THE UNIVERSITY OF TOLEDO FOUNDATION
and Subsidiaries

with
SUPPLEMENTAL SCHEDULES AND INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDING
JUNE 30, 2016 AND 2015

Contents

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Independent Auditor's Report

To the Board of Trustees
The University of Toledo Foundation
and Subsidiaries

We have audited the accompanying consolidated financial statements of The University of Toledo Foundation and Subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015 and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The University of Toledo Foundation and Subsidiaries as of June 30, 2016 and 2015 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1 and 11, the consolidated financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, start-up corporations, hedge funds, fund-of-funds, and commingled funds that are not mutual funds. Such investments totaled $65,507,668 (25.25 percent of net assets) and $47,400,610 (17.50 percent of net assets) at June 30, 2016 and 2015, respectively. The values of these investments have been provided by the fund managers or general partners in the absence of readily determinable market values.

Plante & Moran, PLLC

October 12, 2016

The University of Toledo Foundation and Subsidiaries

Consolidated Statement of Financial Position

	June 30, 2016	June 30, 2015
Assets		
Current Assets		
Cash and cash equivalents	$ 1,707,286	$ 1,548,174
Accounts receivable	728,747	936,636
Contributions receivable - Net of allowance for uncollectible contributions (Notes 2 and 11)	3,820,925	3,043,020
Interest receivable	105,844	134,458
Prepaid expense	104,608	139,213
Total current assets	6,467,410	5,801,501
Noncurrent Assets		
Investments (Notes 3 and 11):		
Pooled investments	220,637,450	233,175,211
Nonpooled investments	6,145,015	3,118,166
Real estate	593,476	593,476
Assets held in charitable remainder trusts	5,330,519	5,581,695
Total investments	232,706,460	242,468,548
Prepaid rent (Notes 4 and 8)	2,349	58,209
Contributions receivable - Net of allowance for uncollectible contributions and present value adjustments (Notes 2 and 11)	16,785,303	16,928,102
Cash value of life insurance and annuities	1,574,501	1,565,718
Deferred debt issuance cost	202,357	220,212
Property and Equipment		
Land and land improvements	5,565,104	5,555,284
Gateway	15,295,528	15,254,296
Rental property	1,592,762	1,929,499
Equipment	913,151	1,039,674
Total property and equipment	23,366,545	23,778,753
Less accumulated depreciation	2,719,699	2,215,282
Net property and equipment	20,646,846	21,563,471
Assets Held for Resale (Note 9)	497,019	-
Total assets	**$ 278,882,245**	**$ 288,605,761**

Consolidated Statement of Financial Position (Continued)

	June 30, 2016	June 30, 2015
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,359,619	$ 1,081,089
Accrued liabilities	519,339	471,391
Deferred revenue	75,168	66,395
Senior secured notes payable (Note 10)	263,269	250,705
Total current liabilities	2,217,395	1,869,580
Noncurrent Liabilities		
Senior secured notes payable (Note 10)	9,638,793	9,902,063
Gateway funding from pooled investments (Note 8)	2,276,716	2,327,450
Grantor trust payable to a related party (Notes 3 and 8)	2,000,000	-
Annuities payable	3,319,566	3,487,700
Total liabilities	19,452,470	17,586,793
Net Assets (Notes 1 and 6)		
Unrestricted:		
Operating funds:		
Undesignated	(662,839)	2,364,055
Designated:		
Real estate	5,971,575	7,248,075
Gateway	237,850	154,619
Board	6,696,381	5,764,682
Total unrestricted operating funds	12,242,967	15,531,431
Board endowed (Note 7)	7,970,809	7,833,556
Total unrestricted	20,213,776	23,364,987
Temporarily restricted (Note 6)	122,205,092	135,534,290
Permanently restricted (Note 6)	117,010,907	112,119,691
Total net assets	259,429,775	271,018,968
Total liabilities and net assets	**$ 278,882,245**	**$ 288,605,761**

Consolidated Statement of Activities

	Year Ended							
	June 30, 2016				June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue, and Gains (Losses)								
Contributions	$ 230,635	$ 6,581,375	$ 2,421,975	$ 9,233,985	$ 314,197	$ 4,670,433	$ 1,323,447	$ 6,308,077
Unconditional promises to give	68,572	3,552,795	2,213,788	5,835,155	38,235	2,856,895	4,758,549	7,653,679
Administrative fees	5,229,839	(2,474,587)	(5,889)	2,749,363	4,899,927	(2,185,338)	(5,623)	2,708,966
Annuities and trusts (net of actuarial adjustments)	-	(13,088)	(108,656)	(121,744)	-	(9,590)	(236,400)	(245,990)
Ancillary and non-gift	54,241	1,261,745	53,366	1,369,352	31,431	1,300,766	40,625	1,372,822
Bookstore revenue	6,611,838	-	-	6,611,838	6,909,121	-	-	6,909,121
Income - UTF Gateway Investments	1,148,674	-	-	1,148,674	1,176,595	-	-	1,176,595
Income - Real Estate Corp.	110,952	-	-	110,952	77,725	-	-	77,725
Interest and dividends (Note 3)	727,740	3,120,146	163,028	4,010,914	911,648	3,819,035	165,742	4,896,425
Investment fees (Note 3)	(87,175)	(388,170)	(32,654)	(507,999)	(90,161)	(371,896)	(34,516)	(496,573)
Net realized and unrealized (losses) gains (Note 3)	(2,899,499)	(11,610,436)	(14,746)	(14,524,681)	385,091	1,331,332	37,540	1,753,963
Satisfaction of program and donor restrictions (Note 6)	13,715,640	(13,715,640)	-	-	13,491,859	(13,491,859)	-	-
Other transfers	(350,373)	149,369	201,004	-	(111,761)	(262,274)	374,035	-
Total support, revenue, and gains (losses)	24,561,084	(13,536,491)	4,891,216	15,915,809	28,033,907	(2,342,496)	6,423,399	32,114,810
Expenses								
Program services:								
Academics	6,293,061	-	-	6,293,061	4,030,799	-	-	4,030,799
Athletics programs and projects	3,327,510	-	-	3,327,510	3,837,235	-	-	3,837,235
Student aid	3,999,090	-	-	3,999,090	3,634,960	-	-	3,634,960
Capital projects	195,140	-	-	195,140	2,151,086	-	-	2,151,086
Research	538,629	-	-	538,629	527,239	-	-	527,239
Management and general	4,765,640	-	-	4,765,640	4,454,284	-	-	4,454,284
Fundraising	2,639,844	-	-	2,639,844	2,215,519	-	-	2,215,519
Bookstore expenses	5,953,381	-	-	5,953,381	6,208,155	-	-	6,208,155
Total expenses	27,712,295	-	-	27,712,295	27,059,277	-	-	27,059,277
(Decrease) Increase in Net Assets - Before transfers	(3,151,211)	(13,536,491)	4,891,216	(11,796,486)	974,630	(2,342,496)	6,423,399	5,055,533
Capital Transfer (Note 8)	-	207,293	-	207,293	493,100	-	-	493,100
(Decrease) Increase in Net Assets	(3,151,211)	(13,329,198)	4,891,216	(11,589,193)	1,467,730	(2,342,496)	6,423,399	5,548,633
Net Assets - Beginning of year	23,364,987	135,534,290	112,119,691	271,018,968	21,897,257	137,876,786	105,696,292	265,470,335
Net Assets - End of year	**$ 20,213,776**	**$ 122,205,092**	**$ 117,010,907**	**$ 259,429,775**	**$ 23,364,987**	**$ 135,534,290**	**$ 112,119,691**	**$ 271,018,968**

See Notes to Consolidated Financial Statements.

The University of Toledo Foundation and Subsidiaries

Consolidated Statement of Cash Flows

	Year Ended June 30, 2016	Year Ended June 30, 2015
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (11,589,193)	$ 5,548,633
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation	504,414	449,774
Contributions held as endowments	(5,693,841)	(6,066,955)
Provision for uncollectible contributions - Net of actuarial adjustments on annuity obligations	906,407	405,813
Actuarial adjustment on contributions receivable	(731,207)	(359,633)
Unrealized/realized losses (gains) on investments	14,524,681	(1,753,963)
Change in annuity payable obligation	229,206	247,946
Capital transfers	(207,293)	(493,100)
Amortization of debt issuance costs	17,855	17,855
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	207,889	18,632
Interest receivable	28,614	28,750
Contributions receivable	(810,306)	2,047,831
Prepaid expenses and other	66,465	19,655
Accounts payable	278,530	(989,466)
Accrued liabilities and other	80,721	156,356
Cash surrender value of life insurance	(8,783)	(10,120)
Net cash used in operating activities	(2,195,841)	(731,992)
Cash Flows from Investing Activities		
Purchase of property and equipment	(84,808)	(2,685,504)
Purchases of investments	(9,127,211)	(8,916,362)
Proceeds from sales and maturities of investments	6,313,884	6,190,860
Payments to annuitants	(397,340)	(399,851)
Net cash used in investing activities	(3,295,475)	(5,810,857)
Cash Flows from Financing Activities		
Payments on outstanding senior secured notes	(250,706)	(238,740)
Contributions held as endowments	5,693,841	6,066,955
Capital transfer	207,293	493,100
Net cash provided by financing activities	5,650,428	6,321,315
Net Increase (Decrease) in Cash and Cash Equivalents	159,112	(221,534)
Cash and Cash Equivalents - Beginning of year	1,548,174	1,769,708
Cash and Cash Equivalents - End of year	**$ 1,707,286**	**$ 1,548,174**
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	**$ 490,881**	**$ 502,895**

Note 1 - Organization and Significant Accounting Policies

Organization - The University of Toledo Foundation and Subsidiaries (the "Foundation") is a not-for-profit Ohio corporation organized to receive, hold, invest, and administer property and to make expenditures to or for the benefit of The University of Toledo (the "University").

The consolidated financial statements for the Foundation include accounts of wholly owned subsidiaries, the University of Toledo Foundation Real Estate Corporation and UTF Gateway Investments LLC. The University of Toledo Foundation Real Estate Corporation (the "Corporation") was organized to acquire, hold title to, and collect income from real property for the benefit of the Foundation and the University. UTF Gateway Investments LLC (Gateway Investments) was organized for the construction and leasing of real property to house The University of Toledo Gateway (The Gateway), a mixed-use facility to include the University bookstore, retail space, and student off-campus housing.

Assets, liabilities, and operations of all the above entities have been included in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Fund Accounting and Net Asset Classification - To ensure compliance with restrictions placed on the resources available to the Foundation, accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purpose. Net assets are classified and reported based on the existence or absence of donor-imposed restrictions. In the consolidated financial statements, funds that have similar characteristics have been combined into the net asset categories of unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted net assets are not restricted by donors, or donor-imposed restrictions have expired. Unrestricted funds endowed by the governing board for the same purposes as permanently restricted funds are classified as unrestricted board endowment funds. The governing board has the right to decide at any time to expend the board endowment funds.
- Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation. Temporarily restricted quasi-endowed funds include donor endowments which are subject to the endowment policies outlined in Note 7 but do not contain donor restrictions as to the invasion of the corpus. Income from investments in temporarily restricted quasi-endowment funds is temporarily restricted until the donor-stipulated restrictions are met for spending of such income.

Note 1 - Organization and Significant Accounting Policies (Continued)

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unrestricted purposes. The unexpended income from these donated assets is classified as temporarily restricted quasi-endowment funds.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and short-term investments with maturities less than 90 days that are not part of the long-term investment pool.

Accounts Receivable - Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No allowance was deemed necessary at June 30, 2016 and 2015.

Contributions Receivable - Unconditional promises to give are recognized as unrestricted, temporarily restricted, or permanently restricted revenue based on the donor's intent when amounts are pledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions receivable are measured at fair value on a recurring basis in accordance with FASB ASC 820-10-50 and FASB ASC 825-10-05-5, *Financial Instruments - Fair Value Option*.

In-kind Gifts - In-kind gifts, when received, are reflected as contributions in the accompanying consolidated financial statements at the estimated fair value at the date of receipt. The Foundation received in-kind gifts in 2016 and 2015 valued at $1,011,995 and $46,034, respectively.

Note 1 - Organization and Significant Accounting Policies (Continued)

Investments - Investment securities are stated at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-50, *Fair Value Measurements and Disclosures*, following the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives priority from highest to lowest to quoted prices in active markets for identical assets (Level 1); inputs other than quoted prices included within Level 1 that are observable for the asset directly or indirectly (Level 2); and unobservable inputs for assets (Level 3). Investments valued at fair value using Level 1 inputs are cash equivalents, common stocks, and mutual funds that have observable quoted prices in active markets. Fair values determined by Level 2 inputs such as interest rates and yield curves are government bonds, government agency bonds, corporate bonds, and certain other funds. Hedge funds and partnerships are measured based on Level 3 inputs that are unobservable such as recent purchases and sales, underlying fund holdings, and information provided by fund managers and general partners including audited financial statements, unaudited financial statements, and net asset valuations.

Purchases and sales of investment securities are recorded on the trade date. Realized gains or losses from the sale of securities are determined using the cost basis of the securities sold. Interest and dividend income is reported when earned. Investment income and related administrative, investment, and fiduciary expenses are allocated to the funds on a basis that reflects the ratio of the related funds invested in the pooled portfolio to total market value.

Charitable Remainder Trusts - The Foundation is named as a beneficiary of several irrevocable trusts. The assets of the trusts are held by third parties as co-trustees appointed by the Foundation or by a trustee designated by the donor who manages the assets and distributes the income as defined in each trust. The Foundation's interest in the charitable remainder trusts is recognized based on the fair market value of the trust assets, less any liabilities of the trust. Under a split-interest trust, the donor is paid specified distributions for a future period of time and upon termination of the trust, the Foundation receives all or a portion of the trust assets.

Life Insurance Cash Surrender Value - The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as beneficiary. These policies are valued at their cash surrender value.

Note 1 - Organization and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment over $10,000 are recorded at cost when purchased. Donated property is recorded at estimated fair market value at the date of acquisition. Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets, which range from 5 to 39 years. Contributions of long-lived assets, such as property, are recognized as an increase in unrestricted net assets in the year the asset is received. Depreciation expense for the years ended June 30, 2016 and 2015 amounted to $504,414 and $449,774, respectively.

Capitalized Software - Costs related to software purchased for internal use, which are required to be capitalized pursuant to FASB ASC 350-40, are included in property and equipment.

Annuities Payable - Annuities payable represent the cumulative present value of the liabilities to donors of irrevocable charitable remainder trusts and gift annuities based on the life expectancy of each annuitant or based upon the fixed term of the annuity. Payments to donors are expected to range from fiscal year 2016 to fiscal year 2039. The present value is determined by applying a discount rate and an annuity factor. The discount rate was 2.0 percent for fiscal years 2016 and 2015. Annuity factors based on IRS Publications 1457 and 1458 applied to annual payments of annuity trusts ranged from 1.0075 to 1.0082 in 2016 and 1.0075 to 1.0091 in 2015; unitrust factors applied to principal values ranged from .29 to .42 in 2016 and .29 to .49 in 2015; and factors applied to gift annuities ranged from 2.2 to 25.26 in 2016 and 2.3 to 24.9 in 2015.

Administrative Fees - The Foundation charges a fee based on permanently restricted and quasi-endowed asset balances for managing and administering the investments under its control. In addition, the Foundation also charges administrative fees for pooled investments belonging to the University and The University of Toledo Alumni Association. The University investments include the board-designated reserves and endowments. In 2016 and 2015, the tiered fee ranged from 1.25 to .75 percent of the donor fund balances. The amount charged to the University and The University of Toledo Alumni Association was $2.7 million in 2016 and 2015. Administrative fees charged to restricted funds of the Foundation are included in unrestricted revenue.

Allocation of Functional Expense - The costs of providing the various program services, administrative expense, and fundraising have been reported on a functional basis in the consolidated statement of activities. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 1 - Organization and Significant Accounting Policies (Continued)

Income Tax Status - The Foundation and the Corporation are incorporated under the laws of the State of Ohio as nonprofit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined that the Foundation and the Corporation are tax-exempt organizations as defined under Section 501(c)(3) and Section 501(c)(25)(C), respectively, of the Internal Revenue Code. Other subsidiaries of the Foundation are incorporated in the state of Ohio as limited liability companies and may cause the Foundation to be subject to unrelated business income tax on certain activities unrelated to its primary mission. Management has estimated potential liability to unrelated business income tax to be nominal. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation and Corporation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2013.

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

Note 1 - Organization and Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Foundation's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Foundation has not yet determined which application method it will use or the potential effects of the new standard on the consolidated financial statements, if any.

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs*.The accounting guidance requires that debt issuance costs related to a recognized debt liability be reported in the balance sheet as a direct deduction from the carrying amount of that debt liability. The updated guidance is effective on a retrospective basis for the fiscal year ending June 30, 2017. The impact of applying the new standard will result in a reclassification of $202,357 in deferred debt issuance costs from a noncurrent asset to a contra liability which offset the senior secured notes payable.

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases,* which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Foundation's consolidated financial statements as a result of the leases for the facilities classified as operating leases. The effect of applying the new lease guidance on the consolidated financial statements has not yet been determined. The ASU did not significantly change the accounting requirements for lessors and, accordingly, application of the new lease standard is not expected to have a significant effect on the Foundation's consolidated financial statements.

Note 1 - Organization and Significant Accounting Policies (Continued)

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation is currently evaluating the impact this standard will have on the consolidated financial statements.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including October 12, 2016, which is the date the consolidated financial statements were issued.

Note 2 - Contributions Receivable

As of June 30, 2016 and 2015, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2016 and 2015 amounted to $753,145 and $305,940, respectively.

Contributions receivable at June 30 are as follows:

	2016	2015
Within one year	$ 4,700,861	$ 3,785,236
Over one to five years	17,366,120	9,139,436
More than five years	899,345	9,984,494
Total	22,966,326	22,909,166
Risk premium	(1,745,794)	(1,592,534)
Present value discount	(614,304)	(1,345,510)
Net contributions receivable	$ 20,606,228	$ 19,971,122

Note 2 - Contributions Receivable (Continued)

	2016	2015
Net due in one year	$ 3,820,925	$ 3,043,020
Net due in excess of one year	16,785,303	16,928,102
Total contributions receivable	$ 20,606,228	$ 19,971,122

In May 2006, the Foundation received a pledge of $15 million to establish three endowed funds to support the University. The timing and amounts of the payments and the amounts allocated to the funds shall be determined by the donors. However, the donors agree to complete the pledge within 15 years. The Foundation has received payments of $7.1 million on the aforementioned pledge, leaving a remaining balance of $7.9 million as of June 30, 2016. The pledge balance due is recorded at fair value as a long-term contribution receivable with a net present value of $7.5 million and $8.0 million as of June 30, 2016 and 2015, respectively.

Note 3 - Investments

Certain investments of The University of Toledo and The University of Toledo Alumni Association (the "Alumni Association") are pooled with investments of the Foundation. The pooled investments are managed by the Foundation. The following is the Foundation's portion of the pooled investments at June 30:

	2016		2015	
	Market	Cost	Market	Cost
Mutual funds, index funds, and ETFs - Equities	$ 85,402,044	$ 78,476,791	$ 100,696,508	$ 79,544,773
Mutual funds, ETFs - Fixed income	22,684,916	23,212,132	33,934,600	35,654,167
Common stocks	38,549,244	37,299,452	40,822,332	35,953,709
Hedge funds	45,885,453	47,261,252	32,397,519	31,266,041
Partnerships	19,622,215	19,159,444	15,003,091	14,303,659
U.S. government and agency issues	3,152,837	3,068,906	3,025,111	2,980,045
Mutual funds - Real estate	-	-	2,484,310	2,360,036
Corporate bonds	1,077,233	1,019,637	1,209,702	1,166,885
Cash equivalents	4,263,508	4,263,508	3,602,038	3,602,038
Total pooled investments	$ 220,637,450	$ 213,761,122	$ 233,175,211	$ 206,831,353

Note 3 - Investments (Continued)

The Foundation holds other investments that do not participate in the investment pool. The following are the Foundation's nonpooled investments at June 30:

	2016		2015	
	Market	Cost	Market	Cost
Common stocks	$ 852,171	$ 612,079	$ 1,054,725	$ 671,038
U.S. government and agency issues	-	-	-	-
Private closely held	2,126,208	2,126,208	136,208	136,208
Mutual funds and ETFs - Fixed income	1,213,683	1,194,210	856,929	852,943
Corporate bonds	402,279	334,257	303,426	301,343
Mutual funds, index funds, and ETFs - Equity	1,470,403	1,443,570	564,393	575,130
Cash equivalents	80,271	80,271	202,485	202,485
Total nonpooled investments	$ 6,145,015	$ 5,790,595	$ 3,118,166	$ 2,739,147

The Foundation holds investments as beneficiary of irrevocable remainder trust agreements. The following are the investments' holdings related to the remainder trusts at June 30:

	2016		2015	
	Market	Cost	Market	Cost
Common stocks	$ 3,098,236	$ 1,916,566	$ 3,228,305	$ 1,843,136
Accrued interest	8,038	8,038	-	-
Mutual funds and ETFs - Fixed income	917,130	915,062	899,627	897,294
Mutual funds, index funds, and ETFs - Equity	950,425	647,895	1,069,219	666,083
Corporate bonds	318,346	308,404	311,792	304,808
Cash equivalents	38,344	38,344	72,752	72,752
Total remainder trust investments	$ 5,330,519	$ 3,834,309	$ 5,581,695	$ 3,784,073

Note 3 - Investments (Continued)

The Foundation had the following sources of unrealized and realized gains and losses during 2016:

	Pooled	Nonpooled	Remainder Trusts	Other	Total
Unrealized gains:					
Ending balance	$ 6,876,328	$ 354,420	$ 1,496,210	$ 50,704	$ 8,777,662
Beginning balance	26,343,858	387,019	1,797,621	-	28,528,498
Unrealized appreciation (depreciation)	(19,467,530)	(32,599)	(301,411)	50,704	(19,750,836)
Realized appreciation (depreciation)	4,968,482	(56,524)	323,945	(9,748)	5,226,155
Total realized and unrealized appreciation (depreciation)	$ (14,499,048)	$ (89,123)	$ 22,534	$ 40,956	$ (14,524,681)

The Foundation had the following sources of unrealized and realized gains and losses during 2015:

	Pooled	Nonpooled	Remainder Trusts	Other	Total
Unrealized gains:					
Ending balance	$ 26,343,858	$ 387,019	$ 1,797,621	$ -	$ 28,528,498
Beginning balance	39,155,155	404,771	1,955,904	-	41,515,830
Unrealized depreciation	(12,811,297)	(17,752)	(158,283)	-	(12,987,332)
Realized appreciation	14,455,223	92,457	192,198	1,417	14,741,295
Total realized and unrealized appreciation	$ 1,643,926	$ 74,705	$ 33,915	$ 1,417	$ 1,753,963

Investment and custody fees of $507,999 and $496,573 relating to the Foundation's investments were incurred for the years ended June 30, 2016 and 2015, respectively.

The Foundation holds real estate that is classified as investments on the consolidated statement of financial position. Real estate held as investments is recorded at cost and totaled $593,476 as of June 30, 2016 and 2015.

Note 3 - Investments (Continued)

The Foundation entered into a subscription agreement to purchase membership interest in Rocket Venture Fund, LLC (Rocket Venture), an Ohio limited liability company, on June 30, 2008, with a total capital commitment of $150,000 which has been paid in full at June 30, 2015. The contributed capital is classified as a nonpooled investment. Fair value of this membership interest at June 30, 2016 and 2015 is $71,578.

In 2011, the Foundation was gifted 100,000 common stock shares in Midwest Optoelectronics, LLC (Midwest), a privately held company and parent company of Xunlight Corporation. The initial gift was recorded based on an independent valuation analysis of Midwest's common stock at $360,000. This stock was recorded at its estimated fair value of $10,000 as of June 30, 2015. During 2016, the value of the common stock was fully impaired and written off.

On March 30, 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-VHC Alliance Newco, Inc. (now known as Vizient Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at $2,000,000 as of June 30, 2016, and a corresponding liability payable to the University of Toledo is recorded.

The aggregate carrying amount of the investments measured on a nonrecurring basis included in the nonpooled investments on the consolidated statement of financial position is $2,126,208 and $136,208 as of June 30, 2016 and 2015, respectively. The fair value of these investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

The pooled investments provided funding to Gateway Investments in the total amount of $4.85 million as of June 30, 2016 and 2015. The Foundation's portion of the funding from the pooled investments was approximately $2.57 million and $2.52 million as of June 30, 2016 and 2015, respectively. The Foundation's contributions have been eliminated in the consolidating financial statements (see Note 8).

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statement of financial position.

Note 4 - Lease Commitments

The Foundation's operations are conducted in facilities leased from the University. Rental expense charged to operations under the lease was $58,450 for fiscal years 2016 and 2015. Future minimum rental payments will be $58,450 annually during the 10-year renewal option period, which commenced in April 2008.

Note 5 - Pension Plans

The Foundation has noncontributory defined contribution retirement plans covering all permanent employees who have at least 1,000 hours of service in a 12-consecutive-month period. Contributions are based on a percentage of gross wages. Several employees that were originally covered by the Ohio Public Employees Retirement System (OPERS) prior to the Foundation having its own employees were grandfathered into OPERS. Employees participate in only one of the retirement plans. Total pension expense for the years ended 2016 and 2015 was $221,854 and $205,745, respectively.

OPERS is a multiemployer defined benefit plan that presents different financial risks from a single-employer defined benefit plan. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Note 6 - Net Assets Classification

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2016:

	Purpose	Time and Purpose	Total
Academics	$ 15,761,927	$ 40,879,329	$ 56,641,256
Student aid	3,063,985	37,951,860	41,015,845
Capital projects	3,269,202	4,601,747	7,870,949
Athletic programs	7,152,680	186,654	7,339,334
Research	2,272,482	2,575,301	4,847,783
General support	1,575,800	2,914,125	4,489,925
Total	$ 33,096,076	$ 89,109,016	$ 122,205,092

Note 6 - Net Assets Classification (Continued)

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

	Purpose	Time and Purpose	Total
Academics	$ 14,654,777	$ 47,597,039	$ 62,251,816
Student aid	3,227,594	44,640,997	47,868,591
Capital projects	3,220,315	5,384,485	8,604,800
Athletic programs	7,017,431	247,993	7,265,424
Research	2,088,429	2,936,488	5,024,917
General support	1,429,424	3,089,318	4,518,742
Total	$ 31,637,970	$ 103,896,320	$ 135,534,290

Permanently Restricted Net Assets

Permanently restricted net assets, reflected below at June 30, are restricted to investment in perpetuity. The income from these assets is expendable to support the activities within each category and is reclassified to temporarily restricted net assets until appropriated for expenditure.

	2016	2015
Student aid	$ 51,888,209	$ 49,074,281
Academics	44,322,613	43,960,041
Research	10,848,362	9,257,340
General support	4,566,324	4,551,707
Capital projects	4,710,368	4,673,609
Athletic programs	675,031	602,713
Total	$ 117,010,907	$ 112,119,691

Note 6 - Net Assets Classification (Continued)

Reclassification of Net Assets

Net assets that were released from temporarily restricted net assets and transferred to unrestricted net assets upon satisfaction of donor restrictions were expended as follows for the years ended June 30:

	2016	2015
Academics	$ 4,697,882	$ 4,706,396
Student aid	3,799,320	3,562,268
Capital projects	1,425,300	1,147,489
Athletic programs	3,091,375	3,514,086
Research	560,146	430,575
General support	141,617	131,045
Total	$ 13,715,640	$ 13,491,859

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 7 - Donor-restricted and Board-designated Endowments

Changes in endowment net assets for the fiscal year ended June 30, 2016 are as follows:

	Unrestricted Board-endowed Net Assets	Unrestricted Transfer for Negative Endowments	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 7,833,556	$ (15,106)	$ 103,896,320	$ 112,119,691	$ 223,834,461
Investment return:					
Investment income	100,838	-	2,719,885	130,374	2,951,097
Net depreciation	(437,870)	-	(11,558,428)	(14,746)	(12,011,044)
Total investment return	(337,032)	-	(8,838,543)	115,628	(9,059,947)
Contributions and board transfers to endowment funds	17,720	-	1,149,014	4,527,107	5,693,841
Other income/transfers to endowment funds	-	-	60,496	53,366	113,862
Administrative fees	(96,253)	-	(2,465,018)	(5,889)	(2,567,160)
Investment income to restore prior deficiencies of perpetual endowments	-	(102,349)	-	-	(102,349)
Other transfers	552,818	-	(4,693,603)	201,004	(3,939,781)
Change in net assets	137,253	(102,349)	(14,787,654)	4,891,216	(9,861,534)
Endowment net assets - End of year	$ 7,970,809	$ (117,455)	$ 89,108,666	$ 117,010,907	$ 213,972,927

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

The above schedule and balances reflect contributions receivable of approximately $14.1 million and $300,000 for permanently restricted endowed net assets and temporarily restricted endowed net assets, respectively, for the fiscal year ended June 30, 2016.

Changes in endowment net assets for the fiscal year ended June 30, 2015 are as follows:

	Unrestricted Board-endowed Net Assets	Unrestricted Transfer for Negative Endowments	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 7,832,275	$ -	$ 106,334,812	$ 105,696,292	$ 219,863,379
Investment return:					
Investment income	137,612	-	3,431,138	131,226	3,699,976
Net appreciation	48,309	-	1,325,763	37,540	1,411,612
Total investment return	185,921	-	4,756,901	168,766	5,111,588
Contributions and board transfers to endowment funds	(191)	(15,106)	236,657	5,845,595	6,066,955
Other income/transfers to endowment funds	-	-	11,250	40,625	51,875
Administrative fees	(91,447)	-	(2,176,586)	(5,623)	(2,273,656)
Other transfers	(93,002)	-	(5,266,714)	374,036	(4,985,680)
Change in net assets	1,281	(15,106)	(2,438,492)	6,423,399	3,971,082
Endowment net assets - End of year	$ 7,833,556	$ (15,106)	$ 103,896,320	$ 112,119,691	$ 223,834,461

The above schedule and balances reflect contributions receivable of approximately $14.75 million and $370,000 for permanently restricted endowed net assets and temporarily restricted endowed net assets, respectively, for the fiscal year ended June 30, 2015.

Net assets related to charitable remainder trusts are included in the above donor-restricted net assets, classified based on the donors' restrictions. Charitable remainder trusts have assets invested based on the donors' directive. Spending from net assets of charitable remainder trusts commences upon the maturity of the trust.

Other transfers of temporarily restricted and permanently restricted net assets relate mainly to transfers of temporarily restricted endowed spendable earnings to temporarily restricted operating net assets, as well as reclassifications due to changes in donor intent through revised fund agreements or other communications.

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The board of trustees of the Foundation (the "Board") has reviewed UPMIFA and recognizes the importance of the preservation of the donor-restricted endowment funds absent explicit donor stipulations as well as the safeguarding of the original gifts to provide support to the University in perpetuity. As a result, the Foundation classifies as permanently restricted net assets (a) the original gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the endowment fund
2. Purpose of the Foundation and the endowment fund
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. Investment policy of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $117,455 and $15,106 as of June 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs deemed prudent by the Board.

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

A secondary objective is to achieve a total return in excess of the broad policy benchmarks comprised of each broad asset category weighted by its target allocation. The current broad policy benchmarks are:

US Equity: Russell 300
International Equity: MSCI ACWI ex-US
Global Fixed Income: Barclays Aggregate Bond

Strategies Employed for Achieving Objectives

To satisfy its long-term total return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments constructed with prudent risk constraints. Over time, the Foundation expects its endowment funds to provide an average rate of return in excess of average appropriations.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy based on a three-year moving market value average of invested funds. The Foundation appropriated 4 percent for fiscal years 2016 and 2015. In establishing this policy, the Foundation considered the long-term expected total return on endowment assets. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to accumulate capital sufficient to maintain its purchasing power.

Note 8 - Related Party Transactions

The University and Alumni Association provided funding to Gateway Investments through the pooled investments. The University's and Alumni Association's portion of the total funding to Gateway Investments was approximately $2.28 million and $2.33 million as of June 30, 2016 and 2015, respectively. The funding is recorded as a liability on the consolidated statement of financial position.

Note 8 - Related Party Transactions (Continued)

During 2015, the Corporation purchased a residence for $922,000 and entered into a contract to renovate the residential property. The total cost to purchase, renovate, and furnish the residence is recorded in the fixed assets of the Corporation. Immediately following renovations, the Corporation and the University entered into a 20-year lease agreement commencing on July 1, 2015 and terminating on June 30, 2035 with four additional five-year renewal options. Lease income ranges from $100,000 to $130,477 annually. During 2016, the residence was transferred into the Foundation at the carrying value. The lease agreement was amended and restated on January 1, 2016 and will terminate on July 30, 2035 with four additional five-year renewal options. The annual lease income was restated to $1 per year.

Additionally, during 2015, The University of Toledo Endowment Fund transferred ownership of a residence to the Corporation for future disposition after June 30, 2015. The transfer value is recorded at cost of $493,100.

During fiscal year 2016, the University transferred an endowment fund, as requested by the fund originators, to the Foundation in the amount of $207,293.

The Foundation leases its office space from the University (see Note 4).

Throughout the year, the Foundation has purchased goods or services from companies which are related to some Foundation board members through ownership or employment, the amounts of which are immaterial.

During fiscal year 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation (see Note 3).

At its March 2016 meeting, the Foundation Board of Trustees approved funding by the pooled investment portfolio of up to $6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with the first draw of $2.15 million in August 2016.

Note 9 - Real Estate Corporation

The Corporation purchased property in 2009 and 2010 at a total cost of $1,410,000 for future development. In 2015, the Corporation also obtained two residences.

The Corporation entered into a Ground Lease Agreement (the "lease") for property on Dorr Street, effective July 1, 2010. The lease has an initial term of 20 years and provides for four additional option periods with each option period including five additional years. During the initial term, base rent of $32,000 was paid per year for the first five years. Each sequential five years will include an 8 percent increase to the base rent. As of July 1, 2015, the effective base rate is $34,560. After the initial 20-year term, the base rent will be determined by the prevailing fair market rental value.

Note 9 - Real Estate Corporation (Continued)

On May 11, 2016, the Foundation approved the sale of property conveyed from the University during 2015 with a recorded value of $497,019. The Foundation met the criteria in FASB ASC 360-10-45-9, and has consequently classified the property as held for sale at June 30, 2016.

Note 10 - UTF Gateway Investments

Gateway Investments entered into an amended and restated ground lease agreement with the University on July 26, 2011. The University agreed to lease Gateway Investments land for an initial term of 40 years commencing on July 1, 2011 with two optional 10-year extension periods. Gateway Investments developed and constructed The Gateway on the premises.

On November 17, 2011, Gateway Investments and the Foundation, as guarantor, issued senior secured notes in the amount of $10.8 million in connection with the long-term financing of The Gateway. The notes are secured through the open-end mortgage, security agreement, assignment of leases, and rents and fixture filings. The notes were privately placed with a bank. The notes bear an interest rate of 4.9 percent and mature on November 1, 2027. Annual principal payments began in November 2012, and range from $263,269 (2015) to $6,159,592 (2027), payable on November 1. As part of the note purchase agreement, the Foundation is required under the guarantor covenant to maintain total net assets in excess of $140 million.

In connection with the issuance of the senior notes, Gateway Investments incurred costs of approximately $271,000 that are amortized over the life of the notes through 2027 on a straight-line basis.

Minimum principal and interest payments on the notes to maturity as of June 30, 2016 are as follows:

Years Ending June 30	Principal	Interest	Total
2017	$ 263,269	$ 479,341	$ 742,610
2018	276,463	466,147	742,610
2019	290,318	452,292	742,610
2020	304,868	437,742	742,610
2021	320,146	422,464	742,610
2022 and thereafter	8,446,998	2,292,505	10,739,503
Total	$ 9,902,062	$ 4,550,491	$ 14,452,553

Total interest paid on these notes was approximately $492,000 and $503,000 during fiscal years 2016 and 2015, respectively.

Note 10 - UTF Gateway Investments (Continued)

During fiscal year 2015, a board resolution established a Bond Sinking Fund to invest funds to meet the balloon principal payment of approximately $6.0 million that matures November 1, 2027. After an initial investment of $330,000 on December 22, 2014, quarterly transfers of $82,500 from operating accounts commenced.

The Foundation entered into a lease agreement with Gateway Investments on August 31, 2011 to occupy retail space for a collegiate bookstore. The term of the agreement is 15 years with three five-year renewal options. The minimum annual rent is approximately $293,000 for lease years one through five; $302,000 for lease years six through 10; $311,000 for lease years 11 through 15; $320,000 for lease years 16 through 20; $329,000 for lease years 21 through 25; and $339,000 for lease years 26 through 30.

The Foundation has a management agreement with Barnes & Noble to provide services to manage the collegiate bookstore and provide the bookstore inventory located within The Gateway through June 30, 2027, with an automatic renewal for one additional five-year term. The bookstore is operated under the Barnes & Noble trade name. Under the terms of the agreement, Barnes & Noble pays the Foundation a variable fee on aggregate collectible sales. The variable fee is 11 percent of collectible sales up to $10 million; 12.5 percent of collectible sales between $10 million and $12 million; and 14 percent of collectible sales in excess of $12 million. Revenue recognized related to the operation of the bookstore was approximately $6,612,000 in fiscal year 2016 and approximately $6,909,000 in fiscal year 2015 and is included in bookstore revenue on the consolidated statement of activities. Related expense recognized was approximately $5,954,000 in fiscal year 2016 and approximately $6,208,000 in fiscal year 2015 and is included in bookstore expenses on the consolidated statement of activities.

Gateway Investments is the landlord for seven other leases. These lease agreements have various terms, including: initial leases ranging from 5 to 10 years, annual rent payments ranging from $26,400 to $110,400, termination rights, and renewal options that include either one five-year term, two five-year terms, or one seven-year term. Total rent revenue related to these leases was approximately $587,000 in 2016 and $568,000 in 2015.

Note 10 - UTF Gateway Investments (Continued)

The following table summarizes the expected rent receipts during the initial terms of contracts:

Years Ending June 30		Amount
2017		$ 594,639
2018		629,282
2019		646,809
2020		649,809
2021		448,809
2022 and thereafter		3,845,999
	Total	$ 6,815,347

Note 11 - Fair Value Measurements

The Foundation complies with FASB ASC 820-10-50, *Fair Value Measurements*. FASB ASC 820-10-50 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measures. This standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements.

FASB ASC 820-10-50 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access. Fair values determined by Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances whereby inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 11 - Fair Value Measurements (Continued)

Disclosures concerning assets measured at fair value for 2016 are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Assets				
Pooled investments:				
Mutual funds, index funds, and ETFs - Equities	$ 85,402,044	$ -	$ -	$ 85,402,044
Mutual funds and ETFs - Fixed income	22,684,916	-	-	22,684,916
Common stocks	38,549,244	-	-	38,549,244
Cash equivalents	4,263,508	-	-	4,263,508
U.S. government and agency issues	-	3,152,837	-	3,152,837
Corporate bonds	-	1,077,233	-	1,077,233
Hedge funds	-	-	45,885,453	45,885,453
Partnerships	-	-	19,622,215	19,622,215
Total pooled investments	150,899,712	4,230,070	65,507,668	220,637,450
Nonpooled investments:				
Cash equivalents	80,271	-	-	80,271
Corporate bonds	-	402,279	-	402,279
Mutual funds and ETFs - Fixed income	1,213,683	-	-	1,213,683
Mutual funds, index funds, and ETFs - Equities	1,470,403	-	-	1,470,403
Common stocks	852,171	-	-	852,171
Total nonpooled investments	3,616,528	402,279	-	4,018,807
Other assets:				
Assets held in remainder trusts	-	-	5,330,519	5,330,519
Contributions receivable	-	-	20,606,228	20,606,228

Note 11 - Fair Value Measurements (Continued)

Disclosures concerning assets measured at fair value for 2015 are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015
Assets				
Pooled investments:				
Mutual funds, index funds, and ETFs - Equities	$ 100,663,594	$ 32,914	$ -	$ 100,696,508
Mutual funds and ETFs - Fixed income	33,934,600	-	-	33,934,600
Common stocks	40,822,332	-	-	40,822,332
Mutual funds - Real estate	2,484,310	-	-	2,484,310
Cash equivalents	3,602,038	-	-	3,602,038
U.S. government and agency issues	-	3,025,111	-	3,025,111
Corporate bonds	-	1,209,702	-	1,209,702
Hedge funds	-	-	32,397,519	32,397,519
Partnerships	-	-	15,003,091	15,003,091
Total pooled investments	181,506,874	4,267,727	47,400,610	233,175,211
Nonpooled investments:				
Cash equivalents	202,485	-	-	202,485
Corporate bonds	-	303,426	-	303,426
Mutual funds and ETFs - Fixed income	856,929	-	-	856,929
Mutual funds, index funds, and ETFs - Equities	564,393	-	-	564,393
Common stocks	1,054,725	-	-	1,054,725
Total nonpooled investments	2,678,532	303,426	-	2,981,958
Other assets:				
Assets held in remainder trusts	-	-	5,581,695	5,581,695
Contributions receivable	-	-	19,971,122	19,971,122

Note 11 - Fair Value Measurements (Continued)

The Foundation has processes in place to select appropriate valuation techniques and unobservable inputs to perform Level 3 fair value measurements. These processes include quarterly meetings with the Foundation's investment committee for collaboration and review of Level 3 investments, monthly or quarterly net asset valuation statements, and annual audited financial statements. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. The Foundation utilizes third-party investment consultants to monitor activity and markets, participate in fund manager calls, and obtain underlying financial information on the Level 3 investments.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2016 and 2015 are as follows:

	Partnerships	Hedge Funds	Assets Held in Remainder Trusts	Contributions Receivable
Balance at July 1, 2015	$ 15,003,091	$ 32,397,519	$ 5,581,695	$ 19,971,122
Purchases/re-invested income	4,992,024	14,856,072	-	-
Withdrawals and sales	(561,959)	(2,677)	-	-
Investment pool reallocation	215,251	738,081	-	-
Income distributions	(69,120)	-	156,473	-
Distributions and fees	-	-	(429,123)	-
Pledges received	-	-	-	6,010,353
Payments received	-	-	-	(5,200,048)
Change in present value	-	-	-	731,206
Change in allowance	-	-	-	(153,260)
Total realized (losses) gains	(694,502)	31	316,125	(753,145)
Total unrealized gains (losses)	737,430	(2,103,573)	(294,651)	-
Balance at June 30, 2016	$ 19,622,215	$ 45,885,453	$ 5,330,519	$ 20,606,228

Note 11 - Fair Value Measurements (Continued)

	Partnerships	Hedge Funds	Assets Held in Remainder Trusts	Contributions Receivable
Balance at July 1, 2014	$ 10,738,760	$ 20,487,951	$ 5,823,185	$ 22,065,134
Purchases/re-invested income	6,166,825	19,244,196	-	-
Withdrawals and sales	(2,182,418)	(7,178,074)	-	-
Investment pool reallocation	58,550	111,700	-	-
Income distributions	(264,193)	-	158,353	-
Distributions and fees	-	-	(433,758)	-
Pledges received	-	-	-	7,699,859
Payments received	-	-	-	(9,747,690)
Change in present value	-	-	-	359,633
Change in allowance	-	-	-	(99,874)
Write-offs	-	-	-	(305,940)
Total realized gains	(377,892)	233,644	192,198	-
Total unrealized gains (losses)	863,459	(501,898)	(158,283)	-
Balance at June 30, 2015	$ 15,003,091	$ 32,397,519	$ 5,581,695	$ 19,971,122

The realized and unrealized gains and losses as well as the changes in present value and allowance in the above tables are reported in net realized and unrealized gains on the consolidated statement of activities.

Qualitative information for Level 3 assets not valued using net asset valuations is as follows:

	Fair Value at June 30, 2016	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions receivable	$ 20,606,228	Discounted cash flow	Risk-free rate	.6 - 1.5%
			Default risk factor	10%
			Past due allowance	10% - 90%
Assets held in remainder trusts	5,330,519	Market value of underlying assets	None	None

Note 11 - Fair Value Measurements (Continued)

	Fair Value at June 30, 2015	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions receivable	$ 19,971,122	Discounted cash flow	Risk-free rate Default risk factor Past due allowance	.6 - 2.4% 10% 10% - 90%
Assets held in remainder trusts	5,581,695	Market value of underlying assets	None	None

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Hedge funds and partnership funds (funds) do not have readily determined fair values as they are not listed on national exchanges or over-the-counter markets. Fair value has been determined based on the individual fund's net asset valuation which is considered an unobservable input of Level 3 of the fair value hierarchy. The fund's annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and the underlying investments are reported at fair value.

The Foundation's policy is to recognize transfers in and out of the fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. For the years ended June 30, 2016 and 2015, there were no transfers between levels of the fair value hierarchy.

The funds have varied investment strategies and redemption provisions as follows:

		June 30, 2016		June 30, 2015			
Investment	Investment Strategy	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Siguler Guff Distressed Opportunities Fund III, LP	A partnership assembled as a portfolio of funds representing a full spectrum of distressed investment approaches, including short-term and medium-term trading strategies, taking an influencing role in the reorganization process, investing for control in the class of the securities to affect the reorganization process, or acquiring the issuer.	$ 1,793,000	$ 186,164	$ 2,459,000	$ 186,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
Metropolitan Real Estate Partners VII, LP	A private real estate fund of funds focused primarily on value-added and opportunistic private real estate funds, most of which are niche funds that do not utilize operating partners. The fund seeks exposure to a broad set of underlying funds with differing sector and geographic allocations.	1,149,000	213,168	1,314,000	249,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.

Note 11 - Fair Value Measurements (Continued)

		June 30, 2016		June 30, 2015			
Investment	Investment Strategy	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Robeco Sam Clean Tech Private Equity III, LP	A partnership assembled as a portfolio of funds seeking the most attractive Clean Tech private equity managers and co-investments, focusing on development and late-stage deployment of proven technologies and on project development.	$ 1,544,000	$ 429,643	$ 1,329,000	$ 579,700	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
Aether Real Assets II, LP	A partnership that strives for superior risk-adjusted returns by focusing on its primary sectors of oil and natural gas, metals and minerals, and agriculture and timber. Other sectors of focus include traditional and alternative energy assets, infrastructure and capital assets, and water and other investments.	2,257,000	708,050	1,636,000	1,195,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
Kayne Anderson Energy Fund VI, LP	The partnership's principal strategy is to establish significant investment positions in privately issued securities, of public and private energy companies or in certain assets of those companies, influence the creation of wealth and the growth of the business of those companies, and maintain control over its disposition of those securities in order to achieve its investment objective.	2,866,000	1,080,000	2,674,000	1,720,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
FEG Opportunities Fund, L.P. (FEG)	A fund of funds structure to invest in three key market segments: global private equity, special situations, and real assets. The fund will identify other private investment funds in which to invest. The fund is expected to invest in five to eight private equity funds, five to eight real asset funds, and five to eight special situations funds.	23,677,000	37,566,500	16,740,000	23,287,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
Falcon Strategic Partners IV, LP	The partnership has a differentiated disciplined approach to mezzanine investing that seeks inefficiencies in the lower middle market; Falcon Strategic encourages a partnership approach; identifies price potential transactions in a calibrated risk/return framework; and supports long-term value creation.	3,497,000	7,888,592	2,695,000	988,000	No restrictions	Requires notification to General Partner. Redemption is subject to written consent of General Partner.
Hopelite Offshore LTD	A fundamental long/short equity hedge fund utilizing an absolute return philosophy centered on long/short equity investments with a bottom-up stock selection process that is based on rigorous fundamental analysis and married with top-down industry trend analysis. A global fund with the majority of exposure in North America and Europe, predominately all-cap, but usually avoiding small and micro-cap names. Sector-focused industries include industrial, energy, financial services, real estate, consumer, technology, and media. The fund seeks to achieve maximum absolute returns as measured by the HFRI Equity Hedge Index while minimizing risk and volatility.	11,819,000	-	12,688,000	-	Quarterly	60 days

Note 11 - Fair Value Measurements (Continued)

		June 30, 2016		June 30, 2015			
Investment	Investment Strategy	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Marble Arch LP	A fundamental, bottom-up long/short equity hedge fund that tends to invest in small- and mid-capitalization companies, and special situations with a dedicated value approach. The fund tends to invest in areas of the market that arise in often overlooked companies. It is run with a low net market exposure to limit the influence of the broader stock market direction on the portfolio. The fund seeks to produce significant both long and short alpha as measured against the HFRI Equity Hedge Index.	$ 10,707,000	$ -	$ 12,348,000	$ -	Semiannual	60 days
Pennant Windward LLC	A fundamental based long/short equity hedge fund utilizing a research driven approach to investing. The fund generally includes a macro hedging component and will opportunistically invest in nonequity securities when relevant. The fund will be predominately invested in the U.S. but will have some exposure to international markets. The fund seeks to outperform returns as measured by the HFRI Equity Hedge Index and S&P 500, with a lower level of volatility.	10,728,000	-	12,033,000	-	Quarterly	60 days
Graham Capital Management Fund II	A global macro hedge fund that specializes in both systematic and discretionary macro strategies. The fund employs a trend-based trading approach comprised of multiple sub-models, trading using several factors including price, volatility, and trade duration.	4,216,000	-	3,955,000	-	Close of business each Wednesday and last business day of each month	3 days (written)
Strategic Value Partners Fund	A hedge fund focusing on distressed, event-driven deals with impending restructurings along with other deep-value investments. The fund is global in nature primarily in the U.S. and Europe. Target investments are typically 65-80% senior debt and 20-35% subordinated debt/equity. The fund generally does not employ leverage at the fund level.	6,973,000	-	7,125,000	-	Quarterly	95 days
Kepos Alpha Fund	A hedge fund specializing in quantitative strategies. The fund allocates to three main strategies: macro statistical arbitrage, volatility trading, and systematic event driven, with a heavy reliance on identifying short-term price movements; and forecasting based on underreaction and overreaction of such price movements.	4,098,000	-	3,859,000	-	Quarterly	65 days
Rimrock	A fixed-income hedge fund. The fund strategy is multi-sector fixed-income relative value that utilizes modest leverage, is actively hedged, and encompasses income and total return strategies. The fund focuses on short average life securities due to their relatively low amount of price sensitivity, including mortgage-backed securities, asset-backed securities, corporate credit, government and agency securities, and non-U.S. and emerging market securities.	9,720,000	-	10,281,000	-	Annually	120 days

Note 11 - Fair Value Measurements (Continued)

		June 30, 2016		June 30, 2015			
Investment	Investment Strategy	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Falcon Strategic Partners V, LP	The Partnership invests primarily in mezzanine securities issued by lower middle market companies located in North America. Pursues an opportunistic approach, investing across a wide variety of industry sectors and transaction types alongside entrepreneurs, management teams, nontraditional sponsors, and private equity funds; combining creative and flexible investment structures with carefully calibrated, risk-adjusted pricing. Active return comparisons used the S&P 500 Index and the Barclays five to seven-year High Field Index.	$ 111,000	$ -	$ -	$ -	No Restrictions	Requires notification to the General Partner. Redemption is subject to written consent of the General Partner.
ClearArc Capital, Inc.	A U.S. core income fund of diversified investments in fixed income securities, preferred stock, convertible bonds, Real Estate Investment Trusts (REIT), and high dividend paying equities, with the primary objective of the strategy to outperform the Baryclays U.S. Aggregate Bond Index.	11,562,000	-	-	-	No Restrictions	30 days (written)
Fir Tree International Value Fund	This multi-strategy hedge fund utilizes an opportunistic, value oriented approach. Investing on a global basis, across multiple asset classes, sectors, capital structures, and public and private markets, migrates to less efficient parts of the market looking for undiscovered value including various structured products overlooked by the marketplace. The Fund has generated returns significantly above the HFRI Weighted Composite Index and Barclays Aggregate Bond Index.	6,448,000	-	-	-	Annual	90 days
HBK Fund, LP	A diversified multi-strategy fund with a button-up process approach. Investment opportunities are sought on a global basis believing that international, especially emerging markets, are less efficient and therefore contain a wealth of arbitrage opportunities mostly on the credit, special situations and risk arbitrage side.	10,210,000	-	-	-	Quarterly	90 days
Rocket Venture II	A limited liability company with the objective of investing in privately held technology related businesses generally in the imagining, incubating, and demonstrating phases of development, located in the State of Ohio.	90,000	510,000	-	-	Quarterly	90 days (written to the President)

The total approximate fair value of the hedge funds and partnership funds listed in the preceding table is $123,465,000 and $91,136,000 at June 30, 2016 and 2015, respectively. These investments are managed by the Foundation; however, the Foundation's portion of the pool of these investments is 53.18 and 52.01 percent at June 30, 2016 and 2015, or approximately $65,508,000 and $47,401,000, respectively.

Note 11 - Fair Value Measurements (Continued)

The total unfunded commitments listed in the preceding table are $48,582,117 and $28,204,700 at June 30, 2016 and 2015, respectively. The Foundation's portion of these commitments is approximately $25,836,000 and $24,653,000 at June 30, 2016 and 2015, respectively.

Charitable remainder trusts are measured based on the fair market value of the underlying asset net of liabilities; as such, the charitable remainder trust is considered to be determined based on Level 3 inputs.

Investments recorded at fair value in accordance with FASB ASC 820-10 have the following allocation between type and market:

Investments by Type and Market at June 30:

	2016		2015	
	Market	Cost	Market	Cost
Pooled investments:				
Cash equivalents - United States	$ 4,263,508	$ 4,263,508	$ 3,602,038	$ 3,602,038
Common stock:				
United States	36,735,553	36,403,231	39,449,948	34,680,387
Ireland - USD	148,025	75,212	186,919	82,711
Canada - USD	123,211	178,628	85,748	80,153
United Kingdom	623,456	847,321	424,120	450,313
Israel - USD	307,981	319,232	192,192	173,989
Netherlands - USD	66,725	56,523	-	-
Switzerland - USD	284,038	312,020	373,347	388,442
China - USD	92,871	97,787	110,060	97,714
France - USD	167,384	181,398	-	-
Government bonds - United States	3,152,837	3,167,136	3,025,111	2,980,045
Corporate bonds:				
United States	961,868	940,093	1,094,967	1,060,419
United Kingdom - USD	57,577	56,184	58,049	53,322
Netherlands - USD	57,788	55,996	56,685	53,144
Fixed-income mutual funds:				
United States	22,684,916	23,955,107	31,582,174	33,189,284
International region - USD	-	-	2,352,426	2,464,883
Equity mutual funds, indexes, ETFs:				
United States - USD	31,684,245	22,812,309	41,872,506	26,141,376
International region - USD	25,379,445	23,980,101	27,933,040	21,690,486
United Kingdom - USD	10,349,688	11,986,940	11,782,960	11,109,418
Emerging markets - USD	17,988,666	22,210,614	19,108,001	20,603,493
Real estate - United States	-	-	2,484,310	2,360,036
Hedge funds:				
Hedge equity - International	36,050,898	38,563,020	28,691,555	27,531,190
Fund of funds - International	9,834,555	10,210,971	3,705,964	3,734,851
Partnerships - United States	19,622,215	19,772,700	15,003,091	14,303,659
Total pooled investments	$ 220,637,450	$ 220,446,031	$ 233,175,211	$ 206,831,353

Note 11 - Fair Value Measurements (Continued)

	2016		2015	
	Market	Cost	Market	Cost
Nonpooled investments:				
Cash equivalents - United States	$ 80,271	$ 80,271	$ 202,485	$ 202,485
Government bonds - United States	-	-	-	-
Fixed-income mutual funds - United States	1,213,683	1,194,210	856,929	852,943
Corporate bonds - United States	402,279	334,257	303,426	301,343
Common stocks - United States	852,171	612,079	1,054,725	671,038
Equity manual funds, indexes, ETFs	1,470,403	1,443,570	564,393	575,130
Total nonpooled investments	$ 4,018,807	$ 3,664,387	$ 2,981,958	$ 2,602,939
Annuity trusts:				
Cash equivalents - United States	$ 46,381	$ 46,381	$ 72,752	$ 72,752
Fixed-income mutual funds:				
United States	881,378	874,507	861,064	856,739
International	35,752	40,555	38,563	40,555
Corporate bonds - United States	318,346	308,404	311,792	304,808
Common stocks - United States	3,098,237	1,916,566	3,228,305	1,843,136
Equity mutual funds, indexes, ETFs:				
United States - USD	476,342	228,193	638,233	351,606
International - USD	474,083	419,702	430,986	314,477
Total annuity trusts	$ 5,330,519	$ 3,834,308	$ 5,581,695	$ 3,784,073

The Foundation complies with FASB ASC 825-10-05-5, *Financial Instruments - Fair Value Option*. This codification permits entities to choose to measure many financial instruments and certain other items at fair value.

The Foundation has elected to measure contributions receivable at fair value to provide a valuation based on current yield curves and create consistency in financial presentation with measurements of other financial instruments. The election of the fair value option did not have a material impact on the Foundation's consolidated financial statements. Fair value is determined using the income approach as described in the FASB ASC 825-10-05-5 expected present value technique adjusting cash flows from unconditional promises to give by a risk premium and then discounting the expected cash flows, cash flows net of risk premium, using a risk-free interest rate based on current market conditions. The risk premium is determined for each individual pledge based on any expected variance in timing of payments, pledges past due, donor's relationship with the Foundation, publicity of the pledge, the Foundation's collection history, and any other relevant information.

Note 12 - Fair Value of Financial Instruments

The fair values of short-term financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, other current assets, accounts payable, and accrued liabilities, are equal to the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments.

Contributions receivable are stated at fair value as described in Notes 1, 2, and 11.

Pooled investments and investments held in charitable remainder trusts are stated at fair value as described in Notes 1, 3, and 11.

The fair value of the notes payable is equal to the carrying amount since the current effective rate reflects market rates.

Note 13 - Concentration of Credit Risk

The Foundation and Corporation have noninterest-bearing accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Foundation maintains other cash balances at several financial institutions. Other cash accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. During the fiscal years ended June 30, 2016 and 2015, the Foundation maintained balances that exceeded insurable limits.

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Trustees
The University of Toledo Foundation
and Subsidiaries

We have audited the consolidated financial statements of The University of Toledo Foundation and Subsidiaries as of and for the years ended June 30, 2016 and 2015 and have issued our report thereon dated October 12, 2016, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual subsidiaries and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

October 12, 2016

The University of Toledo Foundation and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2016

Assets	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
Current Assets					
Cash and cash equivalents	$ 1,224,195	$ 84,424	$ 398,667	$ -	$ 1,707,286
Accounts receivable	697,129	529	31,089	-	728,747
Contributions receivable - Net of allowance for uncollectible contributions	3,820,925	-	-	-	3,820,925
Interest receivable	105,844	-	-	-	105,844
Prepaid expense	104,608	-	-	-	104,608
Total current assets	5,952,701	84,953	429,756	-	6,467,410
Noncurrent Assets					
Investments:					
Pooled investments	223,210,734	-	-	(2,573,284)	220,637,450
Nonpooled investments	5,287,136	-	857,879	-	6,145,015
Real estate	593,476	-	-	-	593,476
Assets held in charitable remainder trusts	5,330,519	-	-	-	5,330,519
Total investments	234,421,865	-	857,879	(2,573,284)	232,706,460
Due from Real Estate Corporation	8,349,321	-	-	(8,349,321)	-
Prepaid rent	2,349	-	-	-	2,349
Contributions receivable - Net of allowance for uncollectible contributions and present value adjustments	16,785,303	-	-	-	16,785,303
Cash value of life insurance and annuities	1,574,501	-	-	-	1,574,501
Deferred debt issuance cost	-	-	202,357	-	202,357
Property and Equipment					
Land and land improvements	9,975	5,555,129	-	-	5,565,104
Gateway	-	-	15,295,528	-	15,295,528
Rental property	1,427,378	165,384	-	-	1,592,762
Equipment	860,898	-	52,253	-	913,151
Total property and equipment	2,298,251	5,720,513	15,347,781	-	23,366,545
Less accumulated depreciation	913,845	260,495	1,545,359	-	2,719,699
Net property and equipment	1,384,406	5,460,018	13,802,422	-	20,646,846
Assets Held for Resale	-	497,019	-	-	497,019
Total assets	**$ 268,470,446**	**$ 6,041,990**	**$ 15,292,414**	**$ (10,922,605)**	**$ 278,882,245**

Consolidating Statement of Financial Position (Continued)
June 30, 2016

	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$ 1,302,084	$ 23,844	$ 33,691	$ -	$ 1,359,619
Accrued liabilities	279,125	25,211	215,003	-	519,339
Deferred revenue	-	21,360	53,808	-	75,168
Senior secured notes payable	-	-	263,269	-	263,269
Total current liabilities	1,581,209	70,415	565,771	-	2,217,395
Noncurrent Liabilities					
Due to University of Toledo Foundation	-	8,349,321	-	(8,349,321)	-
Senior secured notes payable	-	-	9,638,793	-	9,638,793
Gateway funding from pooled investments	-	-	2,276,716	-	2,276,716
Grantor trust payable to a related party	2,000,000	-	-	-	2,000,000
Annuities payable	3,319,566	-	-	-	3,319,566
Total liabilities	6,900,775	8,419,736	12,481,280	(8,349,321)	19,452,470
Net Assets (Deficit)					
Unrestricted:					
Operating funds:					
Undesignated	(662,839)	-	-	-	(662,839)
Designated:					
Real estate	8,349,321	(2,377,746)	-	-	5,971,575
Gateway	-	-	2,811,134	(2,573,284)	237,850
Board	6,696,381	-	-	-	6,696,381
Total unrestricted operating funds	14,382,863	(2,377,746)	2,811,134	(2,573,284)	12,242,967
Board endowed	7,970,809	-	-	-	7,970,809
Temporarily restricted	122,205,092	-	-	-	122,205,092
Permanently restricted	117,010,907	-	-	-	117,010,907
Total net assets (deficit)	261,569,671	(2,377,746)	2,811,134	(2,573,284)	259,429,775
Total liabilities and net assets (deficit)	**$ 268,470,446**	**$ 6,041,990**	**$ 15,292,414**	**$ (10,922,605)**	**$ 278,882,245**

Consolidating Statement of Financial Position
June 30, 2015

	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 978,169	$ 85,307	$ 484,698	$ -	$ 1,548,174
Accounts receivable	876,155	19,145	41,336	-	936,636
Interest receivable	134,458	-	-	-	134,458
Contributions receivable - Net of allowance for uncollectible contributions	3,043,020	-	-	-	3,043,020
Prepaid expense	115,213	-	24,000	-	139,213
Total current assets	5,147,015	104,452	550,034	-	5,801,501
Noncurrent Assets					
Investments:					
Pooled investments	235,697,761	-	-	(2,522,550)	233,175,211
Nonpooled investments	2,622,379	-	495,787	-	3,118,166
Real estate	593,476	-	-	-	593,476
Assets held in charitable remainder trusts	5,581,695	-	-	-	5,581,695
Total investments	244,495,311	-	495,787	(2,522,550)	242,468,548
Due from Real Estate Corporation	9,549,586	-	-	(9,549,586)	-
Prepaid rent	58,209	-	-	-	58,209
Contributions receivable - Net of allowance for uncollectible contributions and present value adjustments	16,928,102	-	-	-	16,928,102
Cash value of life insurance and annuities	1,565,718	-	-	-	1,565,718
Deferred debt issuance cost	-	-	220,212	-	220,212
Property and Equipment					
Land and land improvements	9,975	5,545,309	-	-	5,555,284
Gateway	-	-	15,254,296	-	15,254,296
Rental property	-	1,929,499	-	-	1,929,499
Office equipment	860,896	127,846	50,932	-	1,039,674
Total property and equipment	870,871	7,602,654	15,305,228	-	23,778,753
Less accumulated depreciation	808,603	252,865	1,153,814	-	2,215,282
Net property and equipment	62,268	7,349,789	14,151,414	-	21,563,471
Total assets	**$ 277,806,209**	**$ 7,454,241**	**$ 15,417,447**	**$ (12,072,136)**	**$ 288,605,761**

The University of Toledo Foundation and Subsidiaries

Consolidating Statement of Financial Position (Continued)
June 30, 2015

	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$ 937,573	$ 121,658	$ 21,858	$ -	$ 1,081,089
Accrued liabilities	215,076	79,175	177,140	-	471,391
Senior secured notes payable	-	-	250,705	-	250,705
Deferred revenue	-	5,333	61,062	-	66,395
Total current liabilities	1,152,649	206,166	510,765	-	1,869,580
Noncurrent Liabilities					
Due to University of Toledo Foundation	-	9,549,586	-	(9,549,586)	-
Senior secured notes payable	-	-	9,902,063	-	9,902,063
Gateway funding from pooled investments	-	-	2,327,450	-	2,327,450
Annuities payable	3,487,700	-	-	-	3,487,700
Total liabilities	4,640,349	9,755,752	12,740,278	(9,549,586)	17,586,793
Net Assets (Deficit)					
Unrestricted:					
Operating funds:					
Undesignated	2,364,055	-	-	-	2,364,055
Designated:					
Real estate	9,549,586	(2,301,511)	-	-	7,248,075
Gateway	-	-	2,677,169	(2,522,550)	154,619
Board	5,764,682	-	-	-	5,764,682
Total unrestricted operating funds	17,678,323	(2,301,511)	2,677,169	(2,522,550)	15,531,431
Board endowed	7,833,556	-	-	-	7,833,556
Temporarily restricted	135,534,290	-	-	-	135,534,290
Permanently restricted	112,119,691	-	-	-	112,119,691
Total net assets (deficit)	273,165,860	(2,301,511)	2,677,169	(2,522,550)	271,018,968
Total liabilities and net assets (deficit)	**$ 277,806,209**	**$ 7,454,241**	**$ 15,417,447**	**$ (12,072,136)**	**$ 288,605,761**

Consolidating Statement of Activities
Year Ended June 30, 2016

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	The University of Toledo Foundation and Subsidiaries
Support, Revenue, and Gains (Losses)								
Contributions	$ 9,233,985	$ -	$ -	$ -	$ 230,635	$ 6,581,375	$ 2,421,975	$ 9,233,985
Unconditional promises to give	5,835,155	-	-	-	68,572	3,552,795	2,213,788	5,835,155
Administrative fees	2,749,363	-	-	-	5,229,839	(2,474,587)	(5,889)	2,749,363
Annuities and trusts (net of actuarial adjustments)	(121,744)	-	-	-	-	(13,088)	(108,656)	(121,744)
Ancillary and non-gift	1,369,352	-	-	-	54,241	1,261,745	53,366	1,369,352
Bookstore revenue	6,611,838	-	-	-	6,611,838	-	-	6,611,838
Income - UTF Gateway Investments	-	-	1,513,488	(364,814)	1,148,674	-	-	1,148,674
Income - Real Estate Corp.	-	110,952	-	-	110,952	-	-	110,952
Interest and dividends	4,010,914	-	-	-	727,740	3,120,146	163,028	4,010,914
Investment fees	(507,999)	-	-	-	(87,175)	(388,170)	(32,654)	(507,999)
Net realized and unrealized losses	(14,524,681)	-	-	-	(2,899,499)	(11,610,436)	(14,746)	(14,524,681)
Satisfaction of program and donor restrictions	-	-	-	-	13,715,640	(13,715,640)	-	-
Other transfers	-	-	-	-	(350,373)	149,369	201,004	-
Total support, revenue, and gains (losses)	14,656,183	110,952	1,513,488	(364,814)	24,561,084	(13,536,491)	4,891,216	15,915,809
Expenses								
Program services								
Academics	6,293,061	-	-	-	6,293,061	-	-	6,293,061
Athletics programs and projects	3,327,510	-	-	-	3,327,510	-	-	3,327,510
Student aid	3,999,090	-	-	-	3,999,090	-	-	3,999,090
Capital projects	195,140	-	-	-	195,140	-	-	195,140
Research	538,629	-	-	-	538,629	-	-	538,629
Management and general	3,148,198	187,187	1,430,255	-	4,765,640	-	-	4,765,640
Fundraising	2,639,844	-	-	-	2,639,844	-	-	2,639,844
Bookstore expenses	6,318,195	-	-	(364,814)	5,953,381	-	-	5,953,381
Total expenses	26,459,667	187,187	1,430,255	(364,814)	27,712,295	-	-	27,712,295
(Decrease) Increase in Net Assets - Before transfers	(11,803,484)	(76,235)	83,233	-	(3,151,211)	(13,536,491)	4,891,216	(11,796,486)
Capital Transfers	207,293	-	50,734	(50,734)	-	207,293	-	207,293
(Decrease) Increase in Net Assets	(11,596,191)	(76,235)	133,967	(50,734)	(3,151,211)	(13,329,198)	4,891,216	(11,589,193)
Net Assets (Deficit) - Beginning of year	273,165,862	(2,301,513)	2,677,169	(2,522,550)	23,364,987	135,534,290	112,119,691	271,018,968
Net Assets (Deficit) - End of year	**$ 261,569,671**	**$ (2,377,748)**	**$ 2,811,136**	**$ (2,573,284)**	**$ 20,213,776**	**$ 122,205,092**	**$ 117,010,907**	**$ 259,429,775**

The University of Toledo Foundation and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2015

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	The University of Toledo Foundation and Subsidiaries
Support, Revenue, and Gains (Losses)								
Contributions	$ 6,308,077	$ -	$ -	$ -	$ 314,197	$ 4,670,433	$ 1,323,447	$ 6,308,077
Unconditional promises to give	7,653,679	-	-	-	38,235	2,856,895	4,758,549	7,653,679
Administrative fees	2,708,966	-	-	-	4,899,927	(2,185,338)	(5,623)	2,708,966
Annuities and trusts (net of actuarial adjustments)	(245,990)	-	-	-	-	(9,590)	(236,400)	(245,990)
Ancillary and non-gift	1,372,822	-	-	-	31,431	1,300,766	40,625	1,372,822
Bookstore revenue	6,909,121	-	-	-	6,909,121	-	-	6,909,121
Income - UTF Gateway Investments	-	-	1,541,406	(364,811)	1,176,595	-	-	1,176,595
Income - Real Estate Corp.	-	77,725	-	-	77,725	-	-	77,725
Interest and dividends	4,896,418	-	7	-	911,648	3,819,035	165,742	4,896,425
Investment fees	(496,573)	-	-	-	(90,161)	(371,896)	(34,516)	(496,573)
Net realized and unrealized gains	1,753,963	-	-	-	385,091	1,331,332	37,540	1,753,963
Satisfaction of program and donor restrictions	-	-	-	-	13,491,859	(13,491,859)	-	-
Other transfers	-	-	-	-	(111,761)	(262,274)	374,035	-
Total support, revenue, and gains	30,860,483	77,725	1,541,413	(364,811)	28,033,907	(2,342,496)	6,423,399	32,114,810
Expenses								
Program services:								
Academics	4,030,799	-	-		4,030,799	-	-	4,030,799
Athletics programs and projects	3,837,235	-	-		3,837,235	-	-	3,837,235
Student aid	3,634,960	-	-		3,634,960	-	-	3,634,960
Capital projects	2,151,086	-	-		2,151,086	-	-	2,151,086
Research	527,239	-	-		527,239	-	-	527,239
Management and general	2,874,108	153,683	1,426,493	-	4,454,284	-	-	4,454,284
Fundraising	2,215,519	-	-	-	2,215,519	-	-	2,215,519
Bookstore expenses	6,572,966	-	-	(364,811)	6,208,155	-	-	6,208,155
Total expenses	25,843,912	153,683	1,426,493	(364,811)	27,059,277	-	-	27,059,277
Increase (Decrease) in Net Assets - Before transfers	5,016,571	(75,958)	114,920	-	974,630	(2,342,496)	6,423,399	5,055,533
Capital Transfers	-	493,100	13,678	(13,678)	493,100	-	-	493,100
Increase (Decrease) in Net Assets	5,016,571	417,142	128,598	(13,678)	1,467,730	(2,342,496)	6,423,399	5,548,633
Net Assets (Deficit) - Beginning of year	268,149,291	(2,718,655)	2,548,571	(2,508,872)	21,897,257	137,876,786	105,696,292	265,470,335
Net Assets (Deficit) - End of year	**$ 273,165,862**	**$ (2,301,513)**	**$ 2,677,169**	**$ (2,522,550)**	**$ 23,364,987**	**$ 135,534,290**	**$ 112,119,691**	**$ 271,018,968**