93		4,564
Innovative Biotherapies	Resch Agmt dtd 2/1/06	93		6,068
IUPUI (Indiana University Purdue University Indianapolis)	330789	93		357,794
IUPUI (Indiana University Purdue University Indianapolis)	#46-388-16 UOM PO#185606	93		129,452
Jaeb Center for Health Research	Agreement dtd 03/06/00	93		8,143
Johns Hopkins University	2000117620	93		27,114
Johns Hopkins University	2000246064	93		14,371
Johns Hopkins University	2000348825	93		22,818
Johns Hopkins University	Agmt dtd 9/30/02	93		30,182
Johns Hopkins University	Agmt of 5/1/05 (EY014660)	93		122,168
Johns Hopkins University	Agreement of 5/1/02	93		(58,170)
Johns Hopkins University	Agreement of 7/6/07	93		52,711
Johns Hopkins University	Agmmt of 9/30/03	93		213,686
Johns Hopkins University	JHU PO#8510-36900-X	93		23,920
Johns Hopkins University	JHU PO#8510-36910-X	93		57,892
Johns Hopkins University	PO #27221	93		13,961
Johns Hopkins University	PO 8502 89474-7	93		8,459
Johns Hopkins University	PO# 2000370613	93		5,198
Johns Hopkins University	PO# 8512-50114-02	93		(68,316)
Johns Hopkins University	PO#2000010105	93		139,183
Kaiser Permanente Northern California	115-9290-01	93		9,085
Kent State University	443136-PO70441	93		1,604
Massachusetts Eye & Ear Infirmary	Agmt of 6/17/04	93		35,060
Massachusetts General Hospital	Agmt under R01 NS042147-01A2	93		27,288
Massachusetts General Hospital	Weissman-Gould 1R01NR009289	93		30,949
Mayo Clinic	1 R21 HL 77123-01	93		6,015
Mayo Clinic	5 R01 HL075794-04	93		190,957
Mayo Clinic	NS 42759	93		(67,588)
MedArray, Inc.	Research Agreement	93		(20,413)
MedArray, Inc.	Research Agreement	93		65,228
Medical University of Ohio	N2004-43, PO#19385	93		41,434
Medical University of South Carolina	MUSC07-062	93		96,739
Michigan Critical Care Consultants, Inc.	Agmt dtd 3/29/05	93		4,117
Michigan Critical Care Consultants, Inc.	PHS Grant #4-R44-HL	93		929
Michigan Critical Care Consultants, Inc.	Research Agreement	93		80,100
Michigan State University		93		37,519

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Michigan State University	1-R01-ES11856-01	93		(960)
Michigan State University	61-0746UM	93		17,141
Michigan State University	61-0810um	93		23,275
Michigan State University	61-1407UM	93		70,378
Michigan State University	Subcontract	93		(15)
Microbiotix, Inc.	Awd letter	93		41,478
Molecular Design International		93		24,498
Molecular Design International	Agreement	93		19,094
Mount Sinai Medical Center, The	MSSM No. 0255-0911-4609	93		(14,109)
Mount Sinai Medical Center, The	Sub #0255-0911-4609	93		71,880
Musc Technologies	Agreement	93		9,553
National Bureau of Economic Research		93		50,561
National Bureau of Economic Research	40-4076-00	93		160,029
National Bureau of Economic Research	40-4082-00	93		303,080
National Bureau of Economic Research	Subcontract	93		188,887
National Bureau of Economic Research	UM-NHA 83-4029-00-4-80-537	93		4,521
National Childhood Cancer Foundation	16810	93		20,893
National Childhood Cancer Foundation	P.O. 13587 Grant BAA-RM-04-23	93		62,164
National Childhood Cancer Foundation	PO Number 16249	93		35,959
National Childhood Cancer Foundation	Subctr# 15885	93		18,201
National Childhood Cancer Foundation	Subcontract	93		154,293
National Childhood Cancer Foundation	Subcontract	93		(1,177)
National Marrow Donor Program (NMDP)	Master Agmt #13703	93		36,502
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Amendment #2 PFED16-MIC-01	93		3,506
NeuroNexus Technologies, Inc.	Master Agmt-Append B	93		163
NeuroNexus Technologies, Inc.	Master agreement Appendix A	93		31,944
New England Research Institute	Sub-con to U01 HL68270-04	93		104,128
New York Academy of Medicine	Contract	93		33,247
New York Academy of Medicine	Sub 1 R01 DA022123-01A1	93		36,065
New York University		93		31,174
New York University	F6393-01	93		106,970
North Dakota State University	Project # FAR0011207	93		421
Northern California Institute for Research & Education, Inc. (NCIRE)	Weiner 000855	93		362,160
Oakland University	7 R03 EY015700-03 Prime	93		39,386
Ohio State University	60014226	93		46,123
Ohio State University	60003546/PO RF01030015	93		44,595
Ohio State University	PO #RF01091793 Proj #60011024	93		88,789
Ohio State University	Prime P50 CA105632	93		15,482
Ohio State University	RF01025301	93		14,479
Oregon Health and Science University	GNEUR0355A(A)	93		5,690
Oregon Health and Science University	J745E	93		12,561
Oregon Social Learning Center	Subcontract	93		18,979
OtoMedicine, Inc	Append A-Mast Agmt dtd 1/1/08	93		25,351
Pennsylvania State University	3140-UM-DHHS-0075	93		190,771
Pennsylvania State University	3202-UM-DHHS-6476	93		92,410
Pennsylvania State University	3386-UM-DHHS-0223	93		37,287
Phrixus Pharmaceuticals, Inc	R43HL088813	93		19,763
Pixel Velocity	Agreement	93		3,740
Pixel Velocity	RT Res Agmt 10/1/05	93		55,273
Portland State University	PSU PIAF #040235	93		40,324

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Princeton University	00000972 (400-6225)	93		50,081
Purdue University	4102-16337	93		176,018
Purdue University	4102-18263	93		6,810
Purdue University	511-2048-01	93		25,638
Radiation Monitoring Devices, Inc.	C08-32	93		19,734
Radiation Monitoring Devices, Inc.	C08-38	93		24,621
Radiation Monitoring Devices, Inc.	Subcontract	93		(666)
Rainbow Babies and Children's Hospital	N01-DK-6-2203	93		162,588
Rand Corporation	9920050077	93		8,488
Rand Corporation	9920080002	93		88,269
Rand Corporation	Subawd 9920070099	93		141,700
Rand Corporation	Subawd# 9920060100	93		25,218
Research Triangle Institute	Agreement	93		19,596
Rhode Island Hospital	HL077221	93		407
Rhode Island Hospital	U01-DK61700-FAVORIT	93		69,206
Roswell Park Cancer Institute	5R01 CA104479-04	93		8,383
Roswell Park Cancer Institute	Agreement	93		2,567
Roswell Park Cancer Institute	Mod #2 R01 CA119358	93		106,469
San Diego State University	54138B P3290 7804 211	93		44,043
San Francisco General Hospital	4815SC	93		65,554
Sandia National Laboratories	102315 and Revision #1	93		(94,090)
Science Applications International Corporation	23XS118	93		41,121
Science Applications International Corporation	25XS102	93		51,197
Science Applications International Corporation	25XS024A	93		176,099
Science Applications International Corporation	27XS115	93		143,794
Science Applications International Corporation	323XS110A	93		888,346
SmartCells, Inc	Agreement	93		15,000
SMV America	Letter dtd 8/14/98	93		(13,074)
Southern Illinois University Medical School	Agmt dtd 09/01/06	93		50,732
Southwest Oncology Group	purchase service agmt	93		(5,644)
St. Jude Children's Research Hospital	7199374	93		22,897
St. Jude Children's Research Hospital	7247336-Gurney	93		71,047
Stanford University		93		11,305
Stanford University	12714740-28197-C	93		(4,415)
State University of New York	Subaward No. 40190-1056619-2	93		(651)
State University of New York	Subaward No. 43817-1064875-2	93		35,441
Texas A & M Research Foundation	Agmt S060049	93		172,803
Texas Southern University	CK# 577084 dtd 11/20/07	93		24,999
The Center to Protect Workers' Rights	Letter dtd 2/5/07	93		27,186
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Agreement	93		48,032
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Agreement	93		81,402
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Res Agmt dtd 02/01/05	93		235,749
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Res Agmt dtd 2/1/05	93		137,549
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	RT Res agmt 7/1/06	93		15,429
Transonic Systems, Inc	Agmt#1 R43 HL082022-01	93		7,363
Tulane University	Sbawd#TUL-175-04/05	93		40,526
University of Alabama	Contract # N01-CN-15136/M	93		8,209
University of Alabama	Subaward No. 001	93		11,691
University of Arizona	R01 AT00314 PRIME	93		42,723
University of Bath	Agmt 9/25/05	93		102,323
University of California	Agmt of 9/30/02 Turgeon	93		50,365
University of California - Davis	RA 011125-UM	93		(1,463)

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University of California - Davis	Sub # 0800038	93		67,812
University of California - Fullerton	Proj# 55834 PO# 08GR1733	93		60,108
University of California - Irvine		93		220,145
University of California - Irvine	2007-1921	93		43,096
University of California - Irvine	subaward no. 2005-1672	93		26,387
University of California - Irvine	Subawd # 2004-1506 amend#3	93		464,752
University of California - Irvine	SubAwd # 2005-1671	93		15,878
University of California - Irvine	Subcntrct#2005-1619	93		21,978
University of California - Los Angeles	1430 G JD139	93		59,255
University of California - Los Angeles	1550 G JC623	93		13,907
University of California - Los Angeles	1563 G JB617	93		24,798
University of California - Los Angeles	1920 G GC053	93		102,015
University of California - Los Angeles	Subaward No. 1920 G GC053	93		139,540
University of California - San Francisco		93		893
University of California - San Francisco	4516SC	93		92,829
University of California - San Francisco	4911sc	93		1,083
University of California - San Francisco	Agmt # 4279sc	93		38,518
University of California - San Francisco	ITN10146-00sc	93		444
University of California - San Francisco	R01 HD044876 prime	93		17,943
University of California - San Francisco	Subcntr#4264SC	93		25,090
University of California - San Francisco	Subcontract	93		22,643
University of California - San Francisco	Subctr No. 3825SC	93		84,712
University of California-San Diego	#6.00,protocol 6-LL	93		597
University of California-San Diego	ADC-030	93		150
University of California-San Diego	Agmt 3/1/07	93		3,750
University of California-San Diego	Mstr Agmt #6-00-ANDI	93		51,173
University of California-San Diego	PO # 10277758	93		115,033
University of California-San Diego	PO #10231578	93		1,093
University of California-San Diego	PO#10282793	93		10,289
University of California-San Diego	Protocol Atchmnt to MOA 6-OC	93		40,997
University of California-San Diego	Prctcl.Atcmnt. to MOA 6-00	93		16,904
University of California-San Diego	Trial Protocol Attachmnt	93		1,241
University of California-San Diego	U01 AG10483, Prtl #6-00-ADNI	93		6,460
University of Chicago	31069	93		12,952
University of Chicago	05/19/06 Agmt under UC # U54 A	93		157,884
University of Chicago	26020/5-30430	93		116,482
University of Chicago	26020/5-30430 (Project M)	93		138,092
University of Chicago	26020/5-30463	93		11,602
University of Chicago	26020/5-30882	93		42,012
University of Chicago	26020/5-30882	93		430
University of Chicago	26020-5-30882, Proj M	93		51,944
University of Chicago	26020-5-30882, PROJ O	93		22,937
University of Chicago	5/19/06 Agmt under UC#	93		110,185
University of Chicago	HHSN26120062001C	93		58,855
University of Chicago	Prime award R01 HLO85553	93		17,022
University of Chicago	U54 AI57153-05	93		180,339
University of Cincinnati	P021-040-P111-1078	93		107,382
University of Cincinnati	P50-NS044283	93		(410)
University of Cincinnati	PO # A08-4500026316	93		11,593
University of Cincinnati	Sub No P021-040-N151-1105	93		22,622
University of Colorado	SPO 59364	93		33,690
University of Florida, The	00051551-UM	93		34,886

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University of Florida, The	UF JAX 08027	93		32,303
University of Georgia	Agreement of 09/30/01	93		41,045
University of Hamburg	CTSU #21	93		90,700
University of Hawaii	PO Z847130, Proj 651564	93		72,564
University of Illinois at Chicago	2006-02026	93		27,751
University of Illinois at Chicago	P0149776	93		12,778
University of Illinois-Urbana-Champaign	R33 EB004940 prime	93		59,334
University of Iowa	1000607932	93		24,677
University of Kentucky	3048104033-08-185	93		15,845
University of Kentucky	Agreement of 10/1/04	93		30,784
University of Kentucky	UKRF 3046954300-07-518	93		12,825
University of Maryland, The	0000002000	93		68,304
University of Maryland, The	0000004889	93		48,999
University of Maryland, The		93		1,947
University of Maryland, The	P.O. #S01861	93		152,601
University of Maryland, The	PO# SR00000186	93		117,137
University of Maryland, The	PO1 HL054710prm.Sub SR00000151	93		525,380
University of Maryland, The	S02058	93		(778)
University of Maryland, The	SR00000236	93		17,773
University of Massachusetts	6068090/RFS700047	93		344
University of Massachusetts	Sub Awrd #04-002625A00	93		(1,651)
University of Massachusetts	Subawrd #: 06-003477 A 00	93		33,021
University of Medicine and Dentistry of New Jersey (UMDNJ)	P0284477	93		131,324
University of Medicine and Dentistry of New Jersey (UMDNJ)	PO 253663	93		44,647
University of Medicine and Dentistry of New Jersey (UMDNJ)	Prime R01 NS04649-03	93		36,580
University of Medicine and Dentistry of New Jersey (UMDNJ)	Pricl #99-705	93		14,414
University of Minnesota	Agmnt of 9/27/02	93		26,642
University of Minnesota	B6367777101	93		1,578
University of Minnesota	S4496017201	93		7,407
University of Minnesota	Subawd#Q6437410101	93		25,864
University of Nebraska	34-5340-2003-003-11397-2	93		8,860
University of New York at Buffalo	R518705.PT.AEO 1066889-2-44760	93		87,008
University of New York City	Subcontract	93		(833)
University of North Carolina	5-34711	93		17,707
University of North Carolina	5-50413	93		38,013
University of North Carolina	5-50536	93		76,503
University of North Carolina	5-50782	93		47,424
University of North Carolina	Subaward #5-50056,Amd YR 3, #1	93		10,247
University of North Carolina	Subaward No. 5-50173	93		134,434
University of North Carolina	UNC-CH # 5-34734	93		(279)
University of Pennsylvania	1985752	93		54,672
University of Pennsylvania	547061 PO# 1953166	93		65,724
University of Pennsylvania	7 R01 DE017471-02 PRIME	93		63,904
University of Pennsylvania	PO 1908970 / Award 544193	93		51,201
University of Pennsylvania	PO# 1921614 Sub-award 5-45327	93		18,596
University of Pennsylvania	PO# 1939571 Subawrd #5-44131	93		72,065
University of Pennsylvania	PO# 1989230	93		6,844
University of Pennsylvania	PO#1854630 Agmt did 12/5/4	93		82,475

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University of Pennsylvania	PO#1945665 Sub #5-45929	93		89,696
University of Pennsylvania	Sub #547810-PO#1914726	93		14,800
University of Pennsylvania	Subaward # 534169	93		172,071
University of Pennsylvania	Subaward #5-42764	93		42,240
University of Pennsylvania	Subawd #5-45383-C PO# 1891984	93		(11,890)
University of Pittsburgh	0005287	93		26,005
University of Pittsburgh	402913	93		140,634
University of Pittsburgh		93		317,263
University of Pittsburgh	112600-1	93		31,677
University of Pittsburgh	113357-1	93		31,371
University of Pittsburgh	agmt of 6/1/02	93		18,363
University of Pittsburgh	R01 DK054639-09 prime	93		73,434
University of Pittsburgh	Sub 0005432, Proj 112885-6	93		22,333
University of Pittsburgh	Subaward No. 111882-1	93		543,568
University of Pittsburgh	Subcontract	93		59,225
University of Pittsburgh	U of Pitt Sub Agmt #110092-1	93		14,790
University of Rochester	P.O.#412658-G	93		7,981
University of Rochester	PO#	93		1,864
University of South Carolina	Sub#05-1015 PO41615	93		3,390
University of Southern California	115671	93		1,575,497
University of Southern California	PO No. H28966	93		15,197
University of Southern California	U01A1069545 PRIME	93		66,850
University of Texas		93		272,549
University of Texas	06-101, POUOSPC-000000130	93		91,314
University of Texas	5 P01 CA049639-18 PRIM	93		222,022
University of Texas	Agmt of 09/15/02	93		34,084
University of Texas	Agreement of 8/1/07	93		56,723
University of Texas	GMO-010114 (NO1MH90003)	93		131,882
University of Texas	No. NO1 MH90003- GMO-010148	93		14,394
University of Texas	Subaward # 004293	93		254,231
University of Texas	Subaward #0003389C	93		2,078
University of Texas San Antonio	5 U01 CA86402-07prime	93		(475)
University of Texas San Antonio	Agmt # 125370/125214	93		9,450
University of Texas San Antonio	CA37429	93		5,785
University of Texas Southwestern Medical Center	GMO-500811	93		67,656
University of Texas Southwestern Medical Center	GMO-600123	93		54,420
University of Toledo	Agmt. No. NS 2005-080	93		1,700
University of Utah	#2309114-20 PO#0000135194	93		30,498
University of Utah	10001873; PO#0000136365	93		96,343
University of Utah	Agmt#10000262-01, R01 DK060508	93		59,941
University of Utah	SubK #2508176-09, PO# 130355	93		14,944
University of Virginia	5-24448,5-24633,5-24823,524931	93		(17,751)
University of Virginia	GC11136-121377	93		910
University of Virginia	GC11270-123803	93		33,816
University of Virginia	GC11589-129190	93		83,737
University of Washington	Prime U01 AG06976 Sub 401168	93		27,668
University of Washington	Subaward #253689	93		864
University of Washington	Subaward No. 300368	93		50,607
University of Wisconsin	370H834-144-PL81	93		7,087
University of Wisconsin	836F312 Acct 144-PK45	93		2,921
University of Wisconsin	836F463	93		179,608
University of Wisconsin	Agmt #04-8167 PO#095H1185 07069	93		1,000

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University of Wisconsin	Agmt P392011, UW Acct 144-NY98	93		(1,002)
University of Wisconsin	Agmt P393175 UW Acct#144-Pl56	93		76,851
University of Wisconsin	Subaward No. 298H944	93		9,870
University of Wisconsin	V221432, U01 A1074515-prime	93		111,559
Van Andel Research Institute	UMDS-NCI-BH-10-40111-1	93		8,254
Van Andel Research Institute	UMIG-NCI-BH-10-40111-1	93		8,606
Vanderbilt University	U 01 CA114771 Prime	93		90,672
Vanderbilt University	UDI CA114771	93		112,608
Vanderbilt University	VUMC30285-R Amand #3	93		5,099
Veterans Medical Research Foundation	2-07223-03-4 PO#2756895SUB	93		14,179
Victor/Harder Productions, Inc.	RT ResAgmt 1/1/05	93		(5,367)
Virginia Mason Research Center	VAMasonResCtr1616.06#8760	93		(17,169)
Washington University	5 U01 NS42167-03	93		60,757
Washington University	WU-07-21 PO#29834X	93		85,913
Washington University	WU-0U-114	93		24,535
Washington University in St. Louis	WU-7-227 PO#29677S	93		16,883
Wayne State University	06035	93		9,250
Wayne State University	PO P0429302 -WSU05018	93		11
Wayne State University	R34 DK076663 PRIME, WSU07062	93		77
Wayne State University	Subaward# WSU06070-A1	93		12,661
Wayne State University	Subawd #WSU05005	93		327
Wayne State University	SWU04048/PO# P0416983	93		12,422
Wayne State University	WSU04009	93		47,670
Wayne State University	WSU04055 PO# P0423079	93		202,663
Wayne State University	WSU06072	93		124,835
Wayne State University	WSU07039/PO# P0467065	93		448,772
Wayne State University	WSU7068/PO# P0465988	93		14,639
Westat	CTSU #21	93		45,000
Westat	FSC-SEOG-F-017	93		164,700
Westat	Letter Agmt #11	93		5,350
Westat	Ltr Agmt#12 dtd 8/2/06	93		7,775
Westat	Ltr Agreement #13 dtd 8/22/06	93		7,475
Westat	PO# FSC-SWOG-F-018	93		62,250
Westat	PO# FSC-SWOG-F-019	93		102,453
Westat	PO#FSC-SWOG-F-014	93		16,825
Westat	PO#FSC-SWOG-F-015	93		8,675
Westat	PO#FSC-SWOG-F-015	93		3,925
Yale University	1 R01 HL082640-01A1	93		81,298
Yale University	A06345	93		99,849
Yale University	A06657 (M-08-333)	93		9,743
Yale University	Sub Award # A06138	93		170,327
Health and Human Services, Department of-Office of the Secretary				
Direct		93		821,770
Pass-Through:				
Columbia University	5-35744 / PO# 570247	93		419,728
Florida Medical Quality Assurance, Inc	Subcontract	93		22,406
Michigan, State of, Community Health, Department of	20060939	93		20,215
Michigan, State of, Community Health, Department of	20071105	93		101,901
Michigan, State of, Community Health, Department of	20071962	93		69,539
University of California	2326SC	93		58,588
University of California	2327SC	93		(9,904)
Washtenaw, County of	PO# 35088-000-PS Cnret 38603CR	93		5,122

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Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Direct		93		915,142
Pass-Through:				
National Opinion Research Center	Subcontract	93		(41,561)
Homeland Security, Department of				
Direct		97		1,595,723
Pass-Through:				
Brookhaven Science Associates, LLC	115581	97		156
Lawrence Livermore National Security, LLC	B565222	97		112,234
Radiation Monitoring Devices, Inc.	pr#HSHQDC-07-C-00039RMD C07-43	97		203,284
Research Foundation of State University of New York	1061229-2-42383	97		50,688
Society of Automotive Engineers International	Contracted Services Agreement	97		89,979
University of Nebraska	25-0521-0119-013	97		39,294
Housing and Urban Development, Department of				
Direct		14		(101)
Institute of Museum and Library Services				
Direct		03		156,469
Pass-Through:				
Drexel University	SubK Agmt	03		2,850
Interior, Department of the				
Direct		15		268,574
Pass-Through:				
Great Lakes Fishery Commission	30181-6-G107	15		38,954
Michigan State University	61-3846A	15		34,381
Michigan Tech Research Institute	070910Z1	15		54,533
Michigan, State of, Natural Resources, Department of	PO#751P7200051	15		10,196
Michigan, State of, Natural Resources, Department of	PO#751P7200059	15		13,688
Michigan, State of, Natural Resources, Department of	PO#751P7200060	15		17,860
Michigan, State of, Natural Resources, Department of	PO#751P7200061-MDNR #237006	15		(103)
Justice, Department of				
Direct		16		1,807,518
Pass-Through:				
Michigan, State of, Human Services, Department of	PO# 431N6201797	16		(859)
Labor, Department of				
Direct		17		120,215
Pass-Through:				
Michigan, State of, Michigan Economic Development Corporation	PO # 1148	17		759,482
WorldWide Strategies, Inc (WSI)	SubK Agmt	17		19,869
Library of Congress				
Direct		42		952,058
National Aeronautics and Space Administration				
Direct		43		10,080,625
Pass-Through:				
Boston University	GC 202139 NGA	43		6,838
California Institute of Technology	44A-1080828	43		312,435
Carnegie Institution of Washington	DTM-3250-04	43		188,791
Collier Research Corp	SUB-K #070327	43		80,842
Consortium for Oceanographic Research and Education	Ck #6259 11/13/06	43		1,764
EMAG Technologies, Inc.	Award Letter	43		139,294
George Mason University Foundation	E6004461	43		40,025

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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Jet Propulsion Laboratory	1214369	43		124,957
Jet Propulsion Laboratory	1252578	43		97
Jet Propulsion Laboratory	1263862	43		3,657
Jet Propulsion Laboratory	1264150	43		(20)
Jet Propulsion Laboratory	1264323	43		(80)
Jet Propulsion Laboratory	1264326	43		(17)
Jet Propulsion Laboratory	1264528	43		1,146
Jet Propulsion Laboratory	1265336	43		12,602
Jet Propulsion Laboratory	1266313	43		278,483
Jet Propulsion Laboratory	1266314	43		26,384
Jet Propulsion Laboratory	1267021	43		595
Jet Propulsion Laboratory	1267460	43		62,646
Jet Propulsion Laboratory	1268016	43		297,109
Jet Propulsion Laboratory	1271775	43		10,334
Jet Propulsion Laboratory	1277433	43		8,528
Jet Propulsion Laboratory	1277575	43		6,055
Jet Propulsion Laboratory	1277577	43		9,916
Jet Propulsion Laboratory	1277579	43		35,346
Jet Propulsion Laboratory	1277581	43		2,893
Jet Propulsion Laboratory	1277600	43		14,713
Jet Propulsion Laboratory	1277764	43		(6,480)
Jet Propulsion Laboratory	1277901	43		19,565
Jet Propulsion Laboratory	1279089	43		612,706
Jet Propulsion Laboratory	1279285	43		41,704
Jet Propulsion Laboratory	1279720	43		94,862
Jet Propulsion Laboratory	1284086	43		12,781
Jet Propulsion Laboratory	1285169	43		28,745
Jet Propulsion Laboratory	1288654	43		49,294
Jet Propulsion Laboratory	1288881	43		13,532
Jet Propulsion Laboratory	1288887	43		47,863
Jet Propulsion Laboratory	1288890	43		24,615
Jet Propulsion Laboratory	1290244	43		154
Jet Propulsion Laboratory	1290774	43		27,326
Jet Propulsion Laboratory	1290776	43		13,714
Jet Propulsion Laboratory	1292011	43		14,335
Jet Propulsion Laboratory	1292494	43		21,112
Jet Propulsion Laboratory	1293652	43		2,361
Jet Propulsion Laboratory	1295116	43		44,500
Jet Propulsion Laboratory	1297633	43		26,781
Jet Propulsion Laboratory	1298642	43		10,183
Jet Propulsion Laboratory	1299930	43		22,707
Jet Propulsion Laboratory	1300451	43		47,326
Jet Propulsion Laboratory	1302454	43		27,600
Jet Propulsion Laboratory	1302640	43		10,123
Jet Propulsion Laboratory	1303558	43		33,137
Jet Propulsion Laboratory	1306356	43		49,135
Jet Propulsion Laboratory	1309693	43		5,414
Jet Propulsion Laboratory	1309768	43		68,630
Jet Propulsion Laboratory	1310222	43		42,335
Jet Propulsion Laboratory	1312978	43		59,355
Jet Propulsion Laboratory	1315764	43		19,932
Jet Propulsion Laboratory	1319338	43		329,122

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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Jet Propulsion Laboratory	1322807	43		17,202
Jet Propulsion Laboratory	1327417	43		6,944
Jet Propulsion Laboratory	1335521	43		3,749
Jet Propulsion Laboratory	1335538	43		76,949
Johns Hopkins University	936114	43		29,556
Johns Hopkins University	937441	43		8,576
Johns Hopkins University	NNG05GL45G	43		46,868
Michigan State University	622731	43		(10,579)
North Carolina State University	2005-0372-02	43		32,527
Ohio State University	60014113	43		8,816
Princeton University	00000999	43		3,235
Southwest Research Institute	599966Q	43		29,948
Southwest Research Institute	699040X	43		31,749
Southwest Research Institute	699056KC	43		104,371
Southwest Research Institute	792013BT	43		24,779
Southwest Research Institute	792018BT	43		41,736
Southwest Research Institute	799114 MO	43		26,825
Southwest Research Institute	899016LU	43		19,675
Southwest Research Institute	899025X	43		62,823
Southwest Research Institute	SubK #699064X	43		34,972
Space Telescope Science Institute	HST-AR-05924.05-A	43		11,306
Space Telescope Science Institute	HST-AR-10301.01-A	43		45
Space Telescope Science Institute	HST-AR-10648.01A	43		10,233
Space Telescope Science Institute	HST-AR-10650.03-A	43		(19)
Space Telescope Science Institute	HST-GO-08591.01-A	43		72,896
Space Telescope Science Institute	HST-GO-09374.04-A	43		(808)
Space Telescope Science Institute	HST-GO-09392.01-A	43		8,982
Space Telescope Science Institute	HST-GO-09496.07-A	43		6,996
Space Telescope Science Institute	HST-GO-09776.01-A	43		24,720
Space Telescope Science Institute	HST-GO-10148-01	43		7,947
Space Telescope Science Institute	HST-GO-10341.07-A	43		(13,409)
Space Telescope Science Institute	HST-GO-10438.09-A	43		22,379
Space Telescope Science Institute	HST-GO-10438-04-A	43		(1,193)
Space Telescope Science Institute	HST-GO-10491.07-A	43		1,947
Space Telescope Science Institute	HST-GO-10505.04A	43		25,158
Space Telescope Science Institute	HST-GO-10531.01-A	43		80,952
Space Telescope Science Institute	HST-GO-10573.01-A	43		63,127
Space Telescope Science Institute	HST-GO-10629.01	43		25,030
Space Telescope Science Institute	HST-GO-10810.01-A	43		29,502
Space Telescope Science Institute	HST-GO-10814.01-A	43		7,265
Space Telescope Science Institute	HST-GO-10824.13-A	43		13,391
Space Telescope Science Institute	HST-GO-10840.01-A	43		48,624
Space Telescope Science Institute	HST-GO-10862.13-A	43		35,445
Space Telescope Science Institute	HST-GO-11145.01-A	43		31,866
Space Telescope Science Institute	HST-GO-11199.01-A	43		5,332
Stanford University	26966-A	43		(8,377)
United Negro College Fund Special Programs Corporation	Award letter did 4/18/07	43		8,500
Universities Space Research Association	07605-003-070	43		105,760
University of Alabama	SUB2006-271	43		351,365
University of Arizona	Y402840	43		37,146
University of California - Berkeley	SA 4700-10477	43		9,680
University of California - Berkeley	SA4503-24345	43		(5)

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University of California - Berkeley	SA4765-26309	43		78,106
University of Florida, The	UF-BIES-0502007-UM	43		133,147
University of Maryland, The	Z634001	43		532,292
University of Maryland, The	Z689204	43		403,567
University of Massachusetts	07-004013 A 00	43		22,171
University of Notre Dame, The	201255	43		50
University of Virginia	GR10008-129918	43		8,352
Washington University in St. Louis	WU-HT-06-13 under NASA Grant #	43		1,566
National Endowment for the Humanities				
Direct		06		116,235
National Science Foundation				
Direct		47		62,635,963
Pass-Through:				
American Association for the Advancement of Science (AAAS)	ESI-0227557	47		418,858
American Educational Research Association	Agreement	47		25,168
American Educational Research Association	Letter dtd 02/23/05	47		8,713
American Indian Science and Engineering Society	AISES 2006-003	47		7,012
Arizona State University	ASU 03-068	47		7,563
Association for Institutional Research	Ltr dtd 5/22/07	47		14,083
Auburn University	07-C&T-200111-UM	47		153,233
Brandeis University	4-00674	47		220,403
California Institute of Technology	1005452	47		20,939
California Institute of Technology	42B-1072301	47		56,604
California Institute of Technology	42B-1084325	47		55,154
Carnegie-Mellon University	Subgrant 1120201-127990	47		18,454
Columbia University	560469	47		15,059
Columbia University	563900	47		520,789
Columbia University	563907	47		259,154
Columbia University	PHY 0301292 Subawrd3 PO#541377	47		(55,865)
Cornell University	447710-7472	47		1,193,845
Cornell University	46223-7763	47		2,402
Cornell University	46417-7752	47		103,771
Cornell University	52120-8455 u/prime 0649215	47		26,881
Eastern Michigan University	Award 0522174 PO# P0023342	47		17,801
Electrodynamic Applications, Inc.	Appendix 1 to Proj Master agmn	47		27,636
Georgia Institute of Technology	C36-A98-G3	47		106,554
Georgia Institute of Technology	E-20-K28-G3	47		33,351
Georgia Institute of Technology	R8112-G1	47		74,279
Grand Valley State University	215411-S	47		12,733
Illinois Institute of Technology	SA302-1005-4369	47		126,687
Industrial Optical Measurement Systems	Res Agmt & Ck #811	47		30,196
Intelligent Prosthetic Systems	Check# 1058 dtd 12/18/07	47		34,912
Intelligent Prosthetic Systems	Check# 1059 dtd 12/18/07	47		22,998
Intelligent Prosthetic Systems	Check# 1060 dtd 12/20/07	47		27,241
Intelligent Prosthetic Systems	Ck#1057 - 12/18/07	47		27,266
Intelligent Prosthetic Systems	Letter	47		16,031
Joint Oceanographic Institutions	Task order T312B2	47		(10,462)
Kent State University	442197-P060510	47		86,595
Marine Biological Laboratory	MBL Subaward #25282	47		191,948
Marine Biological Laboratory	PO No. 4122 MBL 0026450650	47		305
Michigan State University	61-2422UM CMS 0501294	47		40,216

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Michigan State University	61-2554UM	47		142,519
Michigan State University	61-2651 UM	47		1,319
Michigan Technological University	MTU 030171Z	47		9,766
Michigan Technological University	Sub Grant 060149Z	47		(126)
Midwest Thermal Spray	PO #18365	47		84,833
National Bureau of Economic Research	28-3422-02	47		401,689
National Radio Astronomy Observatory	309476	47		58,794
National Radio Astronomy Observatory	310901	47		6,518
New York Hall of Science	ESI-0540152	47		76,229
North Carolina State University	2004-0679-01	47		49,039
Northwestern University	0830 310 A600 1322	47		209,321
Northwestern University	0830 520 T618 1031	47		442,279
nScript	10023-UM Prime FA9550-06-C-0131	47		20,942
nScript	Sub Awd #10024-UMICH	47		52,363
Ohio State University	60002999	47		41,197
Pennsylvania State University	2792-UM-NSF-9002	47		1,460
Pennsylvania State University	3020-UM-NSF-7146	47		59,032
Pennsylvania State University	3371-UM-NSF-4688	47		60,774
Princeton University	00001234	47		37,733
Rand Corporation	Sub #9920070065 -- SES-0624353	47		29,922
Rensselaer Polytechnic Institute	Subawd #A.11729	47		(5,278)
Solidica Inc	5365	47		2,655
Sonetics Ultrasound, Inc.	RT Res Agmt dtd 1/1/05	47		60,280
Southwest Research Institute	799131 LU NSF K#CHE0650647	47		49,061
Southwest Research Institute	SUBK#499951Q 15-10694	47		2,510
SRI International	66-000201	47		5,488
SRI International	Letter dtd. 10/17/01	47		42,449
Stanford University	16391370-34122	47		93,783
Survey Sciences, Inc	Ltr Agmt dtd. 3/23/07	47		4,712
Syagen Technology, Inc.	Subent dtd 6/30/05	47		6,080
Thixomat, Inc.	Agmt dtd 11/1/06	47		21,813
United States Civilian Research and Development Foundation	ESE1-2900-TR-07	47		6,469
United States Civilian Research and Development Foundation	RUB2-2838-OB-06	47		2,913
United States Civilian Research and Development Foundation	RUP1-2689PE-05	47		3,401
University Corporation for Atmospheric Research	S08-67523	47		13,197
University Corporation for Atmospheric Research	UCAR S07-59369	47		14,637
University of Arizona	Y430190	47		(127)
University of California - Santa Barbara	KK6156	47		168,299
University of Chicago	34024	47		71,184
University of Cincinnati	PATS#25280	47		7,170
University of Georgia	RR229-227/5812127	47		479,353
University of Georgia	RR551-224/9822917	47		15,333
University of Illinois at Chicago	2003-01053-14	47		(40,340)
University of Illinois at Chicago	2005-06198-02	47		299,220
University of Illinois-Urbana-Champaign	2006-01515-01 A5337	47		27,902
University of Illinois-Urbana-Champaign	2006-038071-01A4816	47		16,995
University of Illinois-Urbana-Champaign	A7929	47		114,070
University of Kansas	FY2007-100	47		10,643
University of Kansas	FY2008-040	47		11,760
University of Maryland, The	Z424801	47		(360)
University of Maryland, The	Z491501 u/prime #IIS 0705832	47		59,028
University of Minnesota	X4056459201	47		62,513

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University of Missouri	C00011301-1	47		13,489
University of Nebraska	25-0550-0001-129	47		18,894
University of Nevada	UNR-07-92	47		181,173
University of New Hampshire	Agmt 06-035	47		24,745
University of New Mexico	048531-87 IE PO#P0008436	47		(684)
University of Oregon	206381B-5.8	47		53,854
University of Pennsylvania	#1840678	47		33,551
University of Pennsylvania	5-41191-B (PO# 1796438)	47		9,571
University of Texas	UTA06-776	47		7,135
University of Utah	EBC 0304433	47		86,455
University of Washington	431145	47		135,413
Virginia Commonwealth University	PT100983 SC100255	47		40,454
Small Business Administration				
Direct		59		31,292
Smithsonian Institution				
Direct		60		377,919
Social Security Administration				
Direct		96		2,627,104
State, Department of				
Direct		19		449,654
Transportation, Department of-Federal Highway Administration				
Direct		20		850,536
Pass-Through:				
Battelle Memorial Institute	176397-9	20		43,983
Battelle Memorial Institute	Battelle Task Order no 176397-8	20		83,278
City of Sacramento-Department of Police	PO# 8G639B8488	20		43,190
Michigan, State of, Transportation, Department of	2003-0026 Auth 11	20		15,002
Michigan, State of, Transportation, Department of	Auth 5 did 2/15/06-#2006-0412	20		410
Michigan, State of, Transportation, Department of	Auth 6/IDS Ctr# 2006-0412	20		14,402
Michigan, State of, Transportation, Department of	Auth 8 for IDS #2003-0026	20		8,115
Michigan, State of, Transportation, Department of	Auth#1 Ctr #2006-0412	20		125,836
Michigan, State of, Transportation, Department of	Contract #2007-0329	20		6,281
Michigan, State of, Transportation, Department of	Email 11/9/06-Auth #3	20		24,434
Michigan, State of, Transportation, Department of	Ltr 1/24/08- 8 Ctr#2006-0412	20		25,419
Michigan, State of, Transportation, Department of	MDOT 94-0271	20		(10,713)
Michigan, State of, Transportation, Department of	MDOT Contract #2006-0507	20		184,157
Soils & Materials Engineers, Inc.	pp43920-01	20		5,000
Soils & Materials Engineers, Inc.	Proposal of 07-2189	20		38,756
Southeast Michigan Council of Governments	Ntc to Proceed dtd 2/24/05	20		(475)
Transtec Group, Inc.	TGI-204009-UMTRI-05	20		6,348
University of California - Berkeley	SA5564 / PO #1360230	20		100,647
Transportation, Department of-Federal Motor Carrier Safety Administration				
Direct		20		1,023,447
Pass-Through:				
Chenega Advanced Solutions & Engineering, LLC	112507-UMTR-TRACX	20		16,168
Transportation, Department of-Federal Transit Administration				
Direct		20		41,931
Pass-Through:				
Michigan, State of, Transportation, Department of	2007-0315	20		5,730
Transportation, Department of-Maritime Administration				
Pass-Through:				

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University of Wisconsin	144 051038 4	20		11,132
Transportation, Department of-National Highway Traffic Safety Administration				
Direct		20		8,721,202
Pass-Through:				
Great Lakes Maritime Research Institute	U of Wisc-Sup. Sub under DOT	20		24,102
Virginia Polytechnic Institute and State University	CR-19337-425766	20		318,228
Virginia Polytechnic Institute and State University	CR-19337-425805	20		157,225
Virginia Polytechnic Institute and State University	CR-19337-725759	20		53,522
Virginia Tech Transportation Institute	19337-415586	20		263,931
Transportation, Department of-Other				
Pass-Through:				
Delphi Automotive Systems		20		66,789
Ford Motor Company	A10-PO07-154018	20		310,326
Great Lakes Maritime Research Institute	U/W-Superior-SubK DOT	20		34,432
Meritor WABCO	Research Agreement	20		581,534
Michigan, State of, State Police, Department of	AL-07-03	20		26,242
Michigan, State of, State Police, Department of	TR-07-01	20		71,883
Michigan, State of, State Police, Department of	TR-08-01	20		203,955
Michigan, State of, Transportation, Department of	#2006-0412/Email dtd 12/4/06	20		5,656
Michigan, State of, Transportation, Department of	2003-0026 Auth #12	20		234,271
Michigan, State of, Transportation, Department of	2006-0412 Auth 7	20		8,086
Michigan, State of, Transportation, Department of	2006-0412 Job #86886	20		1,269
Michigan, State of, Transportation, Department of	Auth No. 10 Contract#2003-0026	20		33,539
Michigan, State of, Transportation, Department of	Email dtd 9/21/05 -CT#2003-002	20		23,274
National Academy of Sciences	HR 08-63	20		60,283
National Academy of Sciences	SHRP S-01 (C)	20		122,295
National Academy of Sciences	SHRP-S-09	20		240,181
National Safety Council	LOA under DTNH22-04-H-05087	20		88,238
Prouser Research Group, Inc	PRG Contr #DTNH22-05-D-15043/	20		61,015
Tallahassee Community College	PO # 2007 00004560	20		33,270
Transportation, Department of-Research and Special Programs Administration				
Direct		20		395,763
United States Agency for International Development				
Pass-Through:				
Oregon State University	RD010A-04	98		107,100
Oregon State University	RD010E-J	98		42,141
Oregon State University	RD011G-B	98		5,276
United Negro College Fund	Sub-agreement dated 5/25/99	98		(3,564)
University of Wisconsin	P699355	98		93,587
Veterans Affairs, Department of				
Direct		64		10,034
Total research and development cluster				\$ 645,748,290
STUDENT FINANCIAL AID CLUSTER				
Education, Department of-Programs-Office of Student Financial Assistance Programs				
Direct		84.007	Federal Supplemental Educational Opportunity Grant	\$ 2,244,841
Direct		84.033	Federal Work-Study Program	3,962,374

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Direct		84.038	Federal Perkins Loan Program Federal Capital Contributions (Note 5)	-
Direct		84.063	Federal Pell Grant Program	20,670,480
Direct		84.268	William D. Ford Federal Direct Loan Program (Note 4)	-
Direct		84.375	Academic Competitiveness Grants	801,478
Direct		84.376	National Science and Mathematics Access to Retain Talent Grants	1,187,986
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Note 5)	-
Direct		93.364	Nursing Student Loans (Note 5)	-
Direct		93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds (Note 5)	303,184
Total student financial aid cluster				\$ 29,170,343
NATIONAL CENTER FOR RESEARCH RESOURCES PROGRAM				
Commerce, Department of-Economic Development Administration				
Direct		11.313	Trade Adjustment Assistance for Firms	\$ 1,186,256
MICHIGAN SPACE GRANT CONSORTIUM PROGRAM				
National Aeronautics and Space Administration				
Direct		43.NNG05GH68H	Michigan Space Grant Consortium	\$ 779,745
SHARING SPECIALIZED MEDICAL RESOURCES PROGRAM				
Veterans Affairs, Department of				
Direct		64.018	Sharing Specialized Medical Resources	\$ 10,451,320
STRENGTHENING PROGRAMS THROUGH TECHNOLOGY PROGRAM				
Education, Department of				
Direct		84.ED05CO0062	Strengthening Programs Through Technology	\$ 681,090
NON-CLUSTER				
Agriculture, Department of				
Direct		10.250	Agricultural and Rural Economic Research	\$ 33,276
Direct		10.303	Integrated Programs	73,132
Pass-Through:				
Michigan, State of, Education, Department of	810000039	10.558	Child and Adult Care Food Program	47,971
Commerce, Department of-Economic & Statistics Administration				
Pass-Through:				
University of Maryland, The	Subcontract			56,314
Commerce, Department of-Office of the Secretary				
Direct		11.550	Public Telecommunications Facilities Planning and	(6,259)
Direct		11.YA1323-07-CN-0012		226,238
Pass-Through:				
University of Maryland, The	Z766002			282,602
Commerce, Department of-Technology Administration				
Direct		11.IP7013 IPA-Atreya, Arvind		40,270
Corporation for National and Community Service				

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Pass-Through:				
Michigan Campus Compact	06LHHM1001 BF07-05	94.005	Learn and Serve America_Higher Education	11,960
Michigan Campus Compact	06LHHM1001 BF07-07	94.005	Learn and Serve America_Higher Education	5,731
Michigan Campus Compact	06LHHM1001 BF07-11	94.005	Learn and Serve America_Higher Education	6,377
Michigan Campus Compact	06LHHM1001 BF07-12	94.005	Learn and Serve America_Higher Education	6,488
Michigan Campus Compact	06LHHM1001 CPY06-05	94.005	Learn and Serve America_Higher Education	55,532
Michigan, State of, Human Services, Department of	MACF-07-81230	94.006	AmeriCorps	156,584
Michigan, State of, Human Services, Department of	MACF-08-81250	94.006	AmeriCorps	188,708
Defense, Department of-Air Force, Department of the				
Direct		12.800	Air Force Defense Research Sciences Program	5,000
Direct		12.FA9550-07-1-0559		5,000
Direct		12.IPA Assignment-Dr. Law		53,061
Direct		12.IPA Dennis Bernstein 2008		665
Direct		12.IPA-09-01-2007		172,942
Direct		12.IPA-609		127,720
Defense, Department of-Army, Department of the				
Direct		12.431	Basic Scientific Research	24,074
Direct		12.IPA Mary Kratz		6,311
Defense, Department of-Defense Advanced Research Projects Agency				
Pass-Through:				
Corporation for National Research Initiatives (CNRI)	Amend #10 to MEMS Exchange			184,242
SeaLandAire Technologies, Inc	PO# PSO-F920B-UMI-01 -12/21/06			23,695
Defense, Department of-Navy, Department of the				
Direct		12.300	Basic and Applied Scientific Research	13,180
Direct		12.IPA Kratz, Mary		39,693
Direct		12.N00140-06-G-0028		2,680
Pass-Through:				
Bath Iron Works Corporation	07191AFSSO			5,691
North Carolina A & T State University	210013X			52,212
Computer Sciences Corporation	SubK#S-9292 TO#004			36,859
Defense, Department of-Other				
Pass-Through:				
Battelle	TCN 08064			7,411
Education, Department of				
Direct		84.004	Civil Rights Training and Advisory Services	619,045
Direct		84.015	National Resource Centers Program for Foreign Lang	2,082,891
Direct		84.021	Overseas Programs - Group Projects Abroad	(1,629)
Direct		84.116	Fund for the Improvement of Postsecondary Educatio	65,692
Direct		84.133	National Institute on Disability and Rehabilitation Research	3,860
Direct		84.170	Javits Fellowships	236,051
Direct		84.195	Bilingual Education-Professional Development	163,168
Direct		84.220	Centers for International Business Education	390,176
Direct		84.349	Early Childhood Educator Professional Development	185,184
Direct		84.Project IDEAL		(40,998)
Pass-Through:				
Arizona, State of	ESPD1618	84.002	Adult Education - Basic Grants to States	18,753
Arizona, State of	PO No. E7PD1457	84.002	Adult Education - Basic Grants to States	(1,603)
Flint Community Schools	Cl#287086	84.250	Transition to Teaching	68,899
Idaho, State of, Department of Education	Agreement	84.002	Adult Education - Basic Grants to States	15,311
Indiana, State of Department of Administration	Agreement	84.002	Adult Education - Basic Grants to States	(5,009)
Indiana, State of Department of Administration	Agreement			10,302

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Louisiana, State of	Agreement	84.002	Adult Education - Basic Grants to States	16,200
Maine, State of	Agreement	84.002	Adult Education - Basic Grants to States	2,442
Michigan, State of, Education, Department of	Prj#070290-103 Ltr 8/1/06	84.367	Improving Teacher Quality State Grants	123,367
Michigan, State of, Education, Department of	Proj #070290-670	84.367	Improving Teacher Quality State Grants	64,299
Michigan, State of, Education, Department of	Project # 060290-670	84.367	Improving Teacher Quality State Grants	(5,300)
Michigan, State of, Labor and Economic Growth, Department of	06-00-11	84.334	Gaining Early Awareness and Readiness for Undergra	22,597
Michigan, State of, Labor and Economic Growth, Department of	06-00-12	84.334	Gaining Early Awareness and Readiness for Undergra	17,216
Michigan, State of, Labor and Economic Growth, Department of	06-00-13	84.334	Gaining Early Awareness and Readiness for Undergra	(2,827)
Michigan, State of, Labor and Economic Growth, Department of	06-00-17	84.334	Gaining Early Awareness and Readiness for Undergra	25,926
Michigan, State of, Labor and Economic Growth, Department of	07-00-011	84.334	Gaining Early Awareness and Readiness for Undergra	147,389
Michigan, State of, Labor and Economic Growth, Department of	07-00-12	84.334	Gaining Early Awareness and Readiness for Undergra	5,980
Michigan, State of, Labor and Economic Growth, Department of	07-00-13	84.334	Gaining Early Awareness and Readiness for Undergra	16,555
Michigan, State of, Labor and Economic Growth, Department of	07-00-17	84.334	Gaining Early Awareness and Readiness for Undergra	30,333
Missouri, State of	Agreement	84.002	Adult Education - Basic Grants to States	4,541
Montana, State of	ISA# 7242	84.002	Adult Education - Basic Grants to States	7,964
National Writing Project	00-M103			55,132
New Mexico, State of	Agreement			14,905
North Carolina, State of, Community College System	P.O. No. EP4454567			(16,498)
North Carolina, State of, Community College System	PO# EP4481852	84.002	Adult Education - Basic Grants to States	20,197
Ohio, State of	Agreement	84.002	Adult Education - Basic Grants to States	8,620
Saginaw Valley State University	07-0000-003	84.366	Mathematics and Science Partnerships	91,768
Saginaw Valley State University	08-0000-003	84.366	Mathematics and Science Partnerships	18,514
Saginaw Valley State University	08-0000-01	84.366	Mathematics and Science Partnerships	73,805
Saginaw Valley State University	Agmt 07-0000-001	84.366	Mathematics and Science Partnerships	375,576
Texas, State of	Agreement			57,639
University of the District of Columbia	Order #PO213542			16,461
Washington, State of	Agreement	84.002	Adult Education - Basic Grants to States	8,700
Energy, Department of				
Direct		81.086	Conservation Research and Development	158,506
Direct		81.117	Energy Efficiency and Renewable Energy Information	85,849
Pass-Through:				
Brookhaven National Laboratory	Check #232514			2,000
BWXT Y-12, LLC	Sub-K # 4300038913 11/9/04			47,947
Krell Institute	Awd ltr 10/06/06			1,098
Krell Institute	ORAU-FELLOWSHIP	81.049	Office of Science Financial Assistance Program	3,326
Vortex Hydro Energy, LLC	Check# 1023 dtd 4/30/06			8,988
Environmental Protection Agency				
Direct		66.EP07D000038		38,092
Pass-Through:				
Michigan, State of, Environmental Quality, Department of	Agmt #2004-0160	66.454	Water Quality Management Planning	35,029
Wayne, County of	20804082-000	66.202	Congressionally Mandated Projects	12,556
Wayne, County of	Letter of March 10,2006	66.202	Congressionally Mandated Projects	(84,842)
Health and Human Services, Department of-Administration for Children and Families				

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Direct		93.648	Child Welfare Services Training Grants	138,568
Pass-Through:				
Washtenaw, County of	Agmt 8/1/05	93.600	Head Start	(9,390)
Health and Human Services, Department of-Administration on Aging				
Pass-Through:				
Area Agency on Aging - Michigan	07-9202-03			32,799
Area Agency on Aging - Michigan	08-9202-03			39,799
Area Agency on Aging - Michigan	Various Checks			65,700
Catholic Social Services	Letter dated 12/11/07			39,206
Washtenaw, County of	38417-000-SC 38550			44,846
Washtenaw, County of	CR-38550			5,143
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93.226	Research on Healthcare Costs, Quality and Outcomes	35,687
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93.061	Innovations in Applied Public Health Research	415,447
Direct		93.135	Centers for Research and Demonstration for Health	1,025,359
Direct		93.283	Centers for Disease Control and Prevention_Investi	844,011
Direct		93.051PA28258.03		3,143
Direct		93.051PA28258.1		(3,904)
Direct		93.051PA28258.2		6,184
Direct		93.200-2007-M-21852		17,364
Pass-Through:				
Association of Schools of Public Health, Inc.	53247-23/23			16,577
Association of Schools of Public Health, Inc.	S3676-25/25			8,444
Genesee County	Contract dtd 10/01/06	93.945	Assistance Programs for Chronic Disease Prevention	3,831
Hemophilia Foundation of Michigan	07-08 DHHS/CDC Prev Contract			29,861
Hemophilia Foundation of Michigan	2006-2007 DHHS/CDC Prvnt Contr			8,795
Hemophilia Foundation of Michigan	Agreement	93.283	Centers for Disease Control and Prevention_Investi	15,290
Michigan Public Health Institute	Agmt #C-30308-15-504200	93.136	Injury Prevention and Control Research and State and Community Based Programs	9,081
Michigan, State of, Community Health, Department of	20070103	93.283	Centers for Disease Control and Prevention_Investi	2,068
Michigan, State of, Community Health, Department of	20070104	93.283	Centers for Disease Control and Prevention_Investi	98,168
Michigan, State of, Community Health, Department of	20071106	93.283	Centers for Disease Control and Prevention_Investi	12,098
Michigan, State of, Community Health, Department of	20071378	93.283	Centers for Disease Control and Prevention_Investi	151,091
Michigan, State of, Community Health, Department of	20071967	93.991	Preventive Health and Health Services Block Grant	49,049
Michigan, State of, Community Health, Department of	20080372	93.283	Centers for Disease Control and Prevention_Investi	7,318
Michigan, State of, Community Health, Department of	20081256	93.889	National Bioterrorism Hospital Preparedness Progra	148,735
Michigan, State of, Community Health, Department of	20081493	93.991	Preventive Health and Health Services Block Grant	94,709
Michigan, State of, Community Health, Department of	20081651	93.283	Centers for Disease Control and Prevention_Investi	39,202
Michigan, State of, Community Health, Department of	20081759	93.283	Centers for Disease Control and Prevention_Investi	239,998
Michigan, State of, Community Health, Department of	20082411			2,418
Health and Human Services, Department of-Centers for Medicare and Medicaid Services				
Pass-Through:				
Michigan, State of, Community Health, Department of	20080919	93.778	Medical Assistance Program	40,181
Michigan, State of, Community Health, Department of	20080920	93.778	Medical Assistance Program	147,649
Michigan, State of, Community Health, Department of	20080932	93.778	Medical Assistance Program	392,404
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.124	Nurse Anesthetist Traineeships	11,006

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Direct		93.127	Emergency Medical Services for Children	705,111
Direct		93.134	Grants to Increase Organ Donations	762,647
Direct		93.178	Nursing Workforce Diversity	509,435
Direct		93.249	Public Health Training Centers Grant Program	336,822
Direct		93.264	Nurse Faculty Loan Program (NFLP) (Note 5)	-
Direct		93.359	Nurse Education, Practice and Retention Grants	757,421
Direct		93.822	Health Careers Opportunity Program	18,863
Direct		93.884	Grants for Training in Primary Care Medicine and D	211,541
Direct		93.918	Grants to Provide Outpatient Early Intervention Se	666,716
Pass-Through:				
Hemophilia Foundation of Michigan	DHHS/MCHB Comp Care	93.110	Maternal and Child Health Federal Consolidated Pro	(7,870)
Hemophilia Foundation of Michigan	DHHS/MCHB Comp Care			24,735
Washington University	Subaward No:FY06-151	93.127	Emergency Medical Services for Children	13,174
Health and Human Services, Department of-Indian Health Service				
Direct		93.SD-CA-03-0007		3,000
Health and Human Services, Department of-National Institutes of Health				
Direct		93.121	Oral Diseases and Disorders Research	139,170
Direct		93.213	Research and Training in Complementary and Alternative Medicine	14,400
Direct		93.242	Mental Health Research Grants	341,524
Direct		93.286	Discovery and Applied Research for Technological I	32,005
Direct		93.389	National Center for Research Resources	1,058,423
Direct		93.394	Cancer Detection and Diagnosis Research	18,274
Direct		93.839	Blood Diseases and Resources Research	385,837
Direct		93.849	Kidney Diseases, Urology and Hematology Research	4,256
Direct		93.879	Medical Library Assistance	55,184
Direct		93.08-4782 Soliman		32,210
Direct		93.263-MJ-702724		54,127
Direct		93.HHSN271200800041M		2,500
Direct		93.IPA Austra Licpa		7,219
Direct		93.IPA Song, Debbie		18
Direct		93.IPA YI600014-R.Bashshur		21,674
Direct		93.PO 263-MD-611267		122,232
Direct		93.REQ#: QDN60042		8,558
Direct		93.Various Checks		381
Pass-Through:				
American College of Radiology	Agreement dtd 7/21/05			6,037
American College of Radiology	CA21661-32S			53,298
Booz Allen Hamilton, Inc.				101,584
Cancer Therapy and Research Center	Multiple Checks			2,342
Cayuse, Inc.	Subcontract			32,256
Duke University	agmt of 5/1/02	93.395	Cancer Treatment Research	6,261
Duke University	Subcontract			6,119
Emmes Corporation, The	Ltr of Agmt			7,932
Fenway Institute at Fenway Community Health	Agreement			8,786
Hutchinson, Fred, Cancer Research Center	0000623838	93.399	Cancer Control	6,331
International Union, UAW	Res Agmt dtd 9/6/05			229,699
Johns Hopkins University	8407-46290-X	93.399	Cancer Control	16,726
Mayo Foundation for Medical Education & Research	Mltip ck from Mayo fdn			6,445
Medical College of Wisconsin	PO# 1009446	93.127	Emergency Medical Services for Children	19,469

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Michigan Coalition Against Domestic and Sexual Violence, The (MCADSV)	Coop Agmt - Delta Prjt	93.136	Injury Prevention and Control Research and State and Community Based Programs	55,108
Michigan State University	61-1438UM			74,019
National Childhood Cancer Foundation	Subcontract			13,212
National Network of Libraries of Medicine (NN/LM)	OUTR203, PO0180669	93.879	Medical Library Assistance	1,308
National Opinion Research Center	Subaward No. 5587-UM			4,970
University of Colorado	Agreement			1,134
University of Illinois at Chicago	2006-00167-31-00/N01-L-M-6-385	93.879	Medical Library Assistance	5,630
University of Illinois at Chicago	N01 LM-6-3503/2006-00167-14-00	93.879	Medical Library Assistance	8,049
University of Illinois at Chicago	N01-LM-6-3503/2006-00167-13-00	93.879	Medical Library Assistance	9,724
University of Miami, Florida, The	M123399	93.853	Extramural Research Programs in the Neurosciences	13,174
Wayne State University	WSU04043-A1			7,556
Health and Human Services, Department of-Office of the Secretary				
Direct		93.HHS/OS/NVPO/Salsca, Jennifer		21,351
Direct		93.N01-DK-9-2323, Mod# 23		2,700
Pass-Through:				
Area Agency on Aging - Michigan	Ltr dtd 7/02/07			10,684
HelpSource	Agreement dtd 5/08/06			221
Ingham, County of	Agreement of 10/1/02	93.919	Cooperative Agreements for State-Based Comprehensive	5,889
Michigan Primary Care Association	Grant Agreement	93.778	Medical Assistance Program	274,440
Michigan, State of, Community Health, Department of	20060549	93.778	Medical Assistance Program	16,137
Michigan, State of, Community Health, Department of	20060937	93.778	Medical Assistance Program	(14,338)
Michigan, State of, Community Health, Department of	20061456	93.778	Medical Assistance Program	(498,701)
Michigan, State of, Community Health, Department of	20061480	93.778	Medical Assistance Program	(532,279)
Michigan, State of, Community Health, Department of	20062129	93.778	Medical Assistance Program	(95,523)
Michigan, State of, Community Health, Department of	20071028	93.778	Medical Assistance Program	(196,895)
Michigan, State of, Community Health, Department of	20071029	93.778	Medical Assistance Program	320,138
Michigan, State of, Community Health, Department of	20071030	93.778	Medical Assistance Program	74,629
Michigan, State of, Community Health, Department of	20071031	93.778	Medical Assistance Program	(3,066)
Michigan, State of, Community Health, Department of	20071032	93.778	Medical Assistance Program	19,700
Michigan, State of, Community Health, Department of	20071033	93.994	Maternal and Child Health Services Block Grant to	38,600
Michigan, State of, Community Health, Department of	20071940	93.778	Medical Assistance Program	126,119
Michigan, State of, Community Health, Department of	20071977	93.778	Medical Assistance Program	649,553
Michigan, State of, Community Health, Department of	20080373	93.778	Medical Assistance Program	35,213
Michigan, State of, Community Health, Department of	20080895	93.994	Maternal and Child Health Services Block Grant to	75,320
Michigan, State of, Community Health, Department of	20080918	93.778	Medical Assistance Program	264,924
Michigan, State of, Community Health, Department of	20081060	93.778	Medical Assistance Program	210,973
Michigan, State of, Community Health, Department of	20081770	93.778	Medical Assistance Program	361,714
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Pass-Through:				
Michigan, State of, Community Health, Department of	20071107	93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	5,356
Michigan, State of, Community Health, Department of	20081703	93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	17,445
Washtenaw, County of	CR-38743 PO 34891-000-PS	93.959	Block Grants for Prevention and Treatment of Subst	18,059
Washtenaw, County of	CR-38743 PO 35107-000-PS	93.959	Block Grants for Prevention and Treatment of Subst	39,700
Homeland Security, Department of				
Pass-Through:				
Michigan, State of, State Police, Department of	2005 Homeland Security Grant	97.067	Homeland Security Grant Program	285,000
Washtenaw United Way	Check #87578 dated 08/02/06			753
Institute of Museum and Library Services				

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Direct		45.301	Museums for America	81,240
Direct		45.303	Conservation Project Support	152,060
Interior, Department of the				
Direct		15.929	Save America's Treasures	317,572
Direct		15.Awd ltr did 7/15/04		(256)
Direct		15.IPA Agmt Dr. Sung Pil Hyun		79,177
Justice, Department of				
Direct		16.525	Grants to Reduce Domestic Violence, Dating Violence	70,069
Labor, Department of				
Pass-Through:				
Detroit Regional Chamber of Commerce	Partner Grant Agmt	17.261	WIA Pilots, Demonstrations, and Research Projects	42,860
National Aeronautics and Space Administration				
Direct		43.W30945		2,626
National Archives and Records Administration				
Direct		89.NAMA-05-C-0007		292,382
National Endowment for the Arts				
Direct		45.024	Promotion of the Arts_ Grants to Organizations and	55,000
Pass-Through:				
Michigan, State of, Michigan Council for Arts and Cultural Affairs	07A00044C2	45.025	Promotion of the Arts-Partnership Agreements	12,510
National Endowment for the Humanities				
Direct		45.149	Promotion of the Humanities_Division of Preservation	121,474
Direct		45.162	Promotion of the Humanities_Teaching and Learning	84,168
Direct		45.163	Promotion of the Humanities_Professional Development	55,620
Direct		45.164	Promotion of the Humanities_Public Programs	11,789
Pass-Through:				
American Musicological Society	RZ-20921			59,900
Michigan Humanities Council	2652 W 06	45.168	Promotion of the Humanities_We the People	8,101
Michigan Humanities Council	2697 H 07	45.129	Promotion of the Humanities-Federal/State Partnership	8,870
Michigan Humanities Council	Project Agmt			322
Michigan, State of, Michigan Council for Arts and Cultural Affairs	08A00043C2	45.025	Promotion of the Arts-Partnership Agreements	17,958
National Science Foundation				
Direct		47.041	Engineering Grants	56,937
Direct		47.049	Mathematical and Physical Sciences	70,027
Direct		47.050	Geosciences	67,104
Direct		47.070	Computer and Information Science and Engineering	75,603
Direct		47.074	Biological Sciences	133,014
Direct		47.075	Social, Behavioral, and Economic Sciences	350,828
Direct		47.076	Education and Human Resources	1,968,519
Direct		47.079	International Science and Engineering (OISE)	9,837
Direct		47.CBET 0649769		203,023
Direct		47.CCF 0715164		206,288
Direct		47.CHE 0715527		232,937
Direct		47.DGE-0435717		16,645
Direct		47.ECCS 0734962		210,752
Direct		47.OCI-0635459		262,888
Pass-Through:				
Detroit Area Pre-College Engineering Program (DACEP)	Email	47.076	Education and Human Resources	(71)
Harvard University	137245	47.075	Social, Behavioral, and Economic Sciences	(1,254)
Michigan State University	61-2462 UoIM	47.076	Education and Human Resources	12,257
University of Maryland, The	H138225			8,294

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-Through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Washington State University	Agreement			2,503
Peace Corps				
Direct		08.PC-07-8-043		12,567
State, Department of				
Direct		19.415	Professional Exchanges_Annual Open Grant	162,045
Direct		19.S-ECAPB-03-GR-257 (DH)		98,254
Direct		19.S-LMAQM-05-GR-131		23,986
Pass-Through:				
Council for International Exchange of Scholars	06-09845			(22,103)
Transportation, Department of-Federal Highway Administration				
Pass-Through:				
Michigan, State of, Transportation, Department of	2006-0667			190,703
Transportation, Department of-Other				
Pass-Through:				
Michigan, State of, State Police, Department of	OP-07-05	20.602	Occupant Protection	33,870
Michigan, State of, State Police, Department of	PT-07-49	20.600	State and Community Highway Safety	534
Treasury, Department of the				
Direct		21.008	Low-Income Taxpayer Clinics	51,090
United States Agency for International Development				
Direct		98.HRN-A-00-00-00001		(2,468)
Pass-Through:				
American Council on Education	Institutional Partnership sub			(8,575)
American Council on Education	Subagreement dtd 1/10/07			111,021
	Total non-cluster			\$ 26,034,507
	Total federal expenditures			\$ 714,051,551

The University of Michigan

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

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

2. Indirect Costs

The University's cognizant agent (the Department of Health and Human Services) has approved predetermined, indirect cost rates for the University's organized research, instruction, and other sponsored activities through June 30, 2011, as follows:

	<u>July 1, 2007-June 30, 2008</u>	<u>July 1, 2008-June 30, 2011</u>
On-campus research	52%	54.5%
Off-campus research	26%	26%
On-campus instruction	54%	54%
Other sponsored activities	30%	30%

3. Subrecipient Awards

During 2008, the University disbursed approximately \$55,140,000 to subrecipients. Of that amount, \$53,014,000 related to research and development cluster awards and \$2,126,000 related to other awards.

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

4. Federal Direct Loan Program

Under the William D. Ford Federal Direct Loan Program, students and parents borrow funds directly from the federal government; the University is responsible for verifying student eligibility, electronically transmitting the loan records to the federal processor and distributing the loan funds directly to the student account or parent borrower. During the fiscal year ended June 30, 2008, the University's students and parents received the following amount of new loans under this program. The value of loans issued is based on disbursement amounts.

	CFDA Number	Value of loans issued
Direct Student Loans:		
Undergraduate subsidized	84.268	\$ 102,227,000
Undergraduate unsubsidized	84.268	110,832,000
Graduate	84.268	10,892,000
Direct Parent Loans for Undergraduate Students	84.268	<u>31,814,000</u>
		<u>\$ 255,765,000</u>

5. University-Administered Federal Loan Programs

The University administers the following federal loan programs:

	CFDA Number	Outstanding balance at June 30, 2008
Department of Education, Federal Perkins Program	84.038	<u>\$ 81,706,862</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	3,501,692
Health Professions Loan Program - Pharmacy	93.342	1,934,875
Health Professions Loan Program - Dentistry	93.342	<u>7,378,179</u>
		<u>12,814,746</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	1,447,549
Disadvantaged Student Loan Program - Pharmacy	93.925	166,590
Disadvantaged Student Loan Program - Dentistry	93.925	<u>58,490</u>
		<u>1,672,629</u>
Nursing Student Loan - Baccalaureate	93.364	2,230,095
Nursing Student Loan - Baccalaureate, Flint	93.364	500
Nursing Student Loan - Graduate	93.364	<u>280,043</u>
		<u>2,510,638</u>
Nursing Faculty Loan Program	93.264	<u>758,802</u>
Total federal loans outstanding		<u>\$ 99,463,677</u>

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

5. University-Administered Federal Loan Programs (continued)

The total value of new loans issued during the fiscal year ended June 30, 2008 is identified below.

	<u>CFDA Number</u>	<u>Value of loans issued</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 9,722,086</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	441,217
Health Professions Loan Program - Pharmacy	93.342	256,750
Health Professions Loan Program - Dentistry	93.342	<u>354,971</u>
		<u>1,052,938</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	
Disadvantaged Student Loan Program - Pharmacy	93.925	
Disadvantaged Student Loan Program - Dentistry	93.925	<u>13,476</u>
		<u>13,476</u>
Nursing Student Loan – Baccalaureate	93.364	412,907
Nursing Student Loan - Baccalaureate, Flint	93.364	
Nursing Student Loan – Graduate	93.364	<u>28,040</u>
		<u>440,947</u>
Nursing Faculty Loan Program	93.264	<u>253,230</u>
Total federal loans issued July 1, 2007 – June 30, 2008		<u>\$ 11,482,677</u>

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

The Regents of the University of Michigan

We have audited the financial statements of the University of Michigan (the "University") as of and for the year ended June 30, 2008, and have issued our report thereon dated September 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts which included an explanatory paragraph concerning the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Pensions*, as of July 1, 2007. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Regents of the University of Michigan, the Finance, Audit and Investment Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

September 9, 2008

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

The Regents of the University of Michigan

Compliance

We have audited the compliance of the University of Michigan (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008, except as described in the second paragraph of this report. The University of Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

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

In our opinion, based on our audit and the report of the other auditors, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Regents of the University of Michigan, the Finance, Audit and Investment Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

November 7, 2008

**The University of Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008**

Section I – Summary of Independent Accountant’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
11.313	Trade Adjustment Assistance for Firms
43.NNG05GH68H	Michigan Space Grant Consortium
64.018	Sharing Specialized Medical Resources
84.ED05CO0062	Strengthening Programs Through Technology

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None.

**The University of Michigan
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section III – Federal Award Findings and Questioned Costs

None.

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

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