

The University of Michigan
Reports on Federal Awards in Accordance
with OMB Circular A-133
For the Year Ended June 30, 2007
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, 2007 and 2006, 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.

The Management's Discussion and Analysis ("MD&A") on pages 3 through 25 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 August 30, 2007 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, 2007. 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, 2007 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

August 30, 2007

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, 2007 and 2006 and its activities for the three fiscal years ended June 30, 2007. 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 55,000 students and 6,400 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 48,000 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, 30 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.

THE UNIVERSITY OF MICHIGAN

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

Financial Highlights

The University's financial position remains strong, with assets of \$13.8 billion and liabilities of \$2.3 billion at June 30, 2007, compared to assets of \$12.0 billion and liabilities of \$2.1 billion at June 30, 2006. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, increased \$1.6 billion in fiscal 2007, 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, 2007 and 2006 as follows:

	2007	2006
	(in millions)	
Operating revenues and state educational appropriations	\$ 4,167.8	\$ 4,147.9
Total expenses	4,464.2	4,283.1
	(296.4)	(135.2)
Net investment income	1,572.6	959.8
Gifts and other nonoperating revenues, net	336.8	249.2
Increase in net assets	\$ 1,613.0	\$ 1,073.8

Net assets increased \$1.6 billion in 2007 and \$1.1 billion in 2006 primarily due to net investment income of \$1.6 billion and \$960 million in 2007 and 2006, 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 state appropriations and rising health care, regulatory, and facility costs in a competitive recruitment environment for faculty and health care professionals. The results of operations also reflect the sale of M-CARE effective December 31, 2006. Operating revenues and state educational appropriations increased 0.5 percent, or \$20 million, while total expenses increased 4 percent, or \$181 million. Gifts and other nonoperating revenues increased 35 percent to \$337 million, which includes a \$160 million gain on the sale of M-CARE.

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.

THE UNIVERSITY OF MICHIGAN

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

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 enables the University to better direct its resources toward its core mission of education, research and patient care. Subscription premiums revenue recognized by M-CARE from employers other than the University totaled approximately \$197 million and \$405 million for the six months ended December 31, 2006 and the year ended June 30, 2006, respectively.

Proceeds from the sale, net of expenses, totaled \$258 million and the University recognized a \$160 million gain on the sale in fiscal 2007. The purchase price will be adjusted based on certain changes in net assets pursuant to terms of the sales agreement; however, such amount is not expected to be material. 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.

University members enrolled in M-CARE at the time of the sale will maintain the same coverage through December 31, 2007. Replacement health plans designed and funded by the University, similar to the current M-CARE HMO and GradCare plans, will be available for calendar 2008 in addition to the other health plan choices offered by the University. The replacement plans will be offered only to the University community and administered by Blue Cross.

Using the Financial Statements

The University's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles, which establish standards for external financial reporting for public colleges and universities 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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in millions)	
Current assets	\$ 2,431	\$ 2,337
Noncurrent assets:		
Endowment, life income and other investments	7,380	5,963
Capital assets, net	3,755	3,453
Other	263	245
Total assets	13,829	11,998
Current liabilities	892	913
Noncurrent liabilities	1,440	1,201
Total liabilities	2,332	2,114
Net assets	\$ 11,497	\$ 9,884

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, 2007 and 2006, 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 \$94 million, to \$2.4 billion at June 30, 2007. Cash and cash equivalents and operating investments totaled \$1.2 billion at June 30, 2007, 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 decreased \$21 million, to \$892 million at June 30, 2007, primarily due to a decrease in investment trade settlements payable.

THE UNIVERSITY OF MICHIGAN

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

Endowment, Life Income and Other Investments

The University's endowment, life income and other investments increased \$1.4 billion, to \$7.4 billion at June 30, 2007. 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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in millions)	
Endowment investments	\$ 7,090	\$ 5,652
Life income investments	120	101
Noncurrent portion of insurance and benefits obligations and managed care investments	170	210
	\$ 7,380	\$ 5,963

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, which 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 spending rate are reinvested so that in lean times funds will be available. Because the spending rate is based on a multiple year moving average fair value, the percent distributed for operating purposes is different when stated in the context of current fair value. Actual distributions were 3.8 percent, 4.1 percent and 4.2 percent of the fair value of the endowment at June 30, 2007, 2006 and 2005, respectively. 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.

THE UNIVERSITY OF MICHIGAN

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

Capital and Debt Activities

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

Capital asset additions totaled \$611 million in 2007, as compared to \$616 million in 2006. Capital asset additions primarily represent replacement, renovation and new construction of academic, research and clinical 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 \$403 million, as well as debt proceeds of \$202 million and state capital appropriations of \$6 million. Construction in progress, which totaled \$349 million at June 30, 2007 and \$557 million at June 30, 2006, includes important new facilities for patient care, research, instruction and student residential life.

Construction projects completed in 2007 include new buildings for the Cardiovascular Center and the Gerald R. Ford School of Public Policy. The Cardiovascular Center facility is one of the nation's first fully comprehensive cardiovascular treatment centers, with operating rooms, patient rooms, clinics, classrooms and laboratories. In addition to giving cardiovascular patients an all-in-one location for their care, this new clinical building will help meet the surging demand for cardiovascular services and bring together specialized services and facilities that are now located throughout the University's Health System. This state-of-the-art facility, whose construction commenced in 2003, is located just south of the University Hospital. To provide parking for patients and staff, a 465-space parking structure was also constructed as part of this project.

Joan and Sanford Weill Hall houses the Gerald R. Ford School of Public Policy and serves as the southern gateway to the Central Campus. Located at State and Hill streets, this new building enabled the consolidation of three Ford School campus locations into a single facility with classrooms, a library, research centers, a computer laboratory, faculty offices and public spaces for conferences and lectures. With its new space, the Ford School is adding an undergraduate major, growing its faculty, and expanding the scope of its educational programming.

Renovation and expansion projects completed in 2007 include the School of Public Health facilities. This project provided modernization of building systems and additional space, through replacement of the east-west wing of the Henry F. Vaughan Public Health Building with modern laboratories, classrooms, conference rooms and community focused research space. The facility's innovative design and state-of-the-art technology better enable faculty and students to address today's top public health priorities, including new genetic technologies, the financing of health care, the globalization of health, public health preparedness and the prevention and treatment of infectious disease. The addition also connects to the Thomas Francis Jr. Building to form one public health complex which serves as a crossroads of activity, from research and teaching to academe and community.

THE UNIVERSITY OF MICHIGAN

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

At June 30, 2007, many significant facility enhancement projects are underway for critical academic, patient care, research and residential life facilities. Business education has undergone a fundamental change from lecture-style classes to interactive methods that integrate individual preparation, teamwork and in-class discussion, while effectively utilizing advanced technology. Construction is in progress 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. In order to make way for the new structure, Davidson Hall, Paton Accounting Center, Assembly Hall and an electrical switching station were demolished. The University expects this new facility to be completed in Fall 2008.

C.S. Mott Children's and Women's Replacement Hospitals are being constructed to meet increasing patient demand and accommodate future research, education and clinical care innovations. The new state-of-the art facility for these hospitals 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 for the replacement hospitals is completed in 2011, the facility housing the existing C.S. Mott Children's and Women's hospitals will be used to benefit the entire Health System.

During 2007, the University broke ground on 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 OF MICHIGAN

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

The University also began 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.

Mosher-Jordan is the University's first residence hall to undergo a comprehensive renewal and renovation. This project, which continued in 2007, is preserving 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 improvements. Taking place along with this renovation is the creation of 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 will be 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. The University expects this project to be completed in Fall 2008.

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 Summer 2008.

An expansion and renovation of the Solid State Electronics Laboratory in the Electrical Engineering and Computer Science Building is also underway. The laboratory facility, which was established in 1986, is in need of infrastructure updates and additional space for testing and prototype development. This project will provide a new clean room and support space as well as architectural, mechanical and electrical improvements. The renovation and expansion of this facility, which has been renamed the Michigan Nanofabrication Facility, will result in one of the premier nanofabrication facilities in the world and support important new energy initiatives, nanotechnology, microchip fabrication and other research initiatives. The University expects this project to be completed in December 2007.

THE UNIVERSITY OF MICHIGAN

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

The University takes seriously its financial stewardship responsibility 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 2007, 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.

Long-term debt activity for the year ended June 30, 2007, and the type of revenue it is supported by, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
		(in millions)		
Commercial Paper:				
General revenues	\$ 97	\$ 52	\$ 39	\$ 110
Bonds and Notes:				
General revenues	266		11	255
Hospital revenues	442	150	11	581
Faculty Group Practice revenues	96	1	3	94
Student residences revenues	14		12	2
Student fee revenues	3		3	-
	<u>\$ 918</u>	<u>\$ 203</u>	<u>\$ 79</u>	<u>\$ 1,042</u>

The University maintains a combination of fixed and variable rate debt with effective interest rates that averaged 4.04 percent in 2007 and 3.75 percent in 2006. Consistent with the University's capital and debt financing plans, total outstanding debt increased \$124 million, or 14 percent, to \$1.0 billion at June 30, 2007, and interest expense increased 13 percent, to \$31 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, 2007 and 2006, commercial paper totaled \$110 million and \$97 million, respectively, and is included in current liabilities.

In April 2007, the University issued \$150 million in variable rate hospital revenue bonds to provide \$126 million in funds for health system capital projects, including the replacement C.S. Mott Children's and Women's Hospitals, and to convert \$24 million of commercial paper to long-term debt. In May 2007, the University entered into a floating-to-fixed interest rate swap agreement for a notional amount tied to a portion of the outstanding balance of the Series 2002 General Revenue Bonds, which totaled \$58 million at June 30, 2007. The swap agreement converts the floating variable rate on these bonds, which was 3.73 percent at June 30, 2007, to a fixed rate of 3.54 percent commencing June 2007 through April 2018.

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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in millions)	
Invested in capital assets, net of related debt	\$ 2,864	\$ 2,615
Restricted:		
Nonexpendable:		
Permanent endowment corpus	960	884
Expendable:		
Net appreciation of permanent endowments	1,420	1,022
Funds functioning as endowment	1,492	1,190
Restricted for operations and other	693	563
Unrestricted	4,068	3,610
	\$ 11,497	\$ 9,884

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 \$249 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 \$76 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 \$3.6 billion at June 30, 2007, as compared to \$2.8 billion at June 30, 2006.

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. In addition, unrestricted net assets include funds functioning as endowment of \$3.1 billion and \$2.4 billion at June 30, 2007 and 2006, respectively.

THE UNIVERSITY OF MICHIGAN

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

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the University's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A comparison of the University's revenues, expenses and changes in net assets for the three years ended June 30, 2007 is summarized as follows:

	2007	2006 (in millions)	2005
Operating revenues:			
Student tuition and fees, net of scholarship allowances	\$ 718.7	\$ 675.7	\$ 619.0
Sponsored programs	823.7	818.4	808.3
Patient care revenues and managed care premiums	1,983.6	1,990.5	1,841.2
Other	309.4	298.4	292.2
	3,835.4	3,783.0	3,560.7
Operating expenses	4,433.6	4,256.0	4,026.1
Operating loss	(598.2)	(473.0)	(465.4)
Nonoperating and other revenues (expenses):			
State educational appropriations	332.4	364.9	374.9
Private gifts	110.7	90.0	107.2
Net investment income	1,572.6	959.8	874.6
Interest expense	(30.6)	(27.1)	(21.7)
State capital appropriations	6.4	20.1	7.0
Endowment and capital gifts and grants	159.7	151.0	197.2
Other	60.0	(11.9)	6.6
Nonoperating and other revenues, net	2,211.2	1,546.8	1,545.8
Increase in net assets	1,613.0	1,073.8	1,080.4
Net assets, beginning of year	9,884.1	8,810.3	7,729.9
Net assets, end of year	\$ 11,497.1	\$ 9,884.1	\$ 8,810.3

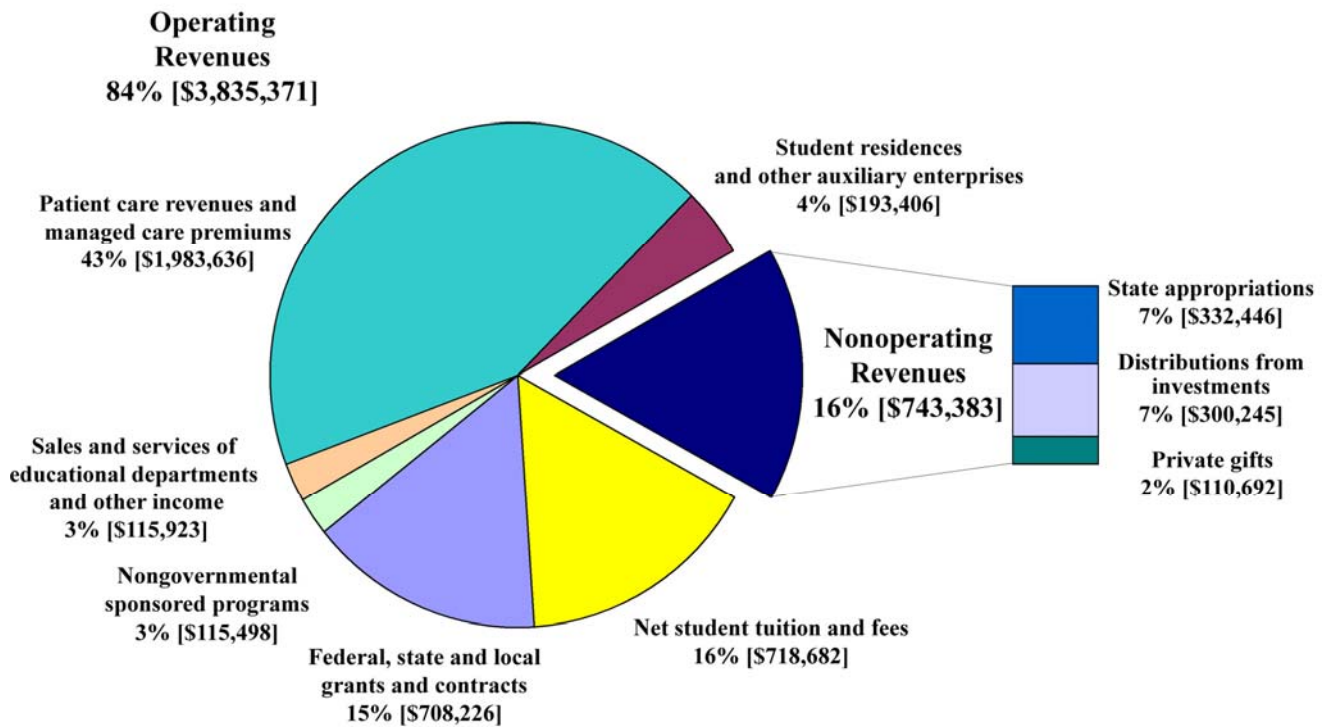
One of the University's greatest strengths is the diverse streams of revenue that supplement its student tuition and fees, including private support from individuals, foundations and corporations, along with government and other sponsored programs, state appropriations and investment income. The University 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, 2007 (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 2007 Revenues for Operating Activities

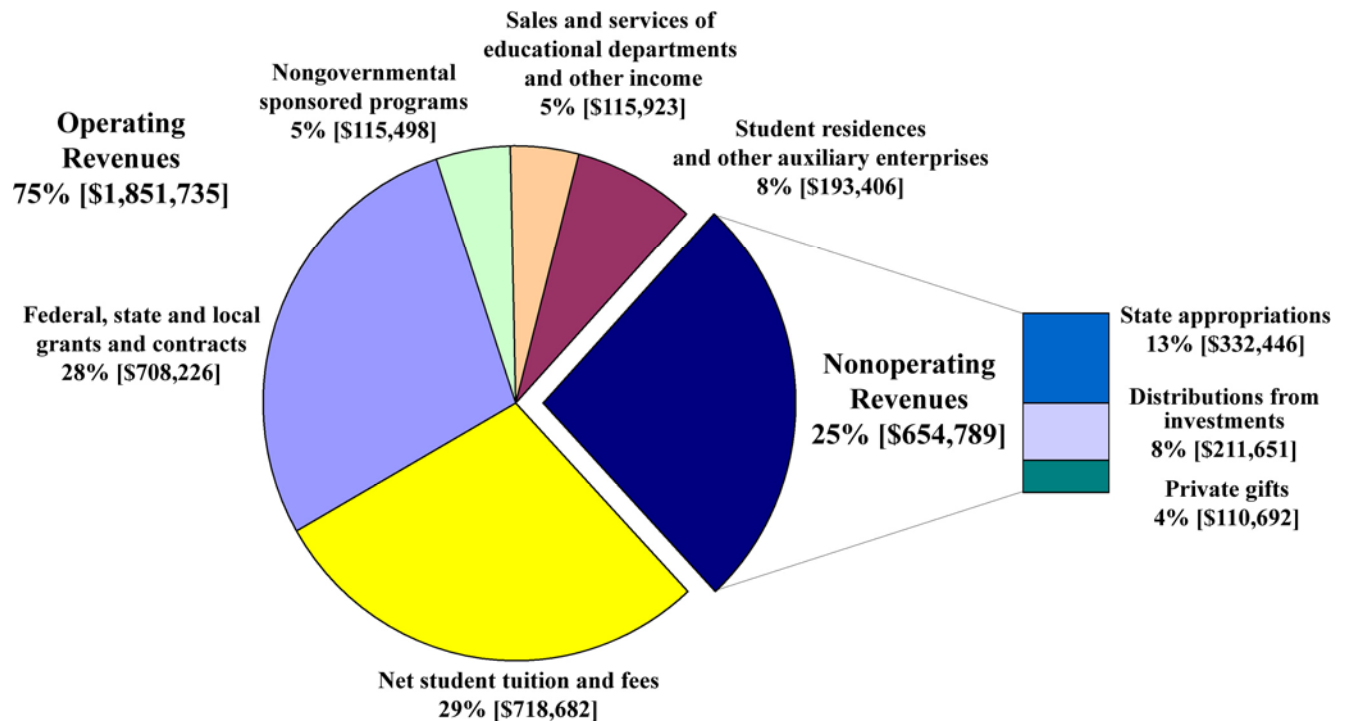


THE UNIVERSITY OF MICHIGAN

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, 2007 (amounts are presented in thousands of dollars).

**Fiscal Year 2007 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 state appropriations increased 1 percent, or \$11 million, to \$1.1 billion in 2007, as compared to a 5 percent, or \$47 million, increase in 2006.

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. State support has declined each year since fiscal 2002 when state educational appropriations revenue totaled \$416 million. For the three years ended June 30, 2007, state educational appropriations revenue consisted of the following components:

	2007	2006	2005
	(in millions)		
Base appropriations	\$ 372.8	\$ 362.0	\$ 366.6
Net (rescission) restoration	(40.4)	2.9	8.3
	<u>\$ 332.4</u>	<u>\$ 364.9</u>	<u>\$ 374.9</u>

Due to volatility in the state budget, the University's base appropriations continue to be subject to mid-year rescission and restoration. Net revenues from state educational appropriations decreased \$43 million, or 11 percent, to \$332 million in 2007 from 2005. The \$40 million mid-year rescission in 2007 consists of a reduction in base of \$6 million and a deferral of \$34 million until fiscal 2008.

The net restoration in 2006 of \$2.9 million represents the return of a 2005 net mid-year rescission. The net restoration in 2005 of \$8.3 million primarily represents the return of a portion of the 2004 mid-year rescission of \$11.2 million, which was received because the University limited its 2005 resident undergraduate tuition increases to inflation, offset by a net mid-year rescission of 2005 base appropriations of \$2.9 million.

To offset the decrease in state appropriations, net student tuition and fees revenue has increased 16 percent, or \$100 million, over the past two years. For the three years ended June 30, 2007, net student tuition and fees revenue consisted of the following components:

	2007	2006	2005
	(in millions)		
Student tuition and fees	\$ 891.6	\$ 834.4	\$ 765.2
Scholarship allowances	(172.9)	(158.7)	(146.2)
	<u>\$ 718.7</u>	<u>\$ 675.7</u>	<u>\$ 619.0</u>

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.

THE UNIVERSITY OF MICHIGAN

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

In 2006, net student tuition and fees revenue increased 9 percent, or \$57 million, to \$676 million, which reflects a 9 percent, or \$69 million, increase in gross tuition and fee revenues offset by a 9 percent, or \$13 million, increase in scholarship allowances. Tuition rate increases in 2006 were 12.3 percent for resident undergraduate students on the Ann Arbor campus, with an 11.9 percent tuition rate increase for the Dearborn and Flint campuses and a 6 percent increase in most other tuition rates including those for nonresidents. The University also experienced a modest growth in the number of students.

Despite declines in state appropriations over the past five years, 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 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 endowment purposes totaled \$111 million in 2007, as compared to \$90 million in 2006 and \$107 million in 2005.

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 0.7 percent, or \$6 million, to \$824 million in 2007. For 2006, revenues for sponsored programs increased 1.2 percent, or \$10 million, to \$818 million. 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, 2007 is summarized as follows:

	2007	2006	2005
	(in millions)		
Patient care revenues	\$ 1,786.8	\$ 1,585.4	\$ 1,462.6
Managed care premiums	196.8	405.1	378.6
	<u>\$ 1,983.6</u>	<u>\$ 1,990.5</u>	<u>\$ 1,841.2</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 13 percent, or \$201 million, to \$1.8 billion in 2007, as compared to an increase of 8 percent, or \$123 million, to \$1.6 billion in 2006. 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 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, 2007 is summarized as follows:

	2007	2006	2005
	(in millions)		
Interest and dividends, net	\$ 256.9	\$ 214.3	\$ 195.9
Increase in fair value of investments	1,315.7	745.5	678.7
	<u>\$ 1,572.6</u>	<u>\$ 959.8</u>	<u>\$ 874.6</u>

Net investment income totaled \$1.6 billion in 2007, as compared to \$960 million in 2006 and \$875 million in 2005. The increase in net investment income is primarily the result of strong performance of the University's nonmarketable limited partnerships and non-US dollar equities and consistent positive returns from the University's absolute return strategies during the past three years, 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 well underway, gifts and grants for endowment and capital purposes continue to be a significant part of sustaining the University's excellence. Private gifts for endowment purposes totaled \$95 million in 2007, as compared to \$86 million in 2006 and \$78 million in 2005. Capital gifts and grants totaled \$65 million in 2007, as compared to \$65 million in 2006 and \$119 million in 2005. 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 is 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 pressure, particularly in the areas of compensation and benefits, which represent 66 percent of total expenses, as well as in the areas of energy, technology and ongoing maintenance of facilities and infrastructure.

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, 2007 is as follows (amounts in millions):

	2007		2006		2005	
Operating:						
Compensation and benefits	\$ 2,961.9	66%	\$ 2,757.9	64%	\$ 2,592.1	64%
Supplies and services	1,103.9	25	1,150.2	27	1,104.9	27
Depreciation	284.1	6	264.0	6	253.7	6
Scholarships and fellowships	83.7	2	83.9	2	75.4	2
	4,433.6	99	4,256.0	99	4,026.1	99
Nonoperating:						
Interest	30.6	1	27.1	1	21.7	1
	\$ 4,464.2	100%	\$ 4,283.1	100%	\$ 4,047.8	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 7 percent, or \$204 million, to \$3.0 billion in 2007. Of this increase, compensation expense increased 6 percent, to \$2.28 billion, and employee benefits increased 11 percent, to \$685 million. For 2006, compensation increased 6 percent, to \$2.14 billion, and employee benefits increased 8 percent, to \$618 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 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. In 2006, the Health System had a growth in compensation expense of 10 percent, which includes a growth in employees of 4 percent, while the rest of the University had a growth in compensation expense of 3 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 prescription drugs. 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 60 percent generic dispensing rate in 2007, as compared to 57 percent in 2006 and 53 percent in 2005. 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, pharmacy faculty and an on-staff pharmacist, to monitor the safety and effectiveness of covered medications as well as to optimize appropriate prescribing, dispensing and cost effective use of prescription drugs. The University also benefits from campus collaborations such as a College of Pharmacy study which was the foundation for a cost saving pill-splitting program with select cholesterol lowering drugs which began in January 2006.

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, MHealthy: Focus on Diabetes, a groundbreaking 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. The MHealthy: Focus on Medicines program, which commenced in 2007, offers employees, retirees and dependents taking nine or more prescription medications a comprehensive medication review with a university pharmacist to optimize treatment and reduce drug interaction risks.

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

THE UNIVERSITY OF MICHIGAN

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

Supplies and services expenses decreased 4 percent, or \$46 million, to \$1.1 billion in 2007, as compared to a 4 percent, or \$45 million, increase in 2006. This 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 of M-CARE, a 7 percent increase would have been experienced in 2007.

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, 2007 is as follows (amounts in millions):

	2007		2006		2005	
Operating:						
Instruction	\$ 727.3	16%	\$ 683.0	16%	\$ 669.6	17%
Research	540.6	12	519.7	12	522.8	13
Public service	103.9	2	104.9	2	102.5	2
Institutional and academic support	378.7	9	380.5	9	352.3	9
Auxiliary enterprises:						
Patient and managed care	1,860.6	42	1,843.6	43	1,719.3	42
Other	198.5	4	127.7	3	117.7	3
Operations and maintenance of plant	256.3	6	248.8	6	212.7	5
Depreciation	284.0	6	264.0	6	253.8	6
Scholarships and fellowships	83.7	2	83.8	2	75.4	2
	4,433.6	99	4,256.0	99	4,026.1	99
Nonoperating:						
Interest	30.6	1	27.1	1	21.7	1
	\$ 4,464.2	100%	\$ 4,283.1	100%	\$ 4,047.8	100%

Instruction and public service expenses increased 5 percent, or \$43 million, to \$831 million in 2007, as compared to a 2 percent, or \$16 million, increase in 2006. These increases are consistent with the small level of growth in the related revenue sources.

To measure its total volume of research expenditures, the University considers research expenses, included in the above table, as well as research related facilities and administrative expenses, research initiative and start-up expenses, and research equipment purchases. These amounts aggregated \$823 million in 2007, as compared to \$797 million in 2006 and \$778 million in 2005. This represents an increase of 6 percent, or \$45 million, from 2005 to 2007.

Patient and managed care expenses increased 1 percent, or \$17 million, to \$1.9 billion in 2007, as compared to a 7 percent, or \$124 million increase in 2006. This reflects the impact from the sale of M-CARE effective December 31, 2006. Excluding the impact of M-CARE, a 7 percent increase would have been experienced in 2007.

THE UNIVERSITY OF MICHIGAN

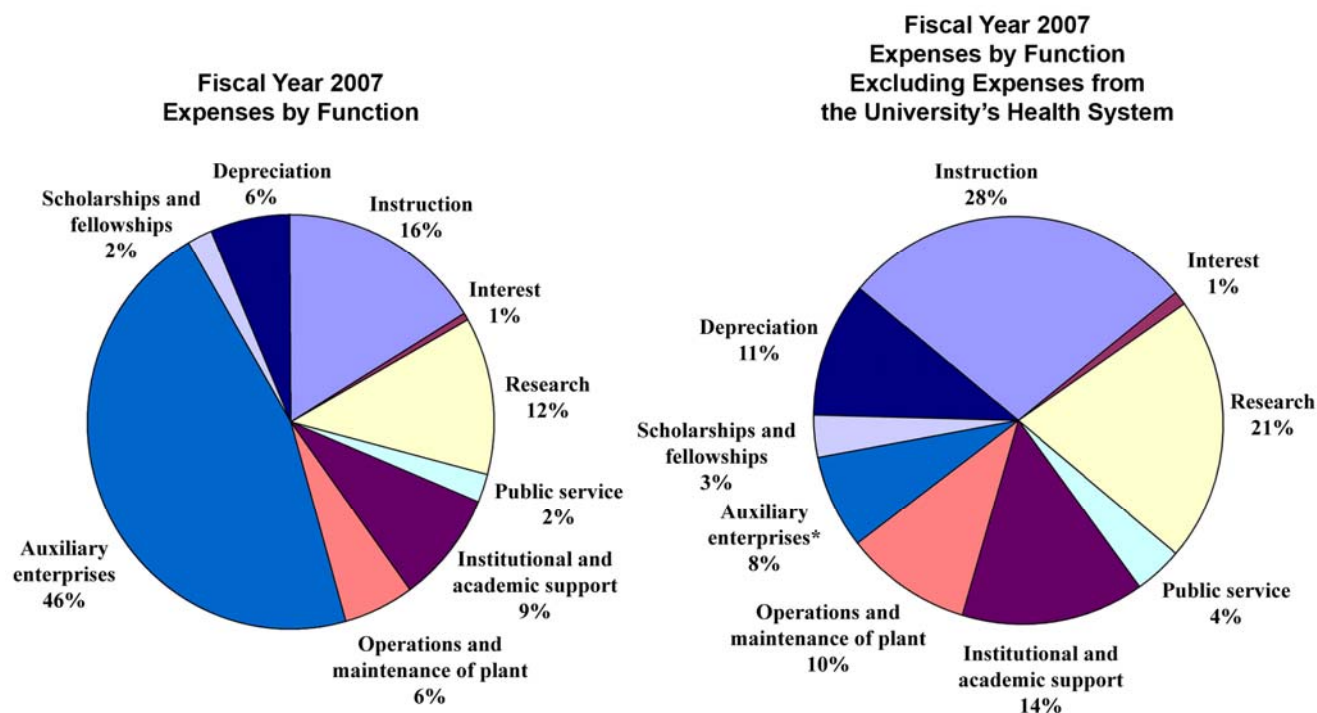
Management's Discussion and Analysis (Unaudited)--Continued

Operations and maintenance of plant expenses totaled \$256 million in 2007, as compared to \$249 in 2006 and \$213 million in 2005. The increase from 2005 to 2007 of 20 percent, or \$43 million, primarily resulted from bringing additional buildings online and rising energy prices.

Total scholarships and fellowships provided to students aggregated \$272 million in 2007, as compared to \$258 million in 2006 and \$236 million in 2005, an increase of 15 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, 2007 are summarized as follows:

	2007	2006	2005
	(in millions)		
Paid directly to students	\$ 83.7	\$ 83.8	\$ 75.4
Applied to tuition and fees	173.0	158.7	146.2
Applied to University Housing	15.7	15.7	14.8
	\$ 272.4	\$ 258.2	\$ 236.4

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 \$1.9 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, 2007 and 2006 is as follows:

	2007	2006
	(in millions)	
Cash received from operations	\$ 3,822.7	\$ 3,780.7
Cash expended for operations	(4,100.9)	(4,016.9)
Net cash used in operating activities	(278.2)	(236.2)
Net cash provided by investing activities	16.9	260.4
Net cash used in capital and related financing activities	(407.6)	(514.9)
Net cash provided by noncapital financing activities	736.8	535.1
Net increase in cash and cash equivalents	67.9	44.4
Cash and cash equivalents, beginning of year	413.6	369.2
Cash and cash equivalents, end of year	\$ 481.5	\$ 413.6

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 \$68 million in 2007, as compared to an increase of \$44 million in 2006.

Economic Factors That Will Affect the Future

Over the last five years, the University has successfully faced significant financial challenges to its academic programs, stemming from unprecedented cuts in state appropriations. Given the continuation of this difficult state environment, it is especially impressive that the University maintains the highest credit ratings of Moody's (Aaa) and Standard & Poor's (AAA). This reflects the University's strong fiscal stewardship and its level of excellence in service to students, patients, the research community, the state and the nation. 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 this level of excellence.

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. In adopting the budget for 2008, the University faced an unusual and highly uncertain position of finalizing the budget without fully knowing the level of appropriation from the state. To support the University's commitment to both academic excellence and access despite the state's budgetary challenges, the approved budget for 2008 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 \$2.2 billion in cash and pledges and \$390 million in bequests, a total of \$2.6 billion, or 104 percent of the goal. 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 \$756 million at June 30, 2007. Funding for these projects is anticipated to include \$574 million from gifts and net assets designated for capital purposes as well as possible future borrowings, \$152 million from the utilization of unexpended debt proceeds and \$30 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

In August 2007, the University announced that a new plan will be offered for medical coverage in 2008 to replace the M-CARE HMO when the M-CARE plans are discontinued at the end of the 2007 calendar year. Called U-M Premier Care, the name of the plan reflects both the quality of coverage and the fact that it will be offered only at the University. This new plan, which will be funded by the University and administered by Blue Cross, will feature a provider network that includes all University providers and nearly the entire current M-CARE provider network.

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.

Certain organizations are currently required to record the estimated present value of postemployment benefits as a liability in their financial statements. Although the University is not presently required to record this liability, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in June 2004, calls for the measurement and recognition of the cost of other postemployment benefits ("OPEB") during the periods when employees render their services. The University is required to implement this statement in fiscal 2008, which will result in an increase in liabilities and a decrease in net assets to reflect the actuarially determined liability for OPEB. Using current actuarial assumptions, and presuming a continuation of the current level of benefits, the value of those benefits is estimated to total \$1.5 billion at June 30, 2007.

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,	
	2007	2006
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 481,488	\$ 413,605
Operating investments	693,851	707,101
Investments for capital activities	720,143	649,176
Investments for student loan activities	27,873	30,084
Investment trade settlements receivable	4,498	24,109
Accounts receivable, net	380,847	388,229
Current portion of notes and pledges receivable, net	62,385	64,516
Current portion of prepaid expenses and other assets	59,678	60,447
Total Current Assets	2,430,763	2,337,267
Noncurrent Assets:		
Endowment, life income and other investments	7,379,836	5,963,424
Notes and pledges receivable, net	247,148	226,879
Prepaid expenses and other assets	15,783	17,052
Capital assets, net	3,755,398	3,453,441
Total Noncurrent Assets	11,398,165	9,660,796
Total Assets	\$ 13,828,928	\$ 11,998,063
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 217,781	\$ 236,904
Investment trade settlements payable	7,244	46,581
Accrued compensation and other	268,584	249,590
Deferred revenue	165,295	166,224
Current portion of insurance and benefits obligations	62,042	55,986
Commercial paper and current portion of bonds payable	145,148	136,851
Deposits of affiliates and others	26,211	21,288
Total Current Liabilities	892,305	913,424
Noncurrent Liabilities:		
Accrued compensation	81,174	
Insurance and benefits obligations	166,847	156,113
Obligations under life income agreements	59,739	51,399
Government loan advances	85,940	85,672
Bonds payable	897,618	781,521
Deposits of affiliates and other	148,164	125,789
Total Noncurrent Liabilities	1,439,482	1,200,494
Total Liabilities	2,331,787	2,113,918
Net Assets:		
Invested in capital assets, net of related debt	2,864,340	2,615,289
Restricted:		
Nonexpendable	959,614	884,209
Expendable	3,605,213	2,774,719
Unrestricted (see Note 8)	4,067,974	3,609,928
Total Net Assets	11,497,141	9,884,145
Total Liabilities and Net Assets	\$ 13,828,928	\$ 11,998,063

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,	
	2007	2006
	(in thousands)	
Operating Revenues		
Student tuition and fees	\$ 891,634	\$ 834,365
Less scholarship allowances	172,952	158,659
Net student tuition and fees	718,682	675,706
Federal grants and contracts	695,289	691,934
State and local grants and contracts	12,937	9,282
Nongovernmental sponsored programs	115,498	117,213
Sales and services of educational departments	114,020	107,025
Auxiliary enterprises:		
Patient care revenues and managed care premiums	1,983,636	1,990,453
Student residence fees (net of scholarship allowances of \$15,690,000 in 2007 and \$15,689,000 in 2006)	70,255	70,229
Other revenues	123,151	119,740
Student loan interest income and fees	1,903	1,368
Total Operating Revenues	3,835,371	3,782,950
Operating Expenses		
Compensation and benefits	2,961,914	2,757,920
Supplies and services	1,103,928	1,150,214
Depreciation	284,048	264,028
Scholarships and fellowships	83,712	83,839
Total Operating Expenses	4,433,602	4,256,001
Operating loss	(598,231)	(473,051)
Nonoperating Revenues (Expenses)		
State educational appropriations	332,446	364,908
Private gifts for other than capital and endowment purposes	110,692	90,042
Net investment income	1,572,591	959,841
Interest expense	(30,606)	(27,128)
Total Nonoperating Revenues, Net	1,985,123	1,387,663
Income before other revenues (expenses)	1,386,892	914,612
Other Revenues (Expenses)		
State capital appropriations	6,413	20,126
Capital gifts and grants	64,870	64,787
Private gifts for endowment purposes	94,798	86,228
Other	60,023	(11,957)
Total Other Revenues, Net	226,104	159,184
Increase in net assets	1,612,996	1,073,796
Net Assets, Beginning of Year	9,884,145	8,810,349
Net Assets, End of Year	\$ 11,497,141	\$ 9,884,145

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,	
	2007	2006
	(in thousands)	
Cash Flows From Operating Activities		
Student tuition and fees	\$ 721,973	\$ 681,896
Federal, state and local grants and contracts	704,243	697,866
Nongovernmental sponsored programs	120,835	118,452
Sales and services of educational and other departmental activities	243,343	232,955
Patient care revenues and managed care premiums	1,940,309	1,954,602
Student residence fees	71,082	70,761
Payments to employees	(2,188,845)	(2,135,420)
Payments for benefits	(652,446)	(615,940)
Payments to suppliers	(1,151,546)	(1,160,187)
Payments for scholarships and fellowships	(83,712)	(83,839)
Student loans issued	(24,346)	(21,506)
Student loans collected	19,040	22,792
Student loan interest and fees collected	1,903	1,368
Net Cash Used in Operating Activities	(278,167)	(236,200)
Cash Flows From Investing Activities		
Interest and dividends on investments, net	147,405	157,624
Proceeds from sales and maturities of investments	5,122,737	4,922,366
Purchases of investments	(5,165,786)	(4,843,118)
Net increase in cash equivalents from noncurrent investments	(114,667)	(685)
Increase in deposits of affiliates and others, net	27,167	24,228
Net Cash Provided by Investing Activities	16,856	260,415
Cash Flows From Capital and Related Financing Activities		
State capital appropriations	8,419	21,712
Private gifts and other receipts	60,126	51,284
Proceeds from issuance of capital debt	202,370	98,835
Principal payments on capital debt	(77,304)	(55,787)
Interest payments on capital debt	(31,685)	(25,778)
Payments for bond issuance fees	(355)	
Purchases of capital assets	(570,594)	(607,333)
Proceeds from sales of capital assets	1,424	2,176
Net Cash Used in Capital and Related Financing Activities	(407,599)	(514,891)
Cash Flows From Noncapital Financing Activities		
State educational appropriations	371,622	362,036
Private gifts and other receipts	115,040	176,406
Student direct lending receipts	219,787	204,390
Student direct lending disbursements	(220,480)	(202,117)
Amounts received for annuity and life income funds	8,340	12,990
Amounts paid to annuitants and life beneficiaries and related expenses	(15,039)	(18,650)
Proceeds, net of expenses, from sale of M-CARE	257,523	
Net Cash Provided by Noncapital Financing Activities	736,793	535,055
Net increase in cash and cash equivalents	67,883	44,379
Cash and Cash Equivalents, Beginning of Year	413,605	369,226
Cash and Cash Equivalents, End of Year	\$ 481,488	\$ 413,605

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,	
	2007	2006
	(in thousands)	
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (598,231)	\$ (473,051)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	284,048	264,028
Changes in assets and liabilities:		
Accounts receivable, net	(36,258)	(24,377)
Prepaid expenses and other assets	2,742	(9,498)
Accounts payable	(51,117)	2,555
Accrued compensation and other	99,703	13,896
Deferred revenue	(731)	613
Insurance and benefits obligations	21,677	(10,366)
Net cash used in operating activities	\$ (278,167)	\$ (236,200)

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements

June 30, 2007 and 2006

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 55,000 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.

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.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

Net assets are categorized as:

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

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.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

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

Investments in nonmarketable limited partnerships are generally carried at fair value provided by the management of the investment partnerships as of March 31, 2007 and 2006, as adjusted by cash receipts, cash disbursements, and securities distributions through June 30, 2007 and 2006. 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, 2007 and 2006. 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.

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

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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

Capital assets are recorded at cost or, if donated, at appraised value at the date of donation. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets, which 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.

Accrued compensation includes a liability for faculty retirement furlough. During 2007, the University recorded a liability for the program of \$83,000,000, of which \$81,000,000 is 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. The establishment of this liability is reflected as other expenses in the statement of revenues, expenses and changes in net assets.

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 \$1,420,000,000 and \$1,022,000,000 at June 30, 2007 and 2006, 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 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 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 commingled funds. 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 OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 2--Cash and Investments--Continued

Cash and Cash Equivalents: Cash and cash equivalents, which totaled \$481,488,000 and \$413,605,000 at June 30, 2007 and 2006, 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 \$8,832,000 and \$16,227,000 at June 30, 2007 and 2006, respectively. The University does not require deposits to be collateralized or insured.

Investments: At June 30, 2007 and 2006, the University's investments, which are held by the University or its agents in the University's name, are summarized as follows:

	2007	2006
	(in thousands)	
Cash equivalents, noncurrent	\$ 339,784	\$ 225,117
Fixed income securities	1,753,140	1,747,694
Commingled funds	2,123,446	1,885,846
Equity securities	1,531,815	1,440,474
Nonmarketable alternative investments	3,067,846	2,044,666
Other investments	5,672	5,988
	\$ 8,821,703	\$ 7,349,785

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 4.1 years at June 30, 2007, compared to 4.0 years at June 30, 2006. 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, 2007 and 2006, along with credit quality and effective duration measures, is summarized as follows:

	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

	2006					Duration (in years)
	U.S. Government	Investment Grade	Non- Investment Grade (in thousands)	Not Rated	Total	
U.S. Treasury	\$ 388,425				\$ 388,425	8.2
U.S. Treasury Inflation Protected	369,041				369,041	3.8
U.S. Government agency	215,074				215,074	1.9
Mortgage backed		\$ 165,565		\$ 1,239	166,804	1.7
Asset backed		82,034		2	82,036	0.8
Corporate and other		382,114	\$ 26,428	90,115	498,657	2.3
Municipal		24,927		2,730	27,657	15.7
	\$ 972,540	\$ 654,640	\$ 26,428	\$ 94,086	\$ 1,747,694	4.0

Of the University's fixed income securities, 91 percent and 93 percent were rated investment grade or better at June 30, 2007 and 2006, with 70 percent and 74 percent of these securities rated AAA/Aaa or better at June 30, 2007 and 2006, 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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in thousands)	
Absolute return	\$ 1,178,374	\$ 1,069,519
U.S. equities	115,207	104,562
Non-U.S./global equities	736,080	563,862
U.S. fixed income	81,542	88,395
Other	12,243	59,508
	<u>\$ 2,123,446</u>	<u>\$ 1,885,846</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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in thousands)	
Private equity	\$ 836,956	\$ 528,695
Real estate	749,763	538,859
Absolute return	527,368	279,396
Energy	535,707	434,942
Venture capital	418,052	262,774
	<u>\$ 3,067,846</u>	<u>\$ 2,044,666</u>

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. 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 amounted to \$1,117,741,000, or 13 percent of total investments, at June 30, 2007, as compared to \$864,361,000, or 12 percent of total investments, at June 30, 2006. The University's total net exposure to foreign currencies including forward foreign exchange contracts and other derivatives amounted to \$507,796,000 and \$1,320,901,000 at June 30, 2007 and 2006, respectively. 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 \$20,575,000 and \$21,338,000 at June 30, 2007 and 2006, 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 \$864,179,000 and \$743,484,000 at June 30, 2007 and 2006, 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 \$890,544,000, or 103 percent of the fair value of the securities on loan, at June 30, 2007, as compared to \$766,131,000, or 103 percent of the fair value of securities on loan, at June 30, 2006. 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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in thousands)	
Patient care	\$ 303,960	\$ 252,417
Sponsored programs	75,959	70,647
State appropriations, educational and capital	28,460	69,642
Student accounts	20,145	22,287
Other	26,886	30,115
	455,410	445,108
Less provision for uncollectible accounts receivable	74,563	56,879
	\$ 380,847	\$ 388,229

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, 2007 and 2006 is summarized as follows:

	2007	2006
	(in thousands)	
Notes:		
Federal student loan programs	\$ 99,601	\$ 95,482
University student loan funds	17,041	15,706
Other	726	882
	<u>117,368</u>	<u>112,070</u>
Less allowance for doubtfully collectible notes	2,300	2,300
Total notes receivable, net	<u>115,068</u>	<u>109,770</u>
Gift pledges outstanding:		
Capital	148,910	157,384
Operations	72,561	60,260
	<u>221,471</u>	<u>217,644</u>
Less:		
Allowance for doubtfully collectible pledges	6,961	15,905
Unamortized discount to present value	20,045	20,114
Total pledges receivable, net	<u>194,465</u>	<u>181,625</u>
Total notes and pledges receivable, net	309,533	291,395
Less current portion	62,385	64,516
	<u>\$ 247,148</u>	<u>\$ 226,879</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, 2007 are expected to be received in the following years ended June 30 (in thousands):

2008	\$ 47,010
2009-2012	141,291
2013 and after	33,170
	<u>\$ 221,471</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 \$96,360,000 and \$67,606,000 at June 30, 2007 and 2006, 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, 2007 and 2006 is summarized as follows:

	2007			
	Beginning Balance	Additions	Retirements	Ending Balance
	(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
	2006			
	Beginning Balance	Additions	Retirements	Ending Balance
	(in thousands)			
Land	\$ 80,795	\$ 493	\$ 10	\$ 81,278
Land improvements	89,596	1,856		91,452
Infrastructure	132,028	14,781		146,809
Buildings	3,424,929	543,457	10,908	3,957,478
Construction in progress	647,538	(90,502)		557,036
Equipment	1,087,249	127,354	35,945	1,178,658
Library materials	346,857	19,037		365,894
	5,808,992	616,476	46,863	6,378,605
Less accumulated depreciation	2,703,524	264,028	42,388	2,925,164
	\$ 3,105,468	\$ 352,448	\$ 4,475	\$ 3,453,441

The decrease in construction in progress of \$208,145,000 in 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 decrease in construction in progress of \$90,502,000 in 2006 represents the amount of capital assets placed in service of \$642,445,000 net of capital expenditures for new projects of \$551,943,000.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 6--Long-term Debt

Long-term debt at June 30, 2007 and 2006 is summarized as follows:

	2007	2006
	(in thousands)	
Commercial Paper:		
Tax-exempt, variable rate (3.67%)*	\$ 103,125	\$ 89,665
Taxable, variable rate (5.28%)*	7,075	7,375
General Revenue Bonds:		
Series 2005A, 5.00% through 2018	37,745	37,745
unamortized premium	3,097	3,695
unamortized loss on extinguishment	(400)	(484)
Series 2005B, variable rate (3.70%)* through 2035	48,020	48,020
Series 2002, variable rate (3.73%)* to fixed via swap through 2018 and variable rate 2019 through 2032	130,090	133,605
General Revenue Refunding Bonds:		
Series 2003, 3.50% to 5.00% through 2015	34,660	40,855
unamortized premium	2,175	2,910
unamortized loss on extinguishment	(399)	(541)
Hospital Revenue Bonds:		
Series 2007A, variable rate (3.90%)* through 2038	50,120	
Series 2007B, variable rate (3.73%)* through 2038	100,235	
Series 2005A, variable rate (3.90%)* through 2036	69,315	69,315
Series 2005B, variable rate (3.73%)* to fixed via swap through 2026	78,085	81,000
Series 1995A, variable rate (3.75%)* through 2028	100,000	100,000
Hospital Revenue Refunding Bonds:		
Series 2002A, 5.00% to 5.25% through 2022	67,125	75,500
unamortized premium	1,747	2,368
unamortized loss on extinguishment	(2,700)	(3,105)
Series 1998A-1, 5.25% through 2011	16,540	16,540
unamortized premium	129	167
Series 1998A-2, variable rate (3.90%)* to fixed via swap through 2025	44,670	44,670
Series 1992A, variable rate (3.90%)* through 2020	56,000	56,000
Medical Service Plan Revenue Bonds:		
Series 1998A-1, variable rate (3.90%)* to fixed via swap through 2022	35,350	35,655
Series 1995A, variable rate (3.75%)* through 2028	49,300	49,800
Series 1991, 6.85% to 7.05% capital appreciation through 2012	9,290	10,801
Housing Revenue Bonds, Series 1996A, 5.13% to 5.60%		11,480
Housing Energy Conservation HUD Loan, 3.00% through 2021	2,372	2,506
Student Fee Bonds, Series 1995A-B, 6.00%		2,830
Total long-term debt	1,042,766	918,372
Less current portion of long-term debt	145,148	136,851
	\$ 897,618	\$ 781,521

* Denotes rate at June 30, 2007

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, 2007 is summarized as follows:

	Beginning Balance	Additions (in thousands)	Reductions	Ending Balance
Commercial Paper:				
General revenues	\$ 97,040	\$ 52,015	\$ 38,855	\$ 110,200
Bonds and Notes:				
General revenues	265,805		10,817	254,988
Hospital revenues	442,455	150,355	11,544	581,266
Faculty Group Practice revenues	96,256	689	3,005	93,940
Student residences revenues	13,986		11,614	2,372
Student fee revenues	2,830		2,830	-
	<u>\$ 918,372</u>	<u>\$ 203,059</u>	<u>\$ 78,665</u>	<u>\$ 1,042,766</u>

The University maintains a combination of variable and fixed rate debt, with effective interest rates that averaged 4.04 percent in fiscal 2007 and 3.75 percent in fiscal 2006. 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 2007, the University issued \$52,015,000 of commercial paper to fund new construction projects. During fiscal 2006, the University issued \$98,835,000 of commercial paper to fund \$81,525,000 of new construction projects and rollover \$17,310,000 of outstanding commercial paper into a new series.

In April 2007, the University issued \$150,355,000 of variable rate Hospital Revenue Bonds. Bond proceeds were used to convert \$24,395,000 of commercial paper and provide \$125,605,000 for capital projects and \$355,000 for debt issuance fees. Of the total bond issue, \$50,120,000 (Series 2007A) is variable based on a daily rate mode and \$100,235,000 (Series 2007B) is variable based on a weekly rate mode.

In November 2006, a portion of the proceeds from the Series 2005 General Revenue Bonds was used to redeem \$10,800,000 of Series 1996 Housing Revenue Bonds previously called for redemption.

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 year 2038. Principal maturities and interest on debt obligations for the next five years and in subsequent five-year periods are as follows:

	Principal	Interest*	Total
	(in thousands)		
2008	\$ 143,990	\$ 36,785	\$ 180,775
2009	33,853	35,010	68,863
2010	33,780	33,733	67,513
2011	34,884	32,373	67,257
2012	38,123	30,910	69,033
2013-2017	181,099	127,678	308,777
2018-2022	183,491	92,907	276,398
2023-2027	198,930	55,138	254,068
2028-2032	112,830	23,761	136,591
2033-2037	69,675	7,590	77,265
2038	8,462	135	8,597
	1,039,117	\$ 476,020	\$ 1,515,137
Plus unamortized premiums, net	3,649		
	<u>\$ 1,042,766</u>		

* Interest on variable rate debt is estimated based on rates in effect at June 30, 2007

During fiscal 2007, the University entered into a floating-to-fixed interest rate swap agreement for a notional amount tied to a portion of the outstanding balance of the Series 2002 General Revenue Bonds, which totaled \$58,000,000 at June 30, 2007. The swap agreement converts the floating variable rate on these bonds to a fixed rate of 3.54 percent commencing June 2007 through April 2018. 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 through April 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 business 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 3.23 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 issuance of the Series 1998A-2 Hospital Revenue Refunding Bonds and the Series 1998A-1 Medical Service Plan Revenue 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 4.71 percent and 4.69 percent, respectively, through December 2024 and December 2021, the final maturity dates of the underlying bonds. The University makes fixed rate 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 \$871,000 at June 30, 2007 and a liability of \$785,000 at June 30, 2006. The fair value represents the estimated amount that the University would pay to terminate the swap agreements at the statement of net assets date, taking into account current interest rates and creditworthiness of the underlying counterparty. 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 \$450,000,000 at June 30, 2007 and \$400,000,000 at June 30, 2006, were entirely unused during fiscal 2007 and 2006.

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 rates which range from 5 to 6 percent.

Changes in the total reported liabilities for insurance and benefits obligations for the years ended June 30, 2007 and 2006 are summarized as follows:

	2007	2006
	(in thousands)	
Balance, beginning of year	\$ 212,099	\$ 223,010
Claims incurred and changes in estimates	181,837	141,879
Claim payments	(165,047)	(152,790)
Balance, end of year	228,889	212,099
Less current portion	62,042	55,986
	<u>\$ 166,847</u>	<u>\$ 156,113</u>

Note 8--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 \$4,067,974,000 at June 30, 2007, have been designated for academic and research programs and initiatives, and capital programs.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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, 2007 are summarized as follows:

	2007	2006	2005
	(in thousands)		
University contributions	\$ 183,145	\$ 171,868	\$ 160,455
Employee contributions	\$ 90,252	\$ 84,706	\$ 79,005
Payroll covered under plan	\$ 2,172,592	\$ 2,001,670	\$ 1,913,449
Total payroll	\$ 2,292,929	\$ 2,155,752	\$ 2,039,130

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 10--Postemployment Benefits

In addition to the retirement benefits discussed in Note 9, the University provides certain health care and other postemployment benefits for retired employees. 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.

Health care benefits for the approximately 9,100 retirees and survivors, including dependents, at June 30, 2007 are provided through insurance companies and health maintenance organizations, whose premiums are based in part on the benefits paid. The University recognizes the cost of providing these benefits on a pay-as-you-go basis, which is included in operating expenses and amounted to approximately \$32,600,000 and \$32,055,000 for the years ended June 30, 2007 and 2006, respectively. Other postemployment benefits, principally life insurance and dental, are also included in operating expenses, and amounted to approximately \$2,489,000 and \$2,405,000 for the years ended June 30, 2007 and 2006, respectively.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in June 2004, calls for the measurement and recognition of the cost of other postemployment benefits ("OPEB") during the periods when employees render their services. The statement also establishes more comprehensive disclosure for OPEB obligations. OPEB refers to postemployment benefits other than pension benefits and includes postemployment health care benefits and other types of postemployment benefits if provided separately from a pension plan. The University is required to implement this statement in fiscal 2008, which will result in an increase in liabilities and a decrease in net assets to reflect the actuarially determined liability for OPEB. Based on current actuarial assumptions and presuming a continuation of the current level of benefits, the value of those benefits is estimated at \$1,470,000,000 at June 30, 2007. Statement No. 45 provides for various methods of calculating and recording the OPEB liability; accordingly, the liability recorded by the University upon implementation may differ from current estimates.

Note 11--Federal Direct Lending Program

The University distributed \$220,480,000 and \$202,117,000 for the years ended June 30, 2007 and 2006, 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 \$4,329,000 and \$5,022,000 at June 30, 2007 and 2006, respectively, for DoED funding received in advance of distribution.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

Note 12--Commitments and Contingencies

Authorized expenditures for construction and other projects unexpended as of June 30, 2007 were \$756,373,000. Of these expenditures, approximately \$29,717,000 will be funded by the State Building Authority, \$152,446,000 will be funded using unexpended debt proceeds, and the remaining \$574,210,000 will be funded by internal sources, gifts and possible 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, 2007, the University had committed, but not paid, a total of \$2,675,310,000 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):

2008	\$ 951,504
2009	651,321
2010	454,702
2011	216,662
2012 and beyond	401,121
	<hr/>
	\$ 2,675,310

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.

THE UNIVERSITY OF MICHIGAN

Notes to Consolidated Financial Statements--Continued

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, 2007 and 2006 is as follows:

	2007	2006
	(in thousands)	
Condensed Statement of Net Assets		
Assets:		
Current assets	\$ 356,547	\$ 350,172
Noncurrent assets	2,379,252	1,991,909
Total assets	<u>\$ 2,735,799</u>	<u>\$ 2,342,081</u>
Liabilities:		
Current liabilities	\$ 163,633	\$ 142,256
Noncurrent liabilities	576,017	435,686
Total liabilities	<u>739,650</u>	<u>577,942</u>
Net assets:		
Invested in capital assets, net of related debt	533,475	425,529
Restricted	52,634	51,727
Unrestricted	1,410,040	1,286,883
Total net assets	<u>1,996,149</u>	<u>1,764,139</u>
Total liabilities and net assets	<u>\$ 2,735,799</u>	<u>\$ 2,342,081</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating revenues	\$ 1,561,198	\$ 1,435,330
Operating expenses other than depreciation expense	(1,400,029)	(1,255,812)
Depreciation expense	(99,476)	(92,510)
Operating income	61,693	87,008
Nonoperating revenues, net	244,925	196,131
Excess of revenues over expenses	306,618	283,139
Transfers to other University units, net	(74,608)	(70,578)
Increase in net assets	232,010	212,561
Net assets, beginning of year	1,764,139	1,551,578
Net assets, end of year	<u>\$ 1,996,149</u>	<u>\$ 1,764,139</u>
Condensed Statement of Cash Flows		
Net cash flows provided by operating activities	\$ 149,799	\$ 191,386
Net cash flows (used in) provided by investing activities	(328)	162,755
Net cash flows used in capital and related financing activities	(104,588)	(244,210)
Net cash flows used in noncapital financing activities	(70,205)	(77,790)
Net (decrease) increase in cash and cash equivalents	(25,322)	32,141
Cash and cash equivalents, beginning of year	107,703	75,562
Cash and cash equivalents, end of year	<u>\$ 82,381</u>	<u>\$ 107,703</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, 2007 and 2006 are summarized as follows:

	2007				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
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
	\$ 2,961,914	\$ 1,103,928	\$ 284,048	\$ 83,712	\$ 4,433,602

	2006				
	Compensation and Benefits	Supplies and Services	Depreciation (in thousands)	Scholarships and Fellowships	Total
Instruction	\$ 591,160	\$ 91,854			\$ 683,014
Research	364,727	154,991			519,718
Public service	73,808	31,056			104,864
Academic support	137,913	37,948			175,861
Student services	53,764	13,205			66,969
Institutional support	106,831	30,787			137,618
Operations and maintenance of plant	35,402	213,436			248,838
Auxiliary enterprises	1,394,315	576,937			1,971,252
Depreciation			\$ 264,028		264,028
Scholarships and fellowships				\$ 83,839	83,839
	\$ 2,757,920	\$ 1,150,214	\$ 264,028	\$ 83,839	\$ 4,256,001

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. The purchase price will be adjusted based on certain changes in net assets pursuant to terms of the sales agreement; however, such amount is not expected to be material. Subscription premiums revenue recognized by M-CARE from employers other than the University totaled approximately \$196,800,000 and \$405,100,000 for the six months ended December 31, 2006 and the year ended June 30, 2006, respectively.

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

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		\$ 1,154,683
Subcontract:				
Altarum Institute	Letter Agmt Dtd 9/07/06	10		23,152
Biotechnology Research and Development Corporation	144	10		107,196
Biotechnology Research and Development Corporation	146	10		129,616
Harvard University	23600-114799	10		2,336
Southwestern Michigan Commission	Contract Agmt dtd 11/3/06	10		8,021
T/J Technologies, Inc.	SubK U76A	10		18,776
University of Georgia	RR551-216/98222527	10		12,788
University of Illinois at Chicago	PO# P0103001	10		28,119
University of Minnesota	Q6706392243	10		47,811
University of Toledo	2004-38898-02140	10		(31)
US-Israel Binational Agricultural Research and Development Fund (BARD)	IS-3869-06	10		1,521
Central Intelligence Agency				
Direct		13		126,473
Subcontract:				
Columbia University	Subawd No.One (1)	13		24,462
Sandia National Laboratories	490502	13		(3,689)
Southwest Research Institute	599767N	13		40,201
Commerce, Department of-Economic Development Administration				
Direct		11		370,658
Commerce, Department of-National Oceanic and Atmospheric Administration				
Direct		11		4,917,307
Subcontract:				
Indiana, Dept of Natural Resources	email dtd 12/15/05 & 12/16/05	11		28,000
Michigan, State of, Environmental Quality, Department of	#02CR-1.19/Ltr 5/21/03	11		25,524
Michigan, State of, Environmental Quality, Department of	Project #05-309-06	11		10,035
Michigan, State of, Natural Resources, Department of	PO# 751P6200468 - MDNR# 230740	11		8,393
Ohio State University Research Foundation	NA06OAR4170020	11		4,473
University of Maryland, The	CA03-23; NOAA Award NA16OC2473	11		242,595
Commerce, Department of-Office of the Secretary				
Direct		11		72,815
Subcontract:				
Center for Automotive Research (CAR)	UM/CAR Subcontract	11		197,932
Englehard Corporation	Subcontract to 70NANB3H3012	11		(18,347)
Ford Motor Company	A10 PO04 142968 001	11		49,863
Gunnison Consulting Group, Inc.	Consulting Agrmnt	11		643
POM Group, Inc., The	Faxed SubK dtd 8/10/04	11		714,769
Commerce, Department of-Technology Administration				
Direct		11		226,321
Defense, Department of-Air Force, Department of the				
Direct		12		6,493,871
Subcontract:				
21st Century Technologies, Inc	RT Res. Agmt. dtd 8/1/05	12		570
Anteon Corporation	USAF#0060-18-SC-0001	12		223
BAE Systems	PO# 62645 dtd 1/17/06	12		(10,835)
Battelle	SubK Agmt TCN 05158(SSP	12		75,814
Delcross Technologies, LLC	RT Res. Agmt. Dtd 3/21/07	12		26,141

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Electrodynamic Applications, Inc.	Agreement	12		128,868
Electrodynamic Applications, Inc.	Award/Contract	12		16,953
EMAG Technologies, Inc.	Award Letter	12		33,205
ERC, Inc.	RP060155	12		32,392
ERC, Inc.	RS060133	12		13,245
Flexsys, Inc.	Award Ltr dated 11/26/01	12		569
Fracture Analysis Consultants	Agmt Subcnt# PW-07-1	12		6,852
Galt LLC	Research Agmt	12		25,881
Kent State University	444286-P061716	12		196,295
Massachusetts Institute of Technology	5710001866	12		119,821
Massachusetts Institute of Technology	5710001867	12		52,655
Massachusetts Institute of Technology	7000004948	12		112,293
Mayaterials Company	Letter	12		55,305
Nufem	Subctrct Agrmt under FA9454-0	12		1,503
Ohio State University	60006916	12		129,137
Ohio State University	600002059	12		14,174
Opteos, Inc.	Opteos Agreement	12		109,113
Rolls Royce, PLC	PO#1830013981	12		259,001
SET Associates Corporation	PO SET00001-0012 4/25/06	12		70,000
Southwest Sciences, Inc.	STTR Res Agmt dtd 11/15/05	12		114,316
Spectral Sciences, Inc	8576	12		14,604
Streamline Numerics, Inc	RT Res. Agmt dtd 9/1/06	12		33,656
Universal Technology Corporation	SK 06S531042C1(R1)PM F33...	12		49,009
University of California	SA2795	12		(923)
University of Florida, The	UF-EIES-0612022-UMC	12		44,134
University of Florida, The	UF-EIES-0712015-UMC	12		1,577
University of Illinois at Chicago	Subcontract-U. of Illinois	12		15,717
University of Illinois-Urbana-Champaign	2003-07178-01-00	12		125,888
University of New Mexico	P0022841	12		(970)
University of Wisconsin-Madison	A867086	12		42,203
Waveband Corporation	Rsrch Agmt. Dtd 9/1/04	12		36,993
Waveband Corporation	Subk 2/1/05	12		33,671
Wyle Laboratories	PO# 19041 OB 11-315S dtd 1/13/	12		27,494
Defense, Department of-Army, Department of the Direct		12		23,920,471
Subcontract:				
Alion Science and Technology	Agmt#1270022JP	12		(31,039)
Alion Science and Technology	SubK# 1270063JP	12		117,539
Alion Science and Technology	SubK#1272849JP dtd 7/22/05	12		191,348
Alion Science and Technology	Task Order#070-15	12		107,295
BAE Systems	PO#RP6897, No.15	12		361,909
Battelle	TCN 05106	12		(287)
Battelle Memorial Institute	TCN-04069	12		50,534
Brigham and Women's Hospital	Memo of Agrmnt	12		23,272
California Institute of Technology	77-1069043	12		190,333
Carollo Engineers, A Professional Corporation	Agmt. Proj. #7387A dtd 8/31/06	12		73,782
Center for Rotorcraft Innovation	06-B-01-01.2 A17	12		51,484
Duke University	06-SC-ARO-1055	12		81,217
EPIR, Ltd.	Agmt Cntrct#0001-SUOM-07-0001	12		23,280
Galt LLC	Letter dtd 8/17/06	12		40,070
General Dynamics Advanced Information Systems	PO FCN000468 SP#001	12		152,874
General Dynamics Corporation	Subcontract# S-8844-UM-03	12		114,313

The University of Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Georgia Institute of Technology	R7443-S1	12		44,718
Global Technologies Connection Inc	Res Agmt dtd 1/24/07	12		11,416
Innovative Biotherapies	Master Res Agmt & Proj Specifi	12		(349)
Lynntech, Inc.	Research Agreement	12		28,874
Mayaterials Company	Award Ltr	12		21,529
Micro Analysis and Design, Inc.	DAAD19-01-2-0009	12		208,111
Omni Sciences, Inc.	R T Res. Agmt Dtd 4/9/07	12		13,795
Omni Sciences, Inc.	RT Res. Agmt. dtd 9/1/06	12		55,913
Opteos, Inc.	Award Letter	12		65,821
Physical Sciences, Inc.	SubK#41286-1533-46	12		11,023
Stemnion LLC	Agmt dtd 08/24/06	12		74,738
T/J Technologies, Inc.	W56HZV-07-C-0030	12		91,804
Techno-Sciences, Inc. (TSi)	S041115-01A	12		62,795
Telcordia Technologies	SubK#10085872-9/1/03	12		136,660
University of Illinois at Chicago	2005-03207-01-00	12		24,471
University of Pennsylvania	5-37360-B	12		48,445
University of Texas	07-026	12		111,878
University of Virginia	GO10166-113792	12		(16,376)
University of Washington	145611	12		155,138
Defense, Department of-Defense Advanced Research Projects Agency				
Direct		12		2,302,248
Subcontract:				
Case Western Reserve University	Cost Reimb. Consortium Agmt...	12		46,424
Dendritech, Inc.	Sub-K to DOD STTR Ph 2	12		62,181
EPIR, Ltd.	Agreement	12		(2,867)
EPIR, Ltd.	Res Agmt to W31P4Q-05-C-0254	12		10,433
Honeywell International	C09340023 FA8650-04-C-2502	12		(43,755)
Honeywell International	PO C09050025 under HL-C09...	12		178,145
Inst for the Study of Learning and Expertise (ISLE)	Subaward Agmt	12		225,352
Johns Hopkins University	907975	12		152,765
Omni Sciences, Inc.	RT Res. Agmt.	12		1,027
Omni Sciences, Inc.	Supplement # 1 to F014133	12		30,000
Powerix Technologies, LLC	Research Agreement	12		50,818
Pratt and Whitney Aircraft	Svc Agreement	12		74,864
Princeton University	SubK# 00001195 dtd 3/29/06	12		46,371
Purdue University	531-0495-01	12		11,516
Raytheon Company	4400112536	12		53,423
Rice University	R15271	12		101,860
Rutgers University	SubK #1853	12		59,358
Science Applications International Corporation	SubK# 4400136311	12		119,987
SRI International	03-000221 Release 002	12		(3,262)
SRI International	03-000221 Rls 003	12		143,122
SRI International	loa-SubK 03-000221 TO4-12/7/06	12		111,073
SRI International	SubK #55-000672	12		(176)
University of California - Berkeley	SA4474-32446	12		191,973
University of California - Berkeley		12		882,525
University of North Carolina	5-55651	12		68,086
VaxDesign	70003-W81XWH-04-C-0139	12		(146,936)
Defense, Department of-Defense Threat Reduction Agency				
Direct		12		54,961
Subcontract:				

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Constellation Technology Corporation	SubK #D6-0313 7/6/06	12		62,496
Constellation Technology Corporation	Sub-K#D5-0383 dtd 9/1/05	12		947
Science Applications International Corporation	SubK #44016269	12		(557)
University of New Mexico	798117-871E	12		26,520
Defense, Department of-National Geospatial-Intelligence Agency				
Direct		12		338,602
Defense, Department of-National Security Agency				
Direct		12		73,191
Defense, Department of-Navy, Department of the				
Direct		12		6,832,321
Subcontract:				
Alion Science and Technology	Agmt to PO SUB1176705...	12		18,397
Computer Sciences Corporation	#N00024-01-D-7017	12		121,541
Computer Sciences Corporation	S-9292	12		49,631
Computer Sciences Corporation	Sub-K Agmt. dtd 4/13/06	12		300,606
Computer Sciences Corporation	Sub-K# S-9292	12		51,148
Computer Sciences Corporation	Task Order 002-Subk S9292	12		64,244
Computer Sciences Corporation	Tsk#006-Cnt#N00024-01-D-7017	12		117,318
eMagin Corporation	Agmt#N05-T003 Prop#-1801	12		116,934
Georgia Institute of Technology	D-5109-S1	12		59,524
Georgia Institute of Technology	E -21-6RU-G6	12		49,797
GPA Technologies, Inc		12		118,471
ITT Industries	PO#197191J TO RFP ITT-006-017	12		162,124
Michigan Engineering Services	cK#1222&Allocation of Rights A	12		21,000
Michigan Molecular Institute	Amendment to CDA 7910	12		20,823
Michigan State University	61-3488A	12		157,811
North Carolina A & T State University	210013FF	12		49,278
North Carolina A & T State University	210013GG	12		53,348
Ohio State University	RF00959544	12		26,840
Picometrix, Inc.	STTR Ct#N00014-06-M-0292	12		19,203
Praxis, Inc	PO20060017	12		22,812
QuesTek Innovations, LLC	PO# 05-194	12		76,336
University of California	KK120	12		14,187
University of California - Santa Barbara	KK5152	12		126,637
University of California - Santa Barbara	KK5153	12		98,272
University of Chicago	27499	12		225,670
University of New Mexico	271130-871E	12		70,703
Defense, Department of-Other				
Direct		12		1,092,012
Subcontract:				
Alion Science and Technology	Subc Agmt #19185KR	12		788,786
Biolife, LLC	Research Agmnt dtd 5/12/06	12		260,773
Innovative Biotherapies	Research Agmt dtd 12/13/04	12		13,398
NanoOpto Corporation		12		30,812
Polatin Corporation	SC-0048-05-0001	12		(18,349)
Science Applications International Corporation	Sub-K #4400117769	12		64,132
Education, Department of				
Direct		84		3,121,403
Subcontract:				
Association for Institutional Research	ltr dtd 4/1/05	84		1,500
Center for Applied Special Technology (CAST)	Consultant Agreement dtd	84		4,488
Co-nect Schools	SubK agrmnt dtd 9/1/03	84		17,219

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Corporation for Public Broadcasting	Agmt For CPB#9811	84		439,645
Craig Hospital	Subcontract 2/2001	84		(1,144)
Detroit Public Schools	Contract #4-0134-2	84		6,377
Florida Institute of Technology	P0033272	84		4,099
Florida State University	R00311	84		27,371
Florida State University	Subcntrt #R00119	84		115,477
Higher Education for Development	E-mail dated 3/13/07	84		319
Learning Point Associates	Contract # S2006-043	84		147,785
Learning Point Associates	S2006-044	84		289,402
Learning Point Associates	S2006-057	84		321,779
Michigan, State of, Education, Department of	P.O. #313P7200478	84		548,547
Michigan, State of, Education, Department of	Prj #070290-130/ltr dtd 8/1/06	84		41,500
University of California - San Francisco	Subcontract #3332sc	84		(6)
University of Chicago	Subawd32638	84		69,300
University of Pennsylvania	Agmt #5-43287-A - PO#1740407	84		341,556
University of Pennsylvania	Subcontract #5-30802 A	84		195,511
University of Pittsburgh	701512	84		223,912
University of Washington	341159	84		29,444
Wayne State University	Subawd #WSU05023	84		95,533
Energy, Department of				
Direct		81		12,752,174
Subcontract:				
Argonne National Laboratory	4F 02141	81		25,235
Argonne National Laboratory	6F-00637	81		35,643
Battelle	62354	81		20,598
Battelle Energy Alliance	41014	81		(18)
Battelle Pacific Northwest Laboratories	22898	81		230,378
Brookhaven National Laboratory	89911	81		12,215
Brookhaven National Laboratory	90770	81		42,590
Brookhaven National Laboratory	97496	81		(108)
Cornell University	41843-8369	81		30,063
Duke University	05 SC DOE 1016	81		41,218
Electric Power Research Institute	EP-P18924/C9349	81		218,755
General Motors Corporation	PO# TCS75069	81		160,518
Honeywell International	PO #C09350173	81		(15,076)
Idaho National Laboratory	38523	81		195,331
Idaho National Laboratory	51890	81		52,405
Idaho National Laboratory	52244	81		41,288
Idaho National Laboratory	52338	81		31,584
Idaho National Laboratory	56568	81		50,000
Idaho State University	02 220D	81		(218)
Indiana University	PO# 87881	81		48,256
Lawrence Berkeley National Laboratory	6720903 (LBNL)	81		216,364
Lawrence Livermore National Laboratory	B548853	81		52,624
Los Alamos National Laboratory	22868-001-05	81		19,789
Los Alamos National Laboratory	33673-001-06	81		30,504
Los Alamos National Laboratory	37991-001-06 3C	81		1,500
Michigan Technological University	MTU 050516Z16	81		94,066
Michigan, State of, Labor and Economic Growth, Department of	Grant # PLA-02-47	81		(13,459)
Oak Ridge National Laboratory	4000050401	81		22,781
OG Technologies, Inc.	DE-FC36-04G014003	81		29,978

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Ohio State University	Fndn Project #60007050	81		114,915
Ohio State University	PO# RF01018033	81		(67,196)
Pennsylvania State University	2141-UM-DOE-5912	81		17,486
Pennsylvania State University	2504-UM-DOE-4530-FDP	81		(2,022)
Pennsylvania State University	2851 UM DOE 4423	81		247,200
Sandia National Laboratories	199068	81		24,650
Sandia National Laboratories	237284	81		(7,913)
Sandia National Laboratories	240975	81		26,760
Sandia National Laboratories	240985	81		289,559
Sandia National Laboratories	359929	81		1,872
Sandia National Laboratories	360222	81		2,168
Sandia National Laboratories	516365	81		8,778
Sandia National Laboratories	554742	81		151,989
Sandia National Laboratories	590386	81		53,369
Sandia National Laboratories	682315	81		54,888
Sandia National Laboratories	BG-0005 (Sandia)	81		48,168
Sandia National Laboratories	Microsystem Engr Fellow.	81		21,347
Sandia National Laboratories	PECASE Awd-5-4-04	81		56,554
Stanford University	PO#0000052901	81		8,014
T/J Technologies, Inc.	E95B-035 (T/J Technologies)	81		(29,673)
United Oil Processing (UOP LLC)	06C0746	81		60,982
United States Automotive Materials Partnership	07-1713	81		201
United States Automotive Materials Partnership	PO #04-1223	81		60,457
United States Automotive Materials Partnership	PO# 05-1296	81		82,566
United States Council for Automotive Research	06-1687	81		(1,916)
United States Council for Automotive Research	PO #04-1158	81		(719)
Universal Display Corporation	Agmt #062806.01-8/16/06	81		10,000
Universal Display Corporation	Agmt #062806.02 -8/16/06	81		9,917
Universal Display Corporation	SubK #100104.02	81		273,774
Universal Display Corporation	SubK#051106.01 DE-FG02-04 ER84	81		187,623
University of California	13137-002-06	81		61,057
University of California	25369-001-06	81		83,949
University of California	34132-001-06	81		60,775
University of California	73713-001-03 8T	81		(8,790)
University of California	B539659	81		48,776
University of California	B561528	81		83,688
University of California	B566265	81		20,027
University of New Mexico	048479 871E	81		93,002
University of Southern California	116411	81		25,775
University of Wisconsin-Madison	A827761	81		112,660
UT-Battelle, LLC	4000019189	81		(9,533)
UT-Battelle, LLC	4000030047	81		55,577
UT-Battelle, LLC	4000031899	81		42,656
UT-Battelle, LLC	4000039699	81		34,028
Environmental Protection Agency				
Direct		66		1,607,456
Subcontract:				
Environmental Science and Engineering, Inc.	3921101GB1002115	66		5,216
Great Lakes Commission	Award Letter dated 3/2/07	66		17,793
Great Lakes Commission	LOA dtd 4/13/06	66		71,153
Great Lakes Commission	Ltr dtd 3/20/06	66		121,201
Great Lakes Commission	Ltr dtd 8/3/04	66		3,794

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Michigan State University	61 3361A	66		42,243
Michigan State University	61-3371A	66		3,662
Michigan State University	61-3383F	66		278,058
Michigan Technological University	0610101S1, PO#P0070306	66		10,000
Michigan, State of, Community Health, Department of	20060152	66		36,210
Michigan, State of, Community Health, Department of	20070105	66		72,884
Ohio State University	60004377	66		59,592
University of Washington	202634	66		80,758
University of Wisconsin-Madison	144KF84 H02	66		(1,330)
Federal Reserve System				
Direct		18		120,028
General Services Administration				
Direct		39		81,318
Subcontract:				
CFI Group, Inc.	Letter dated 1/2/02	39		46,064
Health and Human Services, Department of-Agency for Health Care				
Research and Quality				
Direct		93		472,051
Subcontract:				
University of Illinois at Chicago	2006-00464-06-01	93		28,723
University of Illinois at Chicago	Grant App dtd 7/28/05	93		105,103
Health and Human Services, Department of-Centers for Disease				
Control and Prevention				
Direct		93		9,883,702
Subcontract:				
Association of American Medical Colleges	MM-0789-04/04	93		307,324
Association of American Medical Colleges	MM-0996-07/07	93		47,453
Association of Schools of Public Health, Inc.	S1957-21/23	93		(39,875)
Association of Schools of Public Health, Inc.	S1964-21/23	93		9,808
Association of Schools of Public Health, Inc.	S2200-22/23	93		24,859
Association of Schools of Public Health, Inc.	S3011-23/23	93		150,736
Association of Schools of Public Health, Inc.	S3204-23/23	93		27,556
Association of Schools of Public Health, Inc.	S3341-23/23	93		(281)
Association of Schools of Public Health, Inc.	S3676-25/25	93		972
Community Health and Social Services, Inc.	Agmnt. dtd 12/20/04	93		166,759
Duke University	Subcontract #04-SC-CDC	93		94,198
Eastern Research Group, Inc. (ERG)	CDC-10039/2	93		7,920
Genesee County	Agreement of 10/1/05	93		33,089
Genesee County	email dtd 2/21/07	93		91,648
Michigan, State of, Community Health, Department of	20060049	93		17,173
Michigan, State of, Community Health, Department of	20060149	93		15,082
Michigan, State of, Community Health, Department of	20071034	93		70,538
Special Olympics, Inc.	Agreement	93		3,506
TKC Integration Services, LLC	PO 300619101-01	93		54,445
University of California - Davis	Sub 0700016	93		27,288
University of North Carolina	Subcntr #5-38414	93		(2,444)
University of North Carolina	UNC-CH Subcontract # 5-38610	93		74,039
University of Utah	Agreement#2506055-02	93		13,359
Health and Human Services, Department of-Centers for Medicare				
and Medicaid Services				
Direct		93		776,193
Subcontract:				

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Arbor Research Collaborative For Health	Subcnt under HHSM-500-2005-000	93		587,772
Arbor Research Collaborative For Health	SubK 10/1/04-9/30/05	93		304,098
Iowa Foundation for Medical Care	CMS500-02-0030/TSK ORD	93		355,539
Michigan Public Health Institute	N-12003-11-504200	93		216,953
Michigan Public Health Institute	N-12004-11-504200	93		340,208
Health and Human Services, Department of-Food and Drug Administration				
Direct		93		952,743
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93		489,276
Subcontract:				
American Medical Student Association (AMSA)	Subcont to 230-03-0015	93		144
Arbor Research Collaborative For Health	SubContractor Agmt dtd 10/01/0	93		(274)
Arbor Research Collaborative For Health	SubK Agrmnt 9/25/05...	93		939,602
Hemophilia Foundation of Michigan	2003-2004 DHHS/MCHB	93		(654)
National Kidney Foundation of Michigan	Agmt 1/11/05	93		32,526
University of California - Davis	K009415-02	93		80,946
University of California - Los Angeles	Subawd #1595 G HC453	93		8,622
University of North Carolina	UNC # 5-52113	93		13,655
Health and Human Services, Department of-National Institutes of Health				
Direct		93		389,233,669
Subcontract:				
Adelphi Technology, Inc.	Res Agmt dtd 1/16/07	93		6,653
Advanced Circulatory Systems, Inc.	SubK-4/26/06-#R43 NS054372-01	93		27,663
Albert Einstein College of Medicine	Agmt of 9/1/03	93		2,124
Alliance for the Prudent Use of Antibiotics (APUA)	Memo of Agrmnt # UM-ROAR-01	93		51,387
American College of Radiology	ACRIN 6654	93		251,724
American College of Radiology	Check No. 77904 dtd 7/23/02	93		99,852
American Medical Student Association (AMSA)	Subcontract Agreement	93		27,721
Arizona State University	06-642	93		1,112
Arizona State University	SC34106M00018	93		19,753
Averta Pharmaceuticals	Rt Res Agmt dtd 10/19/06	93		175,850
Beth Israel Hospital	7 R01 CA095662-03	93		302,925
Beth Israel Hospital	Mem of Agmt 6/14/05	93		99,884
Beth Israel Hospital	Memo of Agmt 8/15/06	93		66,299
Beth Israel Hospital	R01 DA 03574	93		53,522
Bio Logic Engineering, Inc.	RT Res Agmt 4/1/07	93		13,858
Biodiscovery LLC	RT Research Agmt.Dtd 9/27/06	93		99,878
Boston University	7426-5	93		9,472
Boston University		93		75,965
Brigham and Women's Hospital	BWH#726971:	93		146,556
Brigham and Women's Hospital	Consort Agmt Eft-9/16/06	93		23,437
Brigham and Women's Hospital	Consortium Agrmnt dtd 10/2/06	93		9,071
Burnham Institute, The	5 U54 RR020843-03 prime	93		60,291
California Pacific Medical Center	108577	93		72,349
Cancer Therapy and Research Center	CCOP-06008	93		57,446
Cancer Therapy and Research Center	Contract# SELENIUM-06002	93		5,239
Case Western Reserve University	Agmt dtd 9/1/04	93		5,347
Case Western Reserve University	Amend #2 5 R01 DK069764-02	93		70,349
Case Western Reserve University	Case Subaward No. RES501460	93		600

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Children's Hospital Medical Center	CHMC #466	93		16,557
Children's Hospital of Los Angeles	CT Agmt to NANT Consortium	93		15,126
Children's Hospital of Pittsburgh	U01 DK072146 3/06	93		3,657
Children's Research Institute	Subcnt #7928-04-04	93		50,976
Coley Pharmaceutical Group	Agmts dtd 1/26/04 Standiford	93		(22,408)
Colorado State University	G-4413-1/PO P319713	93		48,406
Columbia University	1 R01 HG003380-01A1	93		18,309
Columbia University	90YE0063/03	93		139,170
Columbia University	Agmt # MD000206-05	93		62,387
Columbia University	Agrmnt to Protocols-Study 1&2	93		618
Columbia University	Agrmt 07/01/04	93		36,369
Columbia University	MD000206-04PO#556439	93		91,457
Columbia University	PO# 557602	93		16,015
Columbia University	PO# 561744	93		472,084
Columbia University		93		84,247
Community Health and Social Services, Inc.	Sub-Contract dtd 9/1/05 CDC GR	93		49,229
Constella Group Product Development, LLC	Genelink 32831 0008	93		(6,978)
Core MicroSolutions, Inc.	Email dtd 6/24/04	93		65,070
Dartmouth College	Sub Agmt5-36240.5700 Prm190138	93		44,313
Duke University	02-SC-NIH-1048	93		39,182
Duke University	Agmt. Of 1/1/03	93		(1,850)
Duke University	Agrmnt of 9/4/03	93		144,300
Duke University	Duke Univ U01 DK065176	93		1,705
Duke University	ID#820	93		41,846
Duke University	N01-A1-05419 SubK#10GC102970..	93		161,269
Duke University	N01-HD-43385 prime	93		33,509
Emmes Corporation, The	Letter Agreement	93		7,282
Emmes Corporation, The	Ltr Agmt-Verteporfin & Trial	93		5,184
Florida State University	Subcontract R00619	93		23,917
Forsyth Institute, The	R01 DE016276	93		68,149
Forsyth Institute, The	Under Grant# R01 DE016376	93		111,565
George Washington University	04-C03	93		32,811
George Washington University	Site #1326-1U01-DK61055	93		891
George Washington University	Sub#05-B02 Awd#N01-DK-6-2204	93		194,015
Georgetown University	Subcnt #RX4300-019-	93		43,588
Gynecologic Oncology Group	GOG - U of M-Lieberman	93		(311)
H. Lee Moffitt Cancer Center & Research Institute	Subaward No. 2005-005	93		7,842
Harvard University	1 R01 ES013967-01-A1 prime	93		35,903
Harvard University	149928-0506	93		(11,690)
Harvard University	Agmt of 06/20/06	93		44,741
Harvard University	Subawd #149979-0002	93		20
Harvard University	Subawd#150015.0006	93		172,473
Harvard University	U01-MH60220-01	93		(432,507)
Harvard University		93		296,030
Health Research, Inc	Agreement dtd 5/6/05	93		(3,719)
Healthmedia, Inc.	Research Agmt	93		36,523
Henry Ford Health System	5 R01 HL68971-02	93		17,824
Henry Ford Health System	SC under 1 R01 HL068971-05A1	93		267,423
Henry Ford Health System	Sub to Gmt #U01 A 1042174	93		19,956
Henry Ford Health System	Subcontract to U01 AI042174	93		2,867
Henry Ford Health System	U19CA7968905 HFHS B40321	93		84,448
Henry Ford Hospital	1 R01-HL070023-01A2	93		(3,701)

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Howard University	Agmt #632328-H018526	93		104,845
Hutchinson, Fred, Cancer Research Center	Subaward # 0000620268	93		33,184
Indiana University	203015	93		15,154
Indiana University	IU Proposal 74638 (NR008583)	93		2,496
Indiana University	PO #203897	93		193,248
Indiana University	PO# 10404-0118	93		5,569
Indiana University	R01-AG010436	93		3,308
Indiana University	R01-DC006436	93		74,360
Industrial Science and Technology Network	Letter Authorization	93		7,231
Industrial Science and Technology Network	Ltr dtd 8/30/06	93		171,513
Innovative Biotherapies	Resch Agmt dtd 2/1/06	93		68,079
IUPUI (Indiana University Purdue University Indianapolis)	#46-888-16 UOM PO#185606	93		281,141
IUPUI (Indiana University Purdue University Indianapolis)	Agmt of 9/28/01	93		(25,622)
IUPUI (Indiana University Purdue University Indianapolis)	GM061376 -PO#25098	93		145,451
Jaeb Center for Health Research	Agreement dtd 03/06/00	93		1,682
Jaeb Center for Health Research	Coop Agmt Nat. Eye Inst U10EY	93		22,338
Jaeb Center for Health Research	U10 EY14231	93		431
Johns Hopkins University	8408-56108-X	93		394,030
Johns Hopkins University	Agmt dtd 9/30/02	93		24,232
Johns Hopkins University	Agmt of 5/1/05 (EY014660)	93		101,978
Johns Hopkins University	Agreement of 5/1/02	93		158,735
Johns Hopkins University	Agmt of 9/30/03	93		225,848
Johns Hopkins University	JHU PO#8510-36900-X	93		70,020
Johns Hopkins University	JHU PO#8510-36910-X	93		60,297
Johns Hopkins University	P.O. #8311-97168-6	93		48,638
Johns Hopkins University	PO #27221	93		1,364
Johns Hopkins University	PO 8502 89474-7	93		6,797
Johns Hopkins University	PO# 8512-50114-02	93		595,381
Kent State University	443136-PO70441	93		22,749
Litholink Corporation	Agreement	93		3,250
Massachusetts Eye & Ear Infirmary	Agmt of 6/17/04	93		46,066
Massachusetts General Hospital	5-U54-GM62119-02	93		4,960
Massachusetts General Hospital	Weissman-Gould 1R01NR009289	93		28,968
Mayo Clinic	1 R21 HL 77123-01	93		64,274
Mayo Clinic	5 R01 HL075794-04	93		164,634
Mayo Clinic	NS 42759	93		84,407
MedArray, Inc.	Research Agreement	93		55,384
Medical University of Ohio	N2004-43, PO#19385	93		43,675
Medical University of South Carolina	MH070552-Michigan	93		98,636
Metabolic Solutions	Ltr of 2/14/03-Ck#4918	93		(2,467)
Michigan Critical Care Consultants, Inc.	Agmt dtd 3/29/05	93		51,420
Michigan Critical Care Consultants, Inc.	PHS Grant #4-R44-HL	93		60,067
Michigan Critical Care Consultants, Inc.	Resch Agmt dtd 6/16/06	93		23,760
Michigan Critical Care Consultants, Inc.	Rsrch Agmt	93		14,062
Michigan State University	1-R01-ES11856-01	93		69,351
Michigan State University	Agmt No. 610340	93		(45,224)
Michigan State University	Agmt #610746UM	93		17,426
Michigan State University	Subaward # 61-0754UM1	93		13,770
Michigan State University	Subcontract #611149	93		1,198
Michigan State University	Subcontract #661130	93		15,722
Michigan State University		93		31,747
Microbiotix, Inc.	Awd letter	93		144,924

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Molecular Design International	Agreement	93		11,450
Molecular Design International		93		106,288
Mount Sinai Medical Center, The	MSSM No. 0255-0911-4609	93		41,961
Muse Technologies	Agreement	93		40,447
National Childhood Cancer Foundation	P.O. 13587 Grant BAA-RM-04-23	93		59,092
National Childhood Cancer Foundation	Subcntr# 15885	93		1,853
National Childhood Cancer Foundation	SubContract #16100	93		45,744
National Childhood Cancer Foundation	Subcontract No. 15121	93		139,195
National Marrow Donor Program (NMDP)	Master Agmt #13703	93		611
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	Amendment #2 PFED16-MIC-01	93		22,060
National Surgical Adjuvant Breast and Bowel Project (NSABP) Foundation, Inc.	LETTER 9/17/97	93		12,978
New England Organ Bank (NEOB)	1 H39-OT00123-01	93		(750)
New England Research Institute	Sub-con to U01 HL68270-04	93		27,425
New York Academy of Medicine	Contract	93		76,763
New York Medical College	2 R01 OK54602-07A2	93		40,481
North Dakota State University	Project # FAR0011207	93		7,439
Northern California Institute for Research & Education, Inc. (NCIRE)	1 U01 AG024904-01	93		(3,099)
Northern California Institute for Research & Education, Inc. (NCIRE)	Subcontract Weiner 000855	93		227,658
Oakland University	7 R03 EY015700-03 Prime	93		114,394
Ohio State University	60003546/PO RF01030015	93		107,059
Ohio State University	747087/985017	93		(1,032)
Ohio State University	Agmt of 9/1/05	93		13,523
Ohio State University	Prime P50 CA105632	93		70,795
Ohio State University	RF01025301	93		92,785
Oregon Health and Science University	J745E	93		141,464
Oregon Health and Science University	Subaward # GNEUR0355A(A)	93		22,526
Oregon Health and Science University	SubContract No. 8401386	93		4,615
Oregon Social Learning Center	SUBCONTRACT	93		18,187
Pennsylvania State University	2399-UM-DHHS-1203	93		6,788
Pennsylvania State University	2497-UM-DHHS-0673	93		121,561
Pennsylvania State University	3140-UM-DHHS-0075	93		59,907
Pennsylvania State University	3202-UM-DHHS-6476	93		103,901
Pixel Velocity	RT Res Agmt 10/1/05	93		5,389
Portland State University	PSU PIAF #040235	93		51,729
Princeton University	00000972 (400-6225)	93		45,775
Purdue University	4102-16337	93		111,466
Purdue University	511-1662-01	93		(508)
Purdue University	511-1853-01	93		218,406
Purdue University	Subaward # 511-2048-01	93		16,536
Radiation Monitoring Devices, Inc.	Subcontract No. C05-24	93		40,007
Rainbow Babies and Children's Hospital	N01-DK-6-2203	93		159,620
Rand Corporation	9920050077	93		22,155
Rand Corporation	Subawd# 9920060100	93		144,966
Rand Corporation	SubK Agmt#9920050059	93		1,568
Rehabilitation Institute of Chicago	Research Agrmnt	93		7,140
Rhode Island Hospital	U01-DK61700-FAVORIT	93		25,303
Rockefeller University	2 R01 MH061399-04A2	93		15,185
Roswell Park Cancer Institute	1 R01 CA119358-01 Mod #1	93		225,794

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Roswell Park Cancer Institute	Agreement	93		7,232
Roswell Park Cancer Institute	SubK Grnt #5 R01 CA104479-02	93		777
San Diego State University	54138B P3290 7804 211	93		45,444
San Francisco General Hospital		93		44,072
Sandia National Laboratories	102315 and Revision #1	93		198,490
Satori Pharmaceuticals	Subk dtd 6/26/06	93		15,000
Science Applications International Corporation	25XSO24A	93		169,473
Science Applications International Corporation	Sub-K323XS110A dtd 9/21/04	93		1,496,447
Solohill Engineering, Inc.	RT Res Agmt 4/29/05	93		85,618
Southern Illinois University Medical School	1-R01-AG19899-01	93		96,051
Southern Illinois University Medical School	Agmt dtd 9/1/06	93		48,300
Southwest Oncology Group	CA37429	93		1,782
Southwest Oncology Group	purchase service agmt	93		17,756
St. Jude Children's Research Hospital	7199374	93		29,041
Stanford University	12714740-28197-C	93		41,181
Stanford University	PY-2384-23154-A	93		(1,084)
State University of New York	Subaward #36846-1049287-2	93		(3,420)
State University of New York	Subaward No. 1044050-2-34555	93		(12,716)
State University of New York	Subaward No. 40190-1056619-2	93		35,242
Texas A & M Research Foundation	Agmt S060049	93		112,314
The Center to Protect Workers' Rights	Letter dtd 2/5/07	93		2,774
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Res Agmt dtd 02/01/05	93		257,463
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Res Agmt dtd 2/1/05	93		154,882
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	RT Res agmt 7/1/06	93		12,894
Therapeutics System Research Lab, Inc. (TSRL, Inc.)	Subcontract Agreement	93		(103)
Transonic Systems, Inc	Agmt#1 R43 HL082022-01	93		7,637
Tulane University	Shawd#TUL-175-04/05	93		72,243
Unitech Pharmaceuticals, Inc	Rndtbl Rsrch Agmnt dtd 6/1/06	93		40,900
University of Alabama	Contract # N01-CN-15136/M	93		1,791
University of Alabama at Birmingham (UAB)	Agreement of 9/1/03	93		41,691
University of Alabama at Birmingham (UAB)	BAMSG Study 4-01	93		47,372
University of Arizona	PO# Y450790	93		8,805
University of Arkansas for Medical Sciences	G250108557	93		951
University of Bath	Agmt 9/25/05	93		137,720
University of Calgary	2 R01 HL58955-05	93		25,637
University of California	Agmt of 9/30/02 Turgeon	93		65,804
University of California - Davis	RA 011125-UM	93		14,969
University of California - Irvine	subaward no. 2005-1672	93		70,309
University of California - Irvine	Subawd # 2004-1506 amend#3	93		357,560
University of California - Irvine	SubAwd # 2005-1671	93		24,815
University of California - Irvine	Subconrt#2005-1619	93		106,343
University of California - Irvine		93		217,364
University of California - Los Angeles	Subaward No. 1920 G GC053	93		171,214
University of California - San Francisco	Agmt # 4279sc	93		65,241
University of California - San Francisco	R01 HD044876 prime	93		16,894
University of California - San Francisco	Subcent#4264SC	93		46,148
University of California - San Francisco	Subcontract #3680SC	93		70,691
University of California - San Francisco	Subctr No. 3825SC	93		92,074
University of California - San Francisco	SubK to R01 DK070939	93		23,779
University of California - San Francisco		93		7,842
University of California-San Diego	#6.00,protocol 6-LL	93		7,012
University of California-San Diego	Mstr Agrmt #6-00-ANDI	93		38,724

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University of California-San Diego	PO #10231578	93		8,516
University of California-San Diego	PO#10231573	93		9,836
University of California-San Diego	Protocol Atchmnt to MOA 6-OC	93		1,473
University of California-San Diego	Prtcl.Atcmnt. to MOA 6-00	93		22,010
University of California-San Diego	Trial Protocol Attachmnt	93		5,638
University of Chicago	31069	93		21,743
University of Chicago	05/19/06 Agmt under UC # U54 A	93		223,379
University of Chicago	26020/5-30404 Amnd 2	93		17,098
University of Chicago	26020/5-30430	93		40,845
University of Chicago	26020/5-30430 (Project M)	93		68,264
University of Chicago	26020/5-30463	93		71,403
University of Chicago	4/11/06 spn/eml 26020/5-30463	93		57,765
University of Chicago	5/19/06 Agmt under UC#	93		170,108
University of Chicago	5-30404-8607	93		6
University of Chicago	5-30404-8608	93		(9,712)
University of Chicago	HHSN26120062001C	93		82,779
University of Chicago	ID # 21489	93		58,921
University of Chicago	Prime award R01 HL085553	93		15,446
University of Chicago	Subcontrt of U54 AI577153-04	93		197,254
University of Chicago	U54 AI57153-03	93		(3)
University of Chicago	U54 AI57153-04	93		80,456
University of Chicago	U54 AI57153-05	93		22,853
University of Cincinnati	P021-040-P111-1078	93		182,357
University of Cincinnati	P50-NS044283	93		15,575
University of Cincinnati	Subaward No P021-040-N151-1105	93		46,032
University of Colorado	SPO 59364	93		50,113
University of Florida, The	00051551-UM	93		59,961
University of Georgia	Agreement of 09/30/01	93		53,492
University of Hawaii	Prime U54-RR14607-07	93		16,625
University of Illinois at Chicago	03-207	93		18,461
University of Illinois at Chicago	Subaward No. 2006-02026	93		12,223
University of Illinois-Urbana-Champaign	R33 EB004940 prime	93		57,039
University of Kansas	Subcontract No. FY2001-93	93		(7,469)
University of Kentucky	Agreement of 10/1/04	93		75,120
University of Maryland, The	2000	93		43,319
University of Maryland, The	Agmt dtd 09/30/01	93		1,461
University of Maryland, The	P.O. #S01861	93		50,834
University of Maryland, The	S02068	93		(93,452)
University of Maryland, The		93		47,252
University of Massachusetts	Sub Awrd #04-002625A00	93		82,684
University of Massachusetts	Subawrd #: 06-003477 A 00	93		95,258
University of Medicine and Dentistry of New Jersey	P.O.# P0284477	93		69,798
University of Medicine and Dentistry of New Jersey	PO 253663	93		52,683
University of Medicine and Dentistry of New Jersey	Prime awrd #R01 NS046493-1	93		25,495
University of Medicine and Dentistry of New Jersey	Prm R01 NS046493-1 sgn 5/15/06	93		32,857
University of Medicine and Dentistry of New Jersey	Prtcl #99-705	93		29,983
University of Minnesota	Agrmnt of 9/27/02	93		16,105
University of Minnesota	PO #S2986091201	93		25,676
University of Minnesota	S4496017201	93		25,478
University of Minnesota	Subawd#Q6437410101	93		18,444
University of Nebraska	34-5340-2003-003-11397-2	93		21,801
University of New York City	Subentrcnt #41506-0003A	93		26,766

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University of New York City	Subcontract #41506-00-04A	93		38,044
University of North Carolina	5-34711	93		17,302
University of North Carolina	5-50094	93		18,021
University of North Carolina	Subaward #5-50056(Hardship)	93		12,204
University of North Carolina	Subaward No. 5-50056	93		(2,082)
University of North Carolina	Subaward No. 5-50173	93		102,082
University of North Carolina	UNC-CH # 5-34734	93		12,412
University of Pennsylvania	3 U01 AG10483-12S1	93		(76)
University of Pennsylvania	5-47061-B, PO 1864894	93		34,253
University of Pennsylvania	7 R01 DE017471-02 PRIME	93		28,900
University of Pennsylvania	PO 1735960 / Award 544193	93		143,701
University of Pennsylvania	PO 1748398 Sub-award 5-45327	93		11,213
University of Pennsylvania	PO# 1750152 Subawrd #5-44131	93		24,406
University of Pennsylvania	PO#1723509 Agmt dtd 12/5/4	93		57,021
University of Pennsylvania	PO#1756037 Sub #5-45929	93		12,344
University of Pennsylvania	Subaward # 534169	93		45,677
University of Pennsylvania	Subaward #5-42764	93		67,936
University of Pennsylvania	Subaward 5-47061-A PO# 1761301	93		13,959
University of Pennsylvania	Subaward No. 544524-B	93		1,755
University of Pennsylvania	Subawd #5-45383-C PO# 1671818	93		40,952
University of Pittsburgh	agmt of 6/1/02	93		13,303
University of Pittsburgh	Agrmnt of 7/01/02	93		(1,826)
University of Pittsburgh	R01 DK054639-09 prime	93		66,792
University of Pittsburgh	Subaward #402913-1	93		137,339
University of Pittsburgh	Subaward No. 111882-1	93		115,880
University of Pittsburgh	Subcontract No. 402417-18	93		16,153
University of Pittsburgh	U of Pitt Sub Agmt #110092-1	93		31,393
University of Pittsburgh		93		327,808
University of Rochester	P.O.#412658-G	93		7,747
University of Rochester	PO#	93		7,474
University of South Carolina	Sub#05-1015 PO41615	93		3,298
University of Southern California	PO No. H28966	93		(21,394)
University of Southern California	Subaward #115671	93		933,777
University of Texas	06-101	93		127,504
University of Texas	5 P01 CA049639-18 PRIM	93		36,517
University of Texas	Agmt of 09/15/02	93		103,484
University of Texas	GMO-010114 (N01MH90003)	93		69,092
University of Texas	GMO-010147	93		1,871
University of Texas	No. N01 MH90003- GMO-010148	93		11,438
University of Texas	Subaward # 004293	93		182,919
University of Texas	Subaward #0003389C	93		13,766
University of Texas		93		290,730
University of Texas San Antonio	5 U01 CA86402-07prime	93		50,475
University of Texas Southwestern Medical Center	4/1/05 #GMO-601107	93		40,351
University of Texas Southwestern Medical Center	GMO-500811	93		37,042
University of Texas Southwestern Medical Center	GMO-600123	93		29,730
University of Utah	2101146-03 PO # 000129019	93		58
University of Utah	R01-NS40458	93		(28,136)
University of Utah	SubK #2508176-09, PO# 130355	93		216,093
University of Virginia	GC11136-121377	93		1,179
University of Virginia	GC11270-123803	93		89,645
University of Virginia	Subct#GC10139-123-029	93		(8)

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University of Washington	Sub# 119700	93		81
University of Washington	Subaward #253689	93		26,320
University of Washington	Subaward No. 300368	93		24,009
University of Wisconsin-Madison	836F312 Acct 144-PK45	93		11,952
University of Wisconsin-Madison	Agmt No. 835F542	93		(11,699)
University of Wisconsin-Madison	Agmt P392011, UW Acct 144-NY98	93		12,122
University of Wisconsin-Madison	Agmt P393175 UW Acct#144-Pt56	93		171,940
University of Wisconsin-Madison	PO#807G343 121870	93		(418)
Van Andel Research Institute	UMDS-NCI-BH-10-40111-1	93		13,634
Van Andel Research Institute	UMIG-NCI-BH-10-40111-1	93		5,902
Vanderbilt University	R01 NS042698-04	93		18,525
Vanderbilt University	U 01 CA114771 Prime	93		92,823
Vanderbilt University	UDI CA114771	93		22,586
Vanderbilt University	VUMC30285-R Amend #3	93		34,576
Veterans Medical Research Foundation	Agrmnt 2-07223-03-4 PO#270229	93		11,231
Washington University	5 U01 NS42167-03	93		19,369
Washington University	P.O. No. 29423T, WU-03-33	93		28,101
Washington University	WU-07-21 PO#29834X	93		80,160
Washington University	WU-0U-114	93		3,021
Washington University in St. Louis	WU-04-180 PO#29974W	93		15,147
Washington University in St. Louis	WU-06-31 PO#29181M	93		28,725
Wayne State University	6035	93		8,448
Wayne State University	PO P0429302 -WSU05018	93		11,964
Wayne State University	PO# P0437957	93		6,293
Wayne State University	Subaward # WSU06070	93		19,676
Wayne State University	Subawd #WSU05005	93		69,471
Wayne State University	SWU04048/PO# P0416983	93		27,693
Wayne State University	WSU02021-A2 PO#411527	93		882
Wayne State University	WSU04009	93		74,188
Wayne State University	WSU04055 PO# P0423079	93		230,306
Wayne State University	WSU06072	93		102,889
Westat	Letter Agmt #11	93		94,500
Westat	Ltr Agmt#12 dtd 8/2/06	93		90,250
Westat	Ltr Agreement #13 dtd 8/22/06	93		65,325
Westat	PO# FSC-SWOG-F-018	93		38,000
Westat	PO#FSC-SWOG-F-014	93		83,100
Westat	PO#FSC-SWOG-F-015	93		187,300
Westat	Sub contract 14	93		21,000
Yale University	1 R01 HL082640-01A1	93		64,074
Yale University	A05972	93		(134,262)
Yale University	A06345	93		306,085
Yale University	Sub Award # A06138	93		66,779
Health and Human Services, Department of-Office of the Secretary				
Direct		93		961,382
Subcontract:				
Florida Medical Quality Assurance, Inc	Subcontract Agmt	93		113,957
Michigan, State of, Community Health, Department of	20052187	93		18,012
Michigan, State of, Community Health, Department of	20060548	93		54,614
Michigan, State of, Community Health, Department of	20060939	93		119,536
Michigan, State of, Community Health, Department of	20071105	93		202,749
Michigan, State of, Community Health, Department of	20071962	93		227,375
University of California	2326SC	93		22,471

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University of California	2327SC	93		34,250
Washtenaw, County of	PO# 34839-000-PS Cnrct 38603CR	93		2,891
Wayne, County of	Memo & Letter dtd 08/09/01	93		(17,767)
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Direct		93		710,343
Subcontract:				
Southwest Counseling & Development Services	Ltr Agrmnt dtd 8/18/04	93		(7,247)
Homeland Security, Department of				
Direct		97		977,737
Subcontract:				
Brookhaven Science Associates, LLC	115581	97		49,457
Lawrence Livermore National Laboratory	B565222	97		80,016
Research Foundation of State University of New York	1061229-2-42383	97		24,309
Research Triangle Institute	SubK # 1-340-0209924	97		30,000
Housing and Urban Development, Department of				
Direct		14		48,921
Institute of Museum and Library Services				
Direct		3		183,200
Interior, Department of the				
Direct		15		417,909
Subcontract:				
Great Lakes Fishery Commission	30181-6-G107	15		22,066
Michigan State University	61-3846A	15		351
Michigan, State of, Natural Resources, Department of	#230716-00/751P4003235	15		5,469
Michigan, State of, Natural Resources, Department of	#230741-20 PO 751P5200316	15		(2,357)
Michigan, State of, Natural Resources, Department of	PO # 751P7200501	15		10,000
Michigan, State of, Natural Resources, Department of	PO# 751P6200299-MDNR#230712	15		5,268
Michigan, State of, Natural Resources, Department of	PO# 751P6200309-MDNR#232211	15		3,635
Michigan, State of, Natural Resources, Department of	PO# 751P6200501-MDNR#237001	15		20,590
Michigan, State of, Natural Resources, Department of	PO# 751P6200502-MDNR#237004	15		14,533
Michigan, State of, Natural Resources, Department of	PO# 751P6200503-MDNR#237005	15		12,432
Michigan, State of, Natural Resources, Department of	PO#751P6200308-MDNR	15		28,037
Michigan, State of, Natural Resources, Department of	PO#751P6200500-MDNR#237000	15		17,017
Michigan, State of, Natural Resources, Department of	PO#751P7200051	15		30,289
Michigan, State of, Natural Resources, Department of	PO#751P7200059	15		61,389
Michigan, State of, Natural Resources, Department of	PO#751P7200060	15		64,794
Michigan, State of, Natural Resources, Department of	PO#751P7200061-MDNR #237006	15		12,064
Justice, Department of				
Direct		16		1,442,371
Subcontract:				
Michigan, State of, Human Services, Department of	PO# 431N6201797	16		36,141
Labor, Department of				
Subcontract:				
Michigan, State of, Michigan Economic Development Corporation	PO # 1148	17		218,759
WorldWide Strategies, Inc (WSI)	SubK Agmt	17		78,248
Library of Congress				
Direct		42		756,048
National Aeronautics and Space Administration				
Direct		43		10,317,788
Subcontract:				

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Aerospace Corporation, The	PO# 4600002720 dtd 6/6/05	43		73,815
California Institute of Technology	1290776	43		43,117
California Institute of Technology	44A-1080828	43		265,900
Carnegie Institution of Washington	DTM-3250-04	43		61,348
Center for Rotorcraft Innovation	04-B-01-017-A17(NRTC)	43		(27,677)
Center for Rotorcraft Innovation	07-B-01-01.7-A17	43		31,205
Collier Research Corp	SUB-K #070327	43		12,675
Consortium for Oceanographic Research and Education	Ck #6259 11/13/06	43		13,236
EMAG Technologies, Inc.	Award Letter	43		110,856
EMAG Technologies, Inc.	Award Ltr	43		10,826
George Mason University Foundation	E600446-1	43		22,358
Jet Propulsion Laboratory	1214369	43		136,287
Jet Propulsion Laboratory	1228303	43		212,101
Jet Propulsion Laboratory	1250337	43		(8,231)
Jet Propulsion Laboratory	1252578	43		52,183
Jet Propulsion Laboratory	1257158	43		66,733
Jet Propulsion Laboratory	1262144	43		(5,393)
Jet Propulsion Laboratory	1263862	43		3,615
Jet Propulsion Laboratory	1264150	43		5,465
Jet Propulsion Laboratory	1264323	43		7,162
Jet Propulsion Laboratory	1264326	43		14,321
Jet Propulsion Laboratory	1264528	43		20,816
Jet Propulsion Laboratory	1265336	43		46,025
Jet Propulsion Laboratory	1266313	43		201,559
Jet Propulsion Laboratory	1266314	43		18,046
Jet Propulsion Laboratory	1267021	43		2,159
Jet Propulsion Laboratory	1267460	43		83,007
Jet Propulsion Laboratory	1268016	43		316,554
Jet Propulsion Laboratory	1269328	43		30,573
Jet Propulsion Laboratory	1271775	43		2,119
Jet Propulsion Laboratory	1272783	43		(64,490)
Jet Propulsion Laboratory	1275482	43		4,286
Jet Propulsion Laboratory	1277433	43		60,438
Jet Propulsion Laboratory	1277575	43		6,296
Jet Propulsion Laboratory	1277577	43		39,751
Jet Propulsion Laboratory	1277581	43		5,714
Jet Propulsion Laboratory	1277600	43		17,682
Jet Propulsion Laboratory	1277764	43		21,536
Jet Propulsion Laboratory	1277901	43		1,874
Jet Propulsion Laboratory	1278510	43		56,150
Jet Propulsion Laboratory	1279089	43		613,826
Jet Propulsion Laboratory	1279285	43		117,302
Jet Propulsion Laboratory	1279720	43		105,525
Jet Propulsion Laboratory	1280710	43		75,624
Jet Propulsion Laboratory	1284086	43		57,388
Jet Propulsion Laboratory	1285169	43		292
Jet Propulsion Laboratory	1288654	43		33,914
Jet Propulsion Laboratory	1288881	43		22,790
Jet Propulsion Laboratory	1288887	43		18,321
Jet Propulsion Laboratory	1292011	43		15,950
Jet Propulsion Laboratory	1292494	43		1,436
Jet Propulsion Laboratory	1293652	43		22,640

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Jet Propulsion Laboratory	1297633	43		7,065
Jet Propulsion Laboratory	1298642	43		13,722
Jet Propulsion Laboratory	1300451	43		8,016
Johns Hopkins University	NNG05GL45G	43		37,087
Michigan State University	622731	43		79,304
North Carolina State University	2005-0372-02	43		35,655
Orbital Science Corporation	OSC-SPO-30064	43		(392)
Princeton University	999	43		34,846
Reisz Engineers	Awd ltr dtd 6/23/05	43		83,808
Southwest Research Institute	599966Q	43		15,708
Southwest Research Institute	699040X	43		15,610
Southwest Research Institute	699056KC	43		71,612
Southwest Research Institute	792013BT	43		16,176
Southwest Research Institute	792018BT	43		16,380
Southwest Research Institute	799114 MO	43		17,299
Southwest Research Institute	SubK #699064X	43		6,190
Space Telescope Science Institute	HST-AR-05924.05-A	43		6,273
Space Telescope Science Institute	HST-AR-10301.01-A	43		12,415
Space Telescope Science Institute	HST-AR-10648.01A	43		19,797
Space Telescope Science Institute	HST-AR-10650.03-A	43		12,880
Space Telescope Science Institute	HST-GO-08591.01-A	43		998
Space Telescope Science Institute	HST-GO-09036.16-A	43		3,142
Space Telescope Science Institute	HST-GO-09106.01-A	43		909
Space Telescope Science Institute	HST-GO-09107.01-A	43		2,558
Space Telescope Science Institute	HST-GO-09185.07-A	43		5,675
Space Telescope Science Institute	HST-GO-09374.04-A	43		17,154
Space Telescope Science Institute	HST-GO-09392.01-A	43		10,956
Space Telescope Science Institute	HST-GO-09776.01-A	43		24,477
Space Telescope Science Institute	HST-GO-09796.12-A	43		13,674
Space Telescope Science Institute	HST-GO-10148-01	43		8,895
Space Telescope Science Institute	HST-GO-10248.11-A	43		437
Space Telescope Science Institute	HST-GO-10341.07-A	43		13,409
Space Telescope Science Institute	HST-GO-10438.09-A	43		28,740
Space Telescope Science Institute	HST-GO-10438-04-A	43		8,950
Space Telescope Science Institute	HST-GO-10491.07-A	43		4,289
Space Telescope Science Institute	HST-GO-10505.04A	43		17,790
Space Telescope Science Institute	HST-GO-10531.01-A	43		28,361
Space Telescope Science Institute	HST-GO-10629.01	43		6,165
Space Telescope Science Institute	HST-GO-10810.01-A	43		13,819
Space Telescope Science Institute	HST-GO-10840.01-A	43		25,494
Space Telescope Science Institute	HST-GO-10862.13-A	43		3,431
Stanford University	26966-A	43		53,787
Streamline Numerics, Inc	Res Agrmt 2/7/05	43		83,865
Universities Space Research Association	07605-003-051	43		(25)
Universities Space Research Association	07605-003-070	43		105,173
University of Alabama	SUB2006-271	43		134,348
University of Arizona	Y402840	43		53,511
University of California - Berkeley	SA 4700-10477	43		7,283
University of California - Berkeley	SA4503-24345	43		7,868
University of California - Berkeley	SA4765-26309	43		17,986
University of Florida, The	UF-EIES-0502007-UM	43		309,998
University of Maryland, The	Q223201	43		(7,603)

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University of Maryland, The	Z689204	43		1,317,719
University of Massachusetts	07-004013 A 00	43		20,530
Washington University in St. Louis	WU-HT-06-13 under NASA Grant #	43		67,194
Wheeling Jesuit University, Inc.	NAG5-13782	43		3,251
National Endowment for the Humanities				
Direct		6		308,296
National Science Foundation				
Direct		47		62,311,566
Subcontract:				
American Association for the Advancement of Science (AAAS)	ESI-0227557	47		534,545
American Educational Research Association	Letter dtd 02/23/05	47		8,584
Arizona State University	ASU 03-068	47		115,822
Association for Institutional Research	AIR GR #05-406 dtd 6/30/05	47		(270)
Association for Institutional Research	Ltr dtd 5/22/07	47		916
Auburn University	07-C&T-200111-UM	47		4,668
Brandeis University	4-00674	47		264,180
California Institute of Technology	1005452	47		86,893
California Institute of Technology	PHY 0427110	47		44,829
Carnegie-Mellon University	Subgrant 1120201-127990	47		27,602
Clemson University	692-7557-206-2003627	47		(1,679)
Columbia University	560469	47		284,785
Columbia University	563907	47		10,311
Columbia University	PHY 0301292 Subawrd3 PO#541377	47		816,081
Cornell University	447710-7472	47		1,135,983
Cornell University	46222-7763	47		43,604
Cornell University	46417-7752	47		78,445
Eastern Michigan University	Agmt	47		7,938
Eastern Michigan University	EMU Award #0522174	47		10,485
General Dynamics Corporation	Ck #761209	47		(721)
Georgia Institute of Technology	C36-A98-G3	47		150,992
Georgia Institute of Technology	E-20-K28-G3	47		86,963
Georgia Institute of Technology	G-41-A30-G1	47		9,059
Georgia Institute of Technology	R8112-G1	47		2,979
Illinois Institute of Technology	SA302-1005-4369	47		57,159
Intelligent Prosthetic Systems	Letter	47		43,326
Iowa State University	ISU 420-60-02	47		142,740
Joint Oceanographic Institutions	T309A2	47		12,514
Joint Oceanographic Institutions	T312A2	47		256
Joint Oceanographic Institutions	Task F001842 Ref.418921 BA	47		3,030
Joint Oceanographic Institutions	Task Order #T302A2	47		10,276
Joint Oceanographic Institutions	Task order T312B2	47		47,940
Kent State University	442192-PO60553-A	47		(11,982)
Kent State University	442197-PO60510	47		74,800
Marine Biological Laboratory	MBL Subaward #25282	47		153,055
Marine Biological Laboratory	PO No. 4122 MBL 0026450650	47		29,693
Michigan State University	61-2422UM CMS 0501294	47		38,566
Michigan State University	61-2554UM	47		65,990
Michigan State University	61-2651 UM	47		20,781
Michigan Technological University	MTU 030171Z	47		56,239
Michigan Technological University	Sub Grant 060149Z	47		126
National Academy of Sciences	Terms of Agmt 2/1/05	47		4,549

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National Bureau of Economic Research	Subcontract # 28-3422/1	47		189,417
National Radio Astronomy Observatory	309476	47		53,085
National Radio Astronomy Observatory	Research Award Letter	47		11,148
New York Hall of Science	ESI-0540152	47		70,707
North Carolina State University	2004-0679-01	47		64,902
Northwestern University	0830 310 A600 1322	47		30,517
Northwestern University	0830 520 T618 1031	47		477,214
nScript	10023-UM Prme FA9550-06-C-0131	47		18,030
OG Technologies, Inc.	Research Agreement	47		10,473
Ohio State University	60002999	47		65,051
Pennsylvania State University	2095-UM-NSF-3354	47		(329)
Pennsylvania State University	2792-UM-NSF-9002	47		26,380
Pennsylvania State University	3020-UM-NSF-7146	47		170,526
Pennsylvania State University	3371-UM-NSF-4688	47		17,078
Princeton University	1234	47		40,418
Rand Corporation	Sub #9920070065 -- SES-0624353	47		24,870
Rensselaer Polytechnic Institute	Subawd #A11729	47		23,397
Sonetics Ultrasound, Inc.	RT Res Agmt 1/1/05	47		(618)
Sonetics Ultrasound, Inc.	RT Res Agmt dtd 1/1/05	47		10,369
Southwest Research Institute	799131 LU NSF K#CHE0650647	47		44,136
Southwest Research Institute	SUBK#499951Q 15-10694	47		2,054
SRI International	Letter dtd. 10/17/01	47		98,069
SRI International	Subcntr 66-000201	47		64,734
Stanford University	16391370-34122	47		91,022
State University of New York	Award #28104/Project 103	47		(33,244)
Syagen Technology, Inc.	SBIR Ph2	47		(681)
Syagen Technology, Inc.	Subent dtd 6/30/05	47		27,815
Texas A & M Research Foundation	Task Order F001802	47		(2,518)
Thixomat, Inc.	Agmt dtd 11/1/06	47		47,071
United States Civilian Research and Development Foundation	AR-P2 2580-YE-04	47		510
United States Civilian Research and Development Foundation	AZG1-2840-BA-06	47		7,213
United States Civilian Research and Development Foundation	MO-E2-2588-CH-04	47		12,531
United States Civilian Research and Development Foundation	RUB2-2838-OB-06	47		4,855
United States Civilian Research and Development Foundation	RUG2-2800-KR-06	47		2,575
United States Civilian Research and Development Foundation	RUP1-2689PE-05	47		1,322
University Corporation for Atmospheric Research	UCAR S07-59369	47		15,030
University of Arizona	Y430190	47		4,189
University of California - Irvine	0144M2004-1430	47		(1,085)
University of California - Santa Barbara	KK6156	47		32,374
University of California-San Diego	PO# 10248242	47		(26,277)
University of Chicago	34024	47		13,631
University of Cincinnati	PATS#25280	47		3,800
University of Georgia	RR229-227/5812127	47		713,842
University of Georgia	RR551-224/9822917	47		43,898
University of Illinois at Chicago	2003-01053-14	47		54,243
University of Illinois at Chicago	2003-07913-01	47		(732)
University of Illinois at Chicago	2005-06198-02	47		440,250
University of Illinois-Urbana-Champaign	2006-01515-01 A5337	47		10,613
University of Illinois-Urbana-Champaign	A7929	47		133,952
University of Maryland, The	Z424801	47		15,268
University of Minnesota	T4496001003	47		(2,903)
University of Minnesota	V4846038101	47		(85)

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University of Minnesota	X4056459201	47		57,525
University of Nevada	UNR-07-92	47		986
University of New Hampshire	Agmt 06-035	47		74,140
University of New Mexico	048531-871E PO#P0008436	47		4,434
University of Oregon	206381B-5.8	47		29,194
University of Pennsylvania	#1840678	47		9,588
University of Pennsylvania	5-41191-B (PO# 1796438)	47		59,449
University of Southern California	EAR 0106924	47		11,325
University of Utah	EEC 0304433	47		102,819
University of Wisconsin-Madison	A703776,144-MB68	47		(2,152)
University of Wisconsin-Madison	F193734	47		20,922
University of Wisconsin-Madison	Subaward A702656	47		45,266
Vanderbilt University	16831-S2	47		20,867
Virginia Commonwealth University	PT095050 - SC100044	47		23,087
Virginia Commonwealth University	PT100983 SC100255	47		2,629
Peace Corps				
Direct		8		(855)
Small Business Administration				
Direct		59		19,228
Smithsonian Institution				
Direct		60		201,186
Social Security Administration				
Direct		96		2,424,682
State, Department of				
Direct		19		275,079
Subcontract:				
International Science and Technology Center (ISTC)	AV-05/G1074-2	19		4,852
United States Civilian Research and Development Foundation	AZMI-3104-BA-03	19		(346)
Transportation, Department of-Federal Highway Administration				
Direct		20		1,084,847
Subcontract:				
Battelle	TAO176397-6	20		25,300
Battelle Columbus Laboratories	208997	20		12,132
Battelle Memorial Institute	Batelle Task Order no 176397-8	20		51,644
Battelle Memorial Institute	SubK 176397 Task Order #7	20		85,000
Booz Allen Hamilton, Inc.	PO# 86805CBS17	20		7,270
Michigan, State of, Transportation, Department of	2003-0026 Auth #9	20		127,135
Michigan, State of, Transportation, Department of	2003-0026 Auth 11	20		51,442
Michigan, State of, Transportation, Department of	2003-0026, Auth #4	20		(1,702)
Michigan, State of, Transportation, Department of	Auth 5 dtd 2/15/06-#2006-0412	20		24,567
Michigan, State of, Transportation, Department of	Auth 8 for IDS #2003-0026	20		46,217
Michigan, State of, Transportation, Department of	Auth#1 Ctr #2006-0412	20		44,001
Michigan, State of, Transportation, Department of	Contract #2007-0329	20		55,885
Michigan, State of, Transportation, Department of	MDOT 94-1519	20		(207)
Michigan, State of, Transportation, Department of	MDOT 95-0242	20		(22,629)
Michigan, State of, Transportation, Department of	MDOT Contract #2006-0507	20		201,032
Soils & Materials Engineers, Inc.	pp43920-01	20		36,236
Soils & Materials Engineers, Inc.	PP47973-06	20		83
Soils & Materials Engineers, Inc.	Proposal of 07-2189	20		2,588
Southeast Michigan Council of Governments	Ntc to Proceed dtd 2/24/05	20		47,110
Transtec Group, Inc.	Subst dtd 9/10/04	20		(276)
University of California - Berkeley	SA5564	20		16,906

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Transportation, Department of-Federal Motor Carrier Safety Administration				
Direct		20		638,014
Subcontract:				
Michigan, State of, State Police, Department of	Subaward dtd 10/6/06	20		2,822
Transportation, Department of-Federal Transit Administration				
Direct		20		5,911
Subcontract:				
Michigan, State of, Transportation, Department of	2007-0315	20		4,853
Transportation, Department of-Maritime Administration				
Subcontract:				
Great Lakes Maritime Research Institute	UW-Sup/UM-sub-DTOS59-05-G00019	20		49,560
Transportation, Department of-National Highway Traffic Safety Administration				
Direct		20		11,185,509
Subcontract:				
Great Lakes Maritime Research Institute	U of Wis-Sup. Sub under DOT	20		18,898
Virginia Polytechnic Institute and State University	CR-19337-425766	20		100,605
Virginia Polytechnic Institute and State University	CR-19337-725759	20		71,288
Transportation, Department of-Other				
Direct		20		8,277
Subcontract:				
Battelle Columbus Laboratories	204243	20		107,176
Delphi Automotive Systems		20		349,055
Ford Motor Company	A10-PO07-154018	20		103,283
Great Lakes Maritime Research Institute	U/W-Superior-SubK DOT	20		7,433
International Electronic Machines Corp	DRDA 07-0638	20		7,839
Meritor WABCO	Research Agreement	20		173,700
Michigan, State of, State Police, Department of	AL-07-03	20		19,983
Michigan, State of, State Police, Department of	CP-06-03	20		34,793
Michigan, State of, State Police, Department of	TR-06-01	20		78,492
Michigan, State of, State Police, Department of	TR-07-01	20		118,117
Michigan, State of, Transportation, Department of	#2006-0412/Email dtd 12/4/06	20		23,144
Michigan, State of, Transportation, Department of	2003-0026 Auth #12	20		30,927
Michigan, State of, Transportation, Department of	2003-0026, Auth 1, 76973	20		6,026
Michigan, State of, Transportation, Department of	2006-0412 Job #86886	20		5,543
Michigan, State of, Transportation, Department of	Auth No. 10 Contract#2003-0026	20		54,324
Michigan, State of, Transportation, Department of	Email dtd 9/21/05 -CT#2003-002	20		51,930
Michigan, State of, Transportation, Department of	Email dtd 9/21/05 for CT #2003	20		21,286
Michigan, State of, Transportation, Department of	Email dtd 9/21/05 for CT#2003	20		20,020
National Academy of Sciences	SHRP S-01 (C)	20		22,097
National Academy of Sciences	SHRP-S-09	20		31,909
National Association of State EMS Directors (NASEMSD)	NASEMSD Subcontr	20		5,504
National Safety Council	LOA under DTNH22-04-H-05087	20		74,109
Society of Automotive Engineers International	PO20375	20		31,088
Tallahassee Community College		20		66,620
United States Agency for International Development				
Subcontract:				
Oregon State University	RD010A-04	98		213,751
United States Postal Service				
Direct		22		97,934
Veterans Affairs, Department of				

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Direct		64		6,201
Subcontract: University of Missouri	V255P(589A4)-1556	64		(20,596)
Total research and development cluster*				<u>\$ 628,185,395</u> *
STUDENT FINANCIAL AID CLUSTER				
Education, Department of-Programs-Office of Student Financial Assistance Programs				
Direct		84.007	Federal Supplemental Educational Opportunity Grants	\$ 2,210,771
Direct		84.033	Federal Work-Study Program	4,061,372
Direct		84.038	Federal Perkins Loan Program Federal Capital Contributions (Note 5)	-
Direct		84.063	Federal Pell Grant Program	17,456,417
Direct		84.268	William D. Ford Federal Direct Loan Program (Note 4)	-
Direct		84.375	Academic Competitiveness Grants	702,869
Direct		84.376	National Science and Mathematics Access to Retain Talent Grants	1,058,353
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)	113,055
Total student financial aid cluster*				<u>\$ 25,602,837</u> *
NATIONAL CENTER FOR RESEARCH RESOURCES PROGRAM				
Health and Human Services, Department of-National Institutes of Health				
Direct		93.389	National Center for Research Resources	<u>\$ 7,239,100</u> *
NON-CLUSTER NON-MAJOR PROGRAMS				
Agriculture, Department of				
Direct		10.250	Agricultural and Rural Economic Research	\$ 97,314
Direct		10.303	Integrated Programs	113,550
Direct		10.961	Scientific Cooperation and Research	5,904
Subcontract: Michigan, State of, Education, Department of	810000039	10.558	Child and Adult Care Food Program	35,562
Commerce, Department of-Economic & Statistics Administration				
Subcontract: University of Maryland, The	Subcontract Z774901			330,951
Commerce, Department of-Economic Development Administration				
Direct		11.313	Trade Adjustment Assistance	1,001,304
Commerce, Department of-National Oceanic and Atmospheric Administration				
Subcontract: Grand Traverse County	Ck# 385307 dtd 7/11/06			13,000
Commerce, Department of-Office of the Secretary				
Direct		11.550	Public Telecommunications Facilities Planning and	596,375

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Direct		11.609	Measurement and Engineering Research and Standards	6,720
Direct		11.63-05-IPA-02		63,539
Direct		11.YA132305SE0398		(2,293)
Corporation for National and Community Service				
Subcontract:				
Michigan Campus Compact	06HHM1001			8,153
Michigan, State of, Labor and Economic Growth, Department of	Grnt#MMCS/MA/CF-188	94.006	AmeriCorps	(639)
Michigan, State of, Labor and Economic Growth, Department of	MCSC/MA/CF-209/06	94.006	AmeriCorps	185,179
Michigan, State of, Labor and Economic Growth, Department of	MSCS/MA/CF-230-07	94.006	AmeriCorps	185,099
Defense, Department of-Air Force, Department of the				
Direct		12.IPA Dr. Lau		50,419
Defense, Department of-Army, Department of the				
Direct		12.IPA Mary Kratz		51,491
Defense, Department of-Defense Advanced Research Projects				
Agency				
Subcontract:				
Corporation for National Research Initiatives (CNRI)	Amend #10 to MEMS Exchange			26,678
SeaLandAire Technologies, Inc	PO# PSO-F920B-UMI-01 -12/21/06			555
SeaLandAire Technologies, Inc	PSC-F920B-UOM-02			23,124
Defense, Department of-National Security Agency				
Direct		12.901	Mathematical Sciences Grants Program	(1,495)
Defense, Department of-Navy, Department of the				
Direct		12.300	Basic and Applied Scientific Research	839
Direct		12.N00140-97-G-2970		2,485
Subcontract:				
Computer Sciences Corporation	SubK#S-9292 TO#004			83,160
Consortium for Oceanographic Research and Education	Ck# 4907 dtd 11/21/05			(1,514)
eMagin Corporation	Agreement			8,271
Michigan Aerospace Corporation	C1276-020706-N00167-05-0024			68,149
NAVMAR	PO #CH06 130			11,076
North Carolina A & T State University	210013X			32,883
Education, Department of				
Direct		84.004	Civil Rights Training and Advisory Services	655,729
Direct		84.015	National Resource Centers and Fellowships Program	1,899,792
Direct		84.021	Overseas_Group Projects Abroad	63,873
Direct		84.051	Vocational Education_National Programs	81,801
Direct		84.116	Fund for the Improvement of Postsecondary Educatio	13,294
Direct		84.133	National Institute on Disability and Rehabilitatio	157,880
Direct		84.170	Javits Fellowships	384,307
Direct		84.195	Bilingual Education - Professional Development	136,108
Direct		84.220	Centers for International Business Education	367,384
Direct		84.335	Child Care Access Means Parents in School	586
Direct		84.336	Teacher Quality Enhancement Grants	173,024
Direct		84.349	Early Childhood Educator Professional Development	535,733
Direct		84.ED05CO0062		773,480
Direct		84.ED05P02123		7,631
Direct		84.Project IDEAL		(4,954)
Subcontract:				
Arizona, State of	E6PD1329	84.002	Adult Education_State Grant Program	2,358

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Arizona, State of	PO No. E7PD1457	84.002	Adult Education_State Grant Program	14,603
Flint Community Schools	Ck#287086	84.350	Transition to Teaching	13,498
Indiana, State of	Award #S367A050013A	84.367	Improving Teacher Quality State Grants	500
Indiana, State of Department of Administration	Agmt signed 6/7/06	84.002	Adult Education_State Grant Program	20,000
Indiana, State of Department of Administration	Agreement	84.002	Adult Education_State Grant Program	20,741
Maine, State of	Agreement	84.002	Adult Education_State Grant Program	14,558
Maine, State of	Awd ltr dtd 9/26/05	84.002	Adult Education_State Grant Program	4,497
Maryland, State of	Agreement			14,758
Merit Network, Inc.	50510	84.367	Improving Teacher Quality State Grants	30,100
Michigan, State of, Education, Department of	050290-0405	84.367	Improving Teacher Quality State Grants	28,771
Michigan, State of, Education, Department of	050290-606	84.367	Improving Teacher Quality State Grants	107,970
Michigan, State of, Education, Department of	060290-190	84.367	Improving Teacher Quality State Grants	4,713
Michigan, State of, Education, Department of	Prj#070290-103 Ltr 8/1/06	84.367	Improving Teacher Quality State Grants	52,027
Michigan, State of, Education, Department of	Proj #070290-670	84.367	Improving Teacher Quality State Grants	32,164
Michigan, State of, Education, Department of	Project # 060290-670	84.367	Improving Teacher Quality State Grants	44,135
Michigan, State of, Labor and Economic Growth, Department of	06-00-11	84.334	Gaining Early Awareness and Readiness for Undergra	116,323
Michigan, State of, Labor and Economic Growth, Department of	06-00-12	84.334	Gaining Early Awareness and Readiness for Undergra	1,484
Michigan, State of, Labor and Economic Growth, Department of	06-00-13	84.334	Gaining Early Awareness and Readiness for Undergra	14,999
Michigan, State of, Labor and Economic Growth, Department of	Agreement dtd 11/3/05	84.002	Adult Education_State Grant Program	4,316
Michigan, State of, Labor and Economic Growth, Department of	Grant #06-00-17	84.334	Gaining Early Awareness and Readiness for Undergra	21,833
Michigan, State of, Labor and Economic Growth, Department of	P.O. 801B3001004			(2,373)
Missouri, State of	Agmt of 10/1/05	84.002	Adult Education_State Grant Program	11,995
National Council on Economic Education	Email dtd 10/04/06			1,493
National Council on Economic Education	TT-05-5016	84.215	Fund for the Improvement of Education	707
National Writing Project	00-M103			49,994
North Carolina, State of, Community College System	P.O. No. EP4454567			36,498
North Carolina, State of, Community College System	P.O.# EP4342350			3,795
Northern Illinois University	PO#73611			2,238
Ohio, State of	Agreement	84.002	Adult Education_State Grant Program	7,380
Ohio, State of	Agmt dtd 10/28/05	84.002	Adult Education_State Grant Program	4,312
Pennsylvania, State of, Department of Education	Agmmt Signed 11/10/05	84.002	Adult Education_State Grant Program	8,037
Saginaw Valley State University	07-0000-003	84.366	Mathematics and Science Partnerships	24,260
Saginaw Valley State University	Agmt 07-0000-001	84.366	Mathematics and Science Partnerships	99,915
Texas, State of	Agreement	84.002	Adult Education_State Grant Program	17,500
University of California - Berkeley	Check # 14231			1,400
University of California - Berkeley	Check #16999			3,995
University of Missouri	C00001253-2	84.116	Fund for the Improvement of Postsecondary Educatio	776
University of the District of Columbia	Order # PO177909			15,000
University of the District of Columbia	Order #PO213542			539
Energy, Department of				
Direct		81.049	Office of Science Financial Assistance Program	4,199
Direct		81.086	Conservation Research and Development	142,947
Direct		81.117	Energy Efficiency and Renewable Energy Information	99,399
Direct		81.DE-FC26-98CH10950		5,000
Subcontract:				
BWXT Y-12, LLC	Sub-K # 4300038913 11/9/04			55,181

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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Krell Institute	Awd ltr 10/06/06			344
Krell Institute	ORAU-FELLOWSHIP	81.049	Office of Science Financial Assistance Program	5,971
Michigan, State of, Labor and Economic Growth, Department of	PLA 06-20	81.041	State Energy Program	5,716
Vortex Hydro Energy, LLC	Check# 1023 dtd 4/30/06			1,084
Environmental Protection Agency				
Direct		66.034	Surveys, Studies, Investigations, Demonstrations a	72,782
Direct		66.EP07D000038		17,750
Subcontract:				
Arcadis G&M Inc	Gen SubK #D05-0140			41,405
Michigan, State of, Environmental Quality, Department of	Agrmnt #2004-0160	66.454	Water Quality Management Planning	44,087
Wayne, County of	Letter of March 10,2006	66.202	Congressionally Mandated Projects	238,382
Federal Reserve System				
Direct		18.MCRDC 2004-7 #289		(2,500)
Health and Human Services, Department of-Administration for Children and Families				
Direct		93.648	Child Welfare Services Training Grants	238,928
Subcontract:				
Washtenaw, County of	Agmt 8/1/05	93.600	Head Start	8,378
Health and Human Services, Department of-Administration on Aging				
Subcontract:				
Area Agency on Aging - Michigan	04-9048-G-02			3,278
Area Agency on Aging - Michigan	06-9202-03			32,445
Area Agency on Aging - Michigan	07-9202-03			29,225
Area Agency on Aging - Michigan	Various Checks			55,021
Washtenaw, County of	CR-38550			53,038
Washtenaw, County of	Ltr dtd 9/30/05			17,907
Health and Human Services, Department of-Agency for Health Care Research and Quality				
Direct		93.226	Research on Healthcare Costs, Quality and Outcomes	9,888
Health and Human Services, Department of-Centers for Disease Control and Prevention				
Direct		93.061	Innovations in Applied Public Health Research	421,217
Direct		93.135	Centers for Research and Demonstration for Health	1,028,042
Direct		93.136	Injury Prevention and Control Research and State a	(5,199)
Direct		93.283	Centers for Disease Control and Prevention_Investi	1,160,562
Direct		93.051PA28258.1		13,810
Direct		93.051PA28258		(5,841)
Subcontract:				
Association of Schools of Public Health, Inc.	53247-23/23			12,684
Christopher Reeve Paralysis Foundation	Awd dtd 7/19/04			8,566
Community Health and Social Services, Inc.	CHASS/UM Agmnt 12/17/99	93.945	Assistance Programs for Chronic Disease Prevention	(10,318)
Genesee County	Agmt of 10/1/05	93.945	Assistance Programs for Chronic Disease Prevention	8,511
Genesee County	Contract dtd 10/01/06	93.945	Assistance Programs for Chronic Disease Prevention	26,141
Health Research, Inc	2946-01	93.283	Centers for Disease Control and Prevention_Investi	11,000
Hemophilia Foundation of Michigan	2003/04 DHHS/CDC	93.283	Centers for Disease Control and Prevention_Investi	14,716
Hemophilia Foundation of Michigan	2004-2005 CDC Contract			(7,884)
Hemophilia Foundation of Michigan	2004-2005 CDC Thom..			(2,241)
Hemophilia Foundation of Michigan	2005-2006 DHHS/CDC			(2,561)
Hemophilia Foundation of Michigan	2006 DHHS/CDC Prvnt			13,570
Hemophilia Foundation of Michigan	2006-2007 DHHS/CDC Prvnt Contr			32,205

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Hemophilia Foundation of Michigan	Agreement	93.283	Centers for Disease Control and Prevention_Investi	77,020
Jackson County Health Department	Ck# 00365888	93.283	Centers for Disease Control and Prevention_Investi	3,000
Michigan Public Health Institute	Agmt #C-30308-15-504200	93.136	Injury Prevention and Control Research and State a	11,218
Michigan, State of, Community Health, Department of	20060045	93.919	Cooperative Agreements for State-Based Comprehen	64,265
Michigan, State of, Community Health, Department of	20060150	93.283	Centers for Disease Control and Prevention_Investi	68,834
Michigan, State of, Community Health, Department of	20060935	93.283	Centers for Disease Control and Prevention_Investi	20,282
Michigan, State of, Community Health, Department of	20060980	93.283	Centers for Disease Control and Prevention_Investi	234,449
Michigan, State of, Community Health, Department of	20062614	93.283	Centers for Disease Control and Prevention_Investi	7,259
Michigan, State of, Community Health, Department of	20070103	93.283	Centers for Disease Control and Prevention_Investi	7,932
Michigan, State of, Community Health, Department of	20070104	93.283	Centers for Disease Control and Prevention_Investi	141,953
Michigan, State of, Community Health, Department of	20071106	93.283	Centers for Disease Control and Prevention_Investi	33,894
Michigan, State of, Community Health, Department of	20071378	93.283	Centers for Disease Control and Prevention_Investi	251,220
Michigan, State of, Community Health, Department of	20071967	93.991	Preventive Health and Health Services Block Grant	108,827
Health and Human Services, Department of-Food and Drug Administration				
Direct		93.Invoice dtd 3/8/07		189
Health and Human Services, Department of-Health Resources and Services Administration				
Direct		93.110	Maternal and Child Health Federal Consolidated Pro	469
Direct		93.124	Nurse Anesthetist Traineeships	11,006
Direct		93.127	Emergency Medical Services for Children	706,281
Direct		93.134	Grants to Increase Organ Donations	6,551
Direct		93.178	Nursing Workforce Diversity	247,762
Direct		93.247	Advanced Education Nursing Grant Program	(40,537)
Direct		93.249	Public Health Training Centers Grant Program	383,476
Direct		93.264	Nurse Faculty Loan Program (Note 5)	-
Direct		93.359	Nurse Education, Practice and Retention Grants	655,637
Direct		93.822	Health Careers Opportunity Program	221,823
Direct		93.884	Grants for Training in Primary Care Medicine and D	242,915
Direct		93.887	Health Care and Other Facilities	352,423
Direct		93.918	Grants to Provide Outpatient Early Intervention Se	628,142
Subcontract:				
Hemophilia Foundation of Michigan	DHHS/MCHB Comp Care	93.110	Maternal and Child Health Federal Consolidated Pro	27,462
Hemophilia Foundation of Michigan	S/MCHB Comprehensive Care			(1,634)
Michigan State University	610555UM	93.969	Geriatric Education Centers	15,345
Washington University	Subaward No:FY06-151	93.127	Emergency Medical Services for Children	(439)
Health and Human Services, Department of-Indian Health Service				
Direct		93.SD-CA-03-0007		7,387
Health and Human Services, Department of-National Institutes of Health				
Direct		93.121	Oral Diseases and Disorders Research	151,618
Direct		93.213	Research and Training in Complementary and Alterna	139,984
Direct		93.242	Mental Health Research Grants	340,108
Direct		93.839	Blood Diseases and Resources Research	376,197
Direct		93.847	Diabetes, Endocrinology and Metabolism Research	5,308
Direct		93.859	Biomedical Research and Research Training	2,000
Direct		93.865	Child Health and Human Development Extramural Rese	6,000
Direct		93.866	Aging Research	8,232
Direct		93.879	Medical Library Assistance	27,579
Direct		93.263-MD-5114428		8,768
Direct		93.263-MD-516838		4,938
Direct		93.263-MD-611267		40,524

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Direct		93.263-MJ-702724		45,773
Direct		93.269-MM-508675		7,133
Direct		93.Email dated 4/10/06		(20,807)
Direct		93.Invoice dtd 3/8/07		1,872
Direct		93.IPA Austra Liepa		7,078
Direct		93.REQ#: QDN60042		1,442
Direct		93.YI600014 - IPA R. Bashshur		140,892
Subcontract:				
American College of Radiology	Agmt dtd 1/1/03			(2,065)
American College of Radiology	Agmt dtd 7/19/05			2,625
American College of Radiology	Agreement dtd 7/21/05			3,312
American College of Radiology	CA21661			30,018
Booz Allen Hamilton, Inc.				67,992
Cancer Therapy and Research Center	Multiple Checks			32,291
Cancer Therapy and Research Center	SELENIUM-05003			1,749
Cayuse, Inc.	subcontract dtd 12/5/02			33,422
Duke University	agmt of 5/1/02	93.395	Cancer Treatment Research	3,632
Duke University	Subcontract Agrmt			15,606
Emmes Corporation, The	Ltr of Agmt			18,093
Hutchinson, Fred, Cancer Research Center	623838	93.399	Cancer Control	13,169
International Union, UAW	Res Agmt dtd 9/6/05			218,413
Johns Hopkins University	8407-46290-X	93.399	Cancer Control	(8,702)
Johns Hopkins University	Check # 898822	93.838	Lung Diseases Research	2,850
Kaiser Permanente Northern California	KRI Cnt#05Rwhit-01-01 dtd 8/3/			31,620
Mayo Foundation for Medical Education & Research	Mltip ck from Mayo fdn			(3,923)
Metabolic Solutions	Check #1425			8,775
Michigan Coalition Against Domestic and Sexual Violence, The (MCADSV)	Coop Agmt - Delta Prjt			58,195
Michigan State University	NO1-AI-30058			36,785
National Childhood Cancer Foundation	15359	93.395	Cancer Treatment Research	7,483
National Childhood Cancer Foundation	Subcnt#12786			(65,567)
National Childhood Cancer Foundation	Subcont #14584			(4)
National Opinion Research Center	Subaward No. 5587-UM			15,069
NeuroNexus Technologies, Inc.	Check# 1847 dtd 1/25/07			1,500
Rose Li Associates, Inc	SubK Agmt dtd 5/30/06			896
University of Texas	Check No. 397095			29
Wayne State University	WSU04043-A1			7,246
Health and Human Services, Department of-Office of the Secretary				
Direct		93.IPA Melissa McPheeters		9,592
Direct		93.IPA Nicholas Steneck		52,219
Direct		93.N01-DK-9-2323		20,920
Subcontract:				
HelpSource	Agreement dtd 5/08/06			32,170
HelpSource	Awd ltr dtd 8/1/05			12,603
Ingham, County of	Agreement of 10/1/02	93.919	Cooperative Agreements for State-Based Comprehensi	8,862
Michigan Primary Care Association	Grant Agreement	93.778	Medical Assistance Program	290,320
Michigan State University	Subcontract #61-9158/1	93.778	Medical Assistance Program	13,881
Michigan, State of, Community Health, Department of	20051612	93.778	Medical Assistance Program	(5,483)
Michigan, State of, Community Health, Department of	20051615	93.778	Medical Assistance Program	(40,984)
Michigan, State of, Community Health, Department of	20052160	93.778	Medical Assistance Program	(6,013)
Michigan, State of, Community Health, Department of	20052258	93.778	Medical Assistance Program	660
Michigan, State of, Community Health, Department of	20052588	93.778	Medical Assistance Program	(1,687)

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Cluster Title/Federal Grantor/Program/ Pass-Through Grantor	Pass-through Award Identifier	Federal CFDA Number	CFDA Program Title	Federal expenditures
Michigan, State of, Community Health, Department of	20060153	93.778	Medical Assistance Program	35,260
Michigan, State of, Community Health, Department of	20060549	93.778	Medical Assistance Program	114,794
Michigan, State of, Community Health, Department of	20060936	93.778	Medical Assistance Program	(979,965)
Michigan, State of, Community Health, Department of	20060937	93.778	Medical Assistance Program	6,568
Michigan, State of, Community Health, Department of	20061456	93.778	Medical Assistance Program	178,054
Michigan, State of, Community Health, Department of	20061458	93.778	Medical Assistance Program	108,133
Michigan, State of, Community Health, Department of	20061480	93.778	Medical Assistance Program	56,126
Michigan, State of, Community Health, Department of	20062129	93.778	Medical Assistance Program	310,345
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	379,022
Michigan, State of, Community Health, Department of	20071030	93.778	Medical Assistance Program	145,717
Michigan, State of, Community Health, Department of	20071031	93.778	Medical Assistance Program	67,850
Michigan, State of, Community Health, Department of	20071032	93.778	Medical Assistance Program	43,219
Michigan, State of, Community Health, Department of	20071033	93.994	Maternal and Child Health Services Block Grant to	87,369
Michigan, State of, Community Health, Department of	20071940	93.778	Medical Assistance Program	340,437
Michigan, State of, Community Health, Department of	20071977	93.778	Medical Assistance Program	422,215
Health and Human Services, Department of-Substance Abuse and Mental Health Services Adm.				
Subcontract:				
Michigan, State of, Community Health, Department of	20071107	93.243	Substance Abuse and Mental Health Services_Project	15,821
Washtenaw, County of	CR-38743	93.959	Block Grants for Prevention and Treatment of Subst	30,594
Homeland Security, Department of				
Direct		97.HSHQDC-06-P-00081		20,000
Subcontract:				
Michigan, State of, State Police, Department of	2005 Citizens Corps UM Stadium	97.053	Citizen Corps	15,742
Housing and Urban Development, Department of				
Direct		14.511	Community Outreach Partnership Center Program	(26,679)
Institute of Museum and Library Services				
Direct		45.301	Museums for America	140,726
Direct		3.IC-01-06-0128-06		11,403
Subcontract:				
Council on Library and Information Resources	CON 717			62,022
Interior, Department of the				
Direct		15.929	Save America's Treasures	61,385
Direct		15.Awd ltr dtd 7/15/04		11,456
Subcontract:				
Altaram Institute	SC-06-011; 011944.003/007			45,000
Justice, Department of				
Direct		16.525	Grants to Reduce Violent Crimes Against Women on C	151,496
Labor, Department of				
Direct		17.DOLB059421256		(490)
Direct		17.DOLB069422909		38,880
National Aeronautics and Space Administration				
Direct		43.NNG04GM65G		3,307
Direct		43.NNG05GH68H		570,799
Direct		43.W30945		237,919
Subcontract:				
Battel Engineering, Inc	BE/158/06/346B			2,166
Jet Propulsion Laboratory	1258059			(6)
Jet Propulsion Laboratory	1280709			(332)
Space Science Institute	CON 00152 (SSI)			(3,078)
National Archives and Records Administration				

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Direct		89.NAMA-05-C-0007		416,642
National Endowment for the Arts				
Subcontract:				
Michigan, State of, Michigan Council for Arts and Cultural Affairs	06AO0022C1	45.025	Promotion of the Arts_Partnership Agreements	15,143
Michigan, State of, Michigan Council for Arts and Cultural Affairs	07AO0044C2	45.025	Promotion of the Arts_Partnership Agreements	13,190
National Endowment for the Humanities				
Direct		45.149	Promotion of the Humanities_Division of Preservati	127,517
Direct		45.162	Promotion of the Humanities_Teaching and Learning	78,156
Direct		45.163	Promotion of the Humanities_Professional Developme	740
Direct		45.164	Promotion of the Humanities_Public Programs	762
Direct		6.FA-52121		(11,520)
Subcontract:				
American Musicological Society	RZ-20921			60,103
Michigan Humanities Council	2639 H 06	45.129	Promotion of the Humanities_Federal/State Partners	13,219
Michigan Humanities Council	2652 W 06	45.168	Promotion of the Humanities_We the People	1,976
Michigan Humanities Council	Ltr dtd 11/01/05			20,000
Michigan Humanities Council	Project Agmt			82,378
National Science Foundation				
Direct		47.041	Engineering Grants	118,681
Direct		47.049	Mathematical and Physical Sciences	104,342
Direct		47.050	Geosciences	59,460
Direct		47.070	Computer and Information Science and Engineering	111,933
Direct		47.074	Biological Sciences	122,372
Direct		47.075	Social, Behavioral, and Economic Sciences	198,919
Direct		47.076	Education and Human Resources	929,259
Direct		47.CCF 0715164		82,529
Direct		47.CHE 0715527		115,832
Direct		47.CTS 0649769		162,216
Direct		47.DGE-0435717		97,689
Direct		47.OCI 0635459		287,444
Direct		47.OPP-0240005		13,468
Direct		47.SBE-0230128		1,913
Subcontract:				
Detroit Area Pre-College Engineering Program (DACEP)	Email	47.076	Education and Human Resources	55,121
Harvard University	137245	47.075	Social, Behavioral, and Economic Sciences	133,473
Institute for Advanced Study	IAS-DMS-9900969	47.049	Mathematical and Physical Sciences	1,301
Management Planning Research Associates, Inc.	IIS 0444492			42,641
Peace Corps				
Direct		8.PC-06-8-123		14,155
Small Business Administration-Subcontracts				
Subcontract:				
Grand Valley State University	2006 No. 6-603001-Z-0023-06	59.037	Small Business Development Center	32,478
State, Department of				
Direct		19.415	Professional Exchanges_Annual Open Grant	81,609
Direct		19.424	Educational Partnership Programs	7,505
Direct		19.S-ECAPE-03-GR-257 (DH)		46,123
Direct		19.S-LMAQM-05-GR-131		66,026
Subcontract:				
Council for International Exchange of Scholars	06-09845			48,103
Council for International Exchange of Scholars	Grantee ID# 87500496			26,248

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International Research and Exchanges Board Transportation, Department of-Federal Highway Administration	Muskie			13,900
Subcontract:				
Michigan, State of, Transportation, Department of Transportation, Department of-Other	2006-0667			107,294
Subcontract:				
Michigan, State of, State Police, Department of	OP-06-05	20.602	Occupant Protection	10,244
Michigan, State of, State Police, Department of	OP-07-05	20.602	Occupant Protection	13,130
Michigan, State of, State Police, Department of	PT-07-49	20.600	State and Community Highway Safety	9,307
United States Agency for International Development				
Direct		98.HRN-A-00-00-00001		739,371
Subcontract:				
American Council on Education Higher Education for Development	Institutional Partnership sub Subagreement dtd 1/10/07			66,184 17,059
Veterans Affairs, Department of				
Direct		64.018	Sharing Specialized Medical Resources	11,330,058
	Total non-cluster non-major programs			\$ 38,682,633
	Total federal expenditures			\$ 699,709,965

* Denotes a major program

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.

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, 2008, as follows:

On-campus research	52%
Off-campus research	26%
On-campus instruction	54%
Other sponsored activities	30%

3. Subrecipient Awards

During 2007, the University disbursed approximately \$55,855,000 to subrecipients. Of that amount, \$54,421,000 related to research and development cluster awards and \$1,434,000 related to other awards.

4. Federal Direct Loan Program

During the fiscal year ended June 30, 2007, the University's students received the following amount of new loans under the William D. Ford Federal Direct Loan Program. The value of loans issued is based on disbursement amounts.

	<u>CFDA number</u>	<u>Amount issued</u>
William D. Ford Federal Direct Loan Program	84.268	\$220,480,000

The University of Michigan
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5. University-Administered Federal Loan Programs

The University administers the following federal loan programs:

	<u>CFDA</u> <u>Number</u>	<u>Outstanding</u> <u>balance at</u> <u>June 30, 2007</u>
Department of Education, Federal Perkins Program	84.038	<u>\$ 81,464,004</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	3,688,096
Health Professions Loan Program - Pharmacy	93.342	1,899,985
Health Professions Loan Program - Dentistry	93.342	<u>7,832,990</u>
		<u>13,421,071</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	1,554,381
Disadvantaged Student Loan Program - Pharmacy	93.925	174,089
Disadvantaged Student Loan Program - Dentistry	93.925	<u>56,209</u>
		<u>1,784,679</u>
Nursing Student Loan - Baccalaureate	93.364	2,109,269
Nursing Student Loan - Baccalaureate, Flint	93.364	500
Nursing Student Loan - Graduate	93.364	<u>316,044</u>
		<u>2,425,813</u>
Nursing Faculty Loan Program	93.264	<u>505,572</u>
Total federal loans outstanding		<u>\$ 99,601,139</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 period July 1, 2006 to June 30, 2007 is identified below.

	<u>CFDA Number</u>	<u>Value of loans issued</u>
Department of Education, Federal Perkins Program	84.038	\$ <u>18,017,651</u>
Department of Health and Human Services:		
Health Professions Loan Program - Medicine/Primary Care	93.342	254,089
Health Professions Loan Program - Pharmacy	93.342	6,444
Health Professions Loan Program - Dentistry	93.342	<u>714,600</u>
		<u>975,133</u>
Disadvantaged Student Loan Program - Medicine/Primary Care	93.925	351,758
Disadvantaged Student Loan Program - Pharmacy	93.925	18,000
Disadvantaged Student Loan Program - Dentistry	93.925	<u>369,758</u>
Nursing Student Loan – Baccalaureate	93.364	535,500
Nursing Student Loan - Baccalaureate, Flint	93.364	(4,000)
Nursing Student Loan – Graduate	93.364	<u>1,300</u>
		<u>532,800</u>
Nursing Faculty Loan Program	93.264	<u>222,165</u>
Total federal loans issued July 1, 2006 – June 30, 2007		<u>\$ 20,117,507</u>

6. Other

During 2007, the University discovered that for the period September 1, 2006 through March 1, 2007, charges were made to 61 National Institutes of Health (NIH) grants for housing and other activities under animal protocols whose approval from the University's Institutional Animal Care and Use Committee had lapsed, in violation of Public Health Service policy NOT-OD-07-044. The University promptly notified NIH through the Office of Laboratory Animal Welfare (OLAW) and the Office of Policy for Extramural Research Administration (OPERA) about the lapses, their causes, and the corrective action plan that was implemented to assure future compliance. It is possible that costs incurred for care and research performed during the identified lapses could be disallowed by the NIH granting agencies. The animal related costs incurred under the 61 grants during the lapse periods totaled \$334,263. In addition, the effort and related indirect costs of research associated with these grants during the lapse periods totaled \$1,399,363. Resolution of this matter is pending continued discussion with the granting agencies.

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, 2007, and have issued our report thereon dated August 30, 2007. 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. 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

August 30, 2007

**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, 2007, 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, 2007.

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.

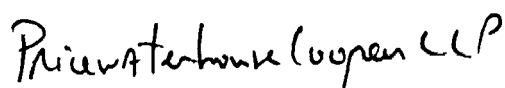
We did not consider internal control over compliance with the billing, record-keeping, payment processing, reporting and due diligence compliance requirements specified by the Federal Perkins Loan Program and described in the OMB *Circular A-133 Compliance Supplement*. Internal control over these compliance 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.



August 30, 2007

**The University of Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2007**

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
93.389	National Center for Research Resources

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, 2007**

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.