



THE UNIVERSITY  
OF TOLEDO  
FOUNDATION

# THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES



Consolidated Financial Statements  
With Supplemental Schedules and Independent Auditor's Report

Year Ended June 30, 2009 and 2008



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

### **Consolidated Financial Statements**

With Supplemental Schedules and Independent Auditor's Report

For the Year Ended June 30, 2009 and 2008

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## Independent Auditor's Report

To the Board of Trustees  
University of Toledo Foundation  
and Subsidiaries

We have audited the accompanying consolidated statements of financial position of University of Toledo Foundation and Subsidiaries, an Ohio not-for-profit corporation (the "Foundation"), as of June 30, 2009 and 2008 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Toledo Foundation and Subsidiaries at June 30, 2009 and 2008 and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 1 and 3, 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, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled \$20,110,112 (12.9 percent of net assets) at June 30, 2009 and \$24,741,969 (13.0 percent of net assets) at June 30, 2008. The values of these investments have been provided by the fund managers or general partners in absence of readily determinable market values. We believe the procedures used by the managers and management in arriving at estimated values of the underlying securities owned by these nonmarketable investments are reasonable and the documentation is appropriate. Because of the inherent uncertainty of valuation, the estimated value may differ from values that would have been used had a ready market for these securities existed and the differences could be material.

*Plante & Moran, PLLC*

September 29, 2009

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**  
**As of June 30**

<b>Assets</b>	<b><u>2009</u></b>	<b><u>2008</u></b> <b>(as restated)</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,083,723	\$ 1,604,986
Securities lending collateral (Note 3 and Note 14)	1,151,421	10,252,334
Accounts receivable	617,813	413,168
Notes receivable (Note 8)	57,099	53,798
Contributions receivable, net of allowance for uncollectible contributions (Note 2 and Note 12)	4,593,800	3,275,257
Interest receivable	131,303	132,319
Prepaid expense	20,364	59,426
Inventory	-	72
<b>Total current assets</b>	<b>7,655,523</b>	<b>15,791,360</b>
<b>Other non-current assets</b>		
<b>Investments (Note 12)</b>		
Pooled (Note 3)	119,789,742	150,971,474
Real estate and other (Note 3)	1,061,598	973,667
Equity assignments (Note 3 and 8)	-	4,886,635
Assets held in charitable remainder trusts (Note 3)	4,800,203	6,628,624
<b>Total investments</b>	<b>125,651,543</b>	<b>163,460,400</b>
Notes receivable (Note 8)	158,552	215,650
Prepaid rent	418,848	-
Contributions receivable, net of allowance for uncollectible contributions and present value adjustments (Note 2)	21,346,469	21,050,288
Cash value of life insurance and annuities (Note 12)	1,381,743	1,391,203
Assets held for sale (Note 10 and Note 12)	1,200,158	1,368,774
<b>Total other non-current assets</b>	<b>150,157,313</b>	<b>187,486,315</b>
<b>Property and equipment</b>		
Land	4,285,767	3,222,874
Rental property	981,658	976,931
Office equipment	931,427	916,532
<b>Total property and equipment</b>	<b>6,198,852</b>	<b>5,116,337</b>
Less accumulated depreciation	956,420	856,435
<b>Net property and equipment</b>	<b>5,242,432</b>	<b>4,259,902</b>
<b>Total assets</b>	<b>\$ 163,055,268</b>	<b>\$ 207,537,577</b>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position (continued)**  
**As of June 30**

<b>Liabilities</b>	<b><u>2009</u></b>	<b><u>2008</u></b> <b>(as restated)</b>
Current liabilities		
Accounts payable	\$ 1,617,320	\$ 721,879
Securities lending liability (Note 3 and Note 14)	1,151,421	10,252,334
Notes payable (Note 10)	1,319,768	1,407,292
Contributions payable	110,000	158,723
Deferred revenue	171,725	-
Accrued liabilities	119,896	112,581
Total current liabilities	<u>4,490,130</u>	<u>12,652,809</u>
Non-current liabilities		
Annuities payable (Note 12)	3,949,441	4,346,334
Total liabilities	<u>8,439,571</u>	<u>16,999,143</u>
<b>Net assets (Notes 1 and 6)</b>		
Unrestricted		
Operating Funds:		
Undesignated	(8,899,460)	(559,921)
Designated - real estate	5,295,610	4,190,867
Designated - board	1,251,960	2,015,944
Total unrestricted operating funds	<u>(2,351,890)</u>	<u>5,646,890</u>
Board endowed	5,379,479	6,795,115
Total unrestricted	<u>3,027,589</u>	<u>12,442,005</u>
Temporarily restricted:		
Operating funds	31,119,730	38,405,216
Quasi-endowment	54,982,214	72,776,837
Total temporarily restricted	<u>86,101,944</u>	<u>111,182,053</u>
Permanently restricted	65,486,164	66,914,376
Total net assets	<u>154,615,697</u>	<u>190,538,434</u>
Total liabilities and net assets	<u>\$ 163,055,268</u>	<u>\$ 207,537,577</u>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Activities**  
**For Year Ending June 30, 2009**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total All Funds
<b>Support, revenue, and gains (losses):</b>				
Public support:				
Unconditional promises to give (gross)		\$ 8,550,001		\$ 8,550,001
Allowance for uncollectible contributions and present value adjustment		530,007		530,007
Unconditional promises to give (net)		9,080,008		9,080,008
Contributions	\$ 646,813	5,274,773	\$ 1,432,328	7,353,914
Annuities and trusts (net of actuarial adjustments)		(18,649)	(34,741)	(53,390)
Royalties and ancillary businesses	906,217			906,217
Total public support	1,553,030	14,336,132	1,397,587	17,286,749
Administrative fees	2,285,837	(1,661,641)	(6,282)	617,914
Return on investments: (Note 3)				
Interest and dividends	632,251	2,092,637	258,203	2,983,091
Net unrealized and realized losses	(7,308,499)	(24,332,982)	(1,728,865)	(33,370,346)
Investment fees	(78,044)	(250,818)	(31,735)	(360,597)
Net return on investments	(6,754,292)	(22,491,163)	(1,502,397)	(30,747,852)
Other income:				
Ancillary and non-gift	8,707	1,850,301	39,448	1,898,456
Income - Real Estate Corporation	64,373			64,373
University Loan Program		4,515		4,515
Total other income	73,080	1,854,816	39,448	1,967,344
Net assets released from restrictions and other transfers:				
Satisfaction of program and donor restrictions	20,803,568	(20,803,568)	-	-
Expiration of time restrictions	41,053	(2,334,873)	2,293,820	-
Other transfers	(2,369,800)	6,020,188	(3,650,388)	-
<b>Total support, revenue, and gains (losses)</b>	<b>\$ 15,632,476</b>	<b>\$ (25,080,109)</b>	<b>\$ (1,428,212)</b>	<b>\$ (10,875,845)</b>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Activities (continued)**  
**For Year Ending June 30, 2009**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total All Funds
<b>Total support, revenue, and gains (losses)</b>	\$ 15,632,476	\$ (25,080,109)	\$ (1,428,212)	\$ (10,875,845)
<b>Expenses:</b>				
Program services:				
Academics	6,683,994			6,683,994
University loan program	155,984			155,984
Student aid	3,446,665			3,446,665
Capital projects	4,585,457			4,585,457
Athletics programs	1,766,380			1,766,380
Research	374,286			374,286
Fund raising	608,822			608,822
Management and general - operating	1,876,511			1,876,511
Management and general - Real Estate Corp.	554,871			554,871
MCOF Enterprises, Ltd.	(16)			(16)
University Promotions, Ltd.	2,659			2,659
College of Allied Health Sciences, Ltd.	104,644			104,644
<b>Total expenses</b>	<u>20,160,257</u>			<u>20,160,257</u>
Decrease in net assets before transfer to University of Toledo	(4,527,781)	(25,080,109)	(1,428,212)	(31,036,102)
Transfers of equity to the University of Toledo (Notes 3 and 8)	(4,886,635)			(4,886,635)
<b>Total decrease in net assets</b>	<u>(9,414,416)</u>	<u>(25,080,109)</u>	<u>(1,428,212)</u>	<u>(35,922,737)</u>
Net assets at beginning of year	12,442,005	111,182,053	66,914,376	190,538,434
<b>Net assets at end of year</b>	<u>\$ 3,027,589</u>	<u>\$ 86,101,944</u>	<u>\$ 65,486,164</u>	<u>\$ 154,615,697</u>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Activities (continued)**  
**For Year Ending June 30, 2008**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total All Funds
<b>Support, revenue, and gains (losses):</b>				
Public support:				
Unconditional promises to give (gross)		\$ 11,618,524		\$ 11,618,524
Allowance for uncollectible contributions and present value adjustment		945,953		945,953
Unconditional promises to give (net)		12,564,477		12,564,477
Contributions	\$ 163,372	7,033,601	\$ 2,397,616	9,594,589
Annuities and trusts (net of actuarial adjustments)	-	26,019	55,793	81,812
Royalties and ancillary businesses	831,111	-	-	831,111
Total public support	994,483	19,624,097	2,453,409	23,071,989
Administrative fees	2,471,973	(1,782,485)	(6,789)	682,699
Return on Investments: (Note 3)				
Interest and dividends	657,624	2,540,856	291,443	3,489,923
Net unrealized and realized losses	(2,178,840)	(7,801,196)	(508,872)	(10,488,908)
Equity in net income of investments	213,186	-	-	213,186
Investment fees	(101,685)	(367,597)	(39,755)	(509,037)
Net return on investments	(1,409,715)	(5,627,937)	(257,184)	(7,294,836)
Other income:				
Ancillary and non-gift	168,715	1,697,402	33,237	1,899,354
Income - Real Estate Corporation	302,059	-	-	302,059
University Loan Program	-	2,512,824	-	2,512,824
Total other income	470,774	4,210,226	33,237	4,714,237
Net assets released from restrictions and other transfers:				
Satisfaction of program and donor restrictions	11,718,753	(11,643,706)	(75,047)	-
Expiration of time restrictions	54,945	(297,925)	242,980	-
Other transfers	(94,399)	901,267	(806,868)	-
Total net assets release from restrictions and other transfers	11,679,299	(11,040,364)	(638,935)	-
<b>Total support, revenue, and gains (losses)</b>	<b>\$ 14,206,814</b>	<b>\$ 5,383,537</b>	<b>\$ 1,583,738</b>	<b>\$ 21,174,089</b>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Activities (continued)**  
**For Year Ending June 30, 2008**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total All Funds
<b>Total support, revenue, and gains (losses)</b>	\$ 14,206,814	\$ 5,383,537	\$ 1,583,738	\$ 21,174,089
<b>Expenses:</b>				
Program services:				
Academics	5,643,125			5,643,125
University loan program	1,132,413			1,132,413
Student aid	3,875,742			3,875,742
Capital projects	312,309			312,309
Athletics programs	1,650,316			1,650,316
Research	257,550			257,550
Fund raising	760,501			760,501
Management and general - operating	2,054,134			2,054,134
Management and general - Real Estate Corp.	499,111			499,111
MCOF Enterprises, Ltd.	86,811			86,811
University Promotions, Ltd.	118,102			118,102
College of Allied Health Sciences, Ltd.	62,041			62,041
<b>Total expenses</b>	<u>16,452,155</u>			<u>16,452,155</u>
Increase (decrease) in net assets before transfer to University of Toledo	(2,245,341)	5,383,537	1,583,738	4,721,934
Transfers of equity from the University of Toledo (Note 3 and 8)	-	4,886,635	-	4,886,635
<b>Total increase (decrease) in net assets</b>	<u>(2,245,341)</u>	<u>10,270,172</u>	<u>1,583,738</u>	<u>9,608,569</u>
Net assets at beginning of year	14,687,346	100,911,881	65,330,638	180,929,865
<b>Net assets at end of year</b>	<u>\$ 12,442,005</u>	<u>\$ 111,182,053</u>	<u>\$ 66,914,376</u>	<u>\$ 190,538,434</u>

See Notes to the Consolidated Financial Statements

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**As of June 30**

	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (35,922,737)	\$ 9,608,569
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Noncash items:		
Depreciation	113,284	223,526
Permanently restricted contributions held as endowments	(1,432,329)	(2,397,616)
Provision for uncollectible contributions, net of actuarial adjustments on annuity obligations	340,478	428,445
Transfer of equity assignments to (from) the University of Toledo	4,886,635	(4,886,635)
Unrealized / realized losses on investments	33,370,346	10,488,908
(Gain) loss on sale of assets / assets held for sale	168,616	(142,304)
Changes in assets and liabilities:		
Accounts receivable	(204,645)	915,531
Interest receivable	1,016	19,093
Prepaid expense	(379,786)	135,460
Inventory	72	15,482
Contributions receivable	(1,955,202)	(7,572,222)
Cash surrender value of life insurance	9,460	(129,311)
Accounts payable	895,441	(743,108)
Contributions payable	(48,723)	22,723
Student loan program payable	-	(58,355)
Annuity payable obligation	(396,893)	509,787
Deferred revenue and other accruals	179,040	55,973
<b>Net cash (used in) provided by operating activities</b>	<b>(375,927)</b>	<b>6,493,946</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property and equipment	-	446,292
Purchase of property and equipment	(1,095,814)	(1,530,268)
Sales of investments	8,353,153	1,846,310
Purchases of investments	(8,801,277)	(9,409,839)
<b>Net cash used in investing activities</b>	<b>(1,543,938)</b>	<b>(8,647,505)</b>
<b>Cash Flows from Financing Activities</b>		
Change in note receivable	53,797	(243,254)
Payments on note payable	(87,524)	(113,693)
Permanently restricted contributions held as endowments	1,432,329	2,397,616
<b>Net cash provided by financing activities</b>	<b>1,398,602</b>	<b>2,040,669</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(521,263)</b>	<b>(112,890)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>1,604,986</b>	<b>1,717,876</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,083,723</b>	<b>\$ 1,604,986</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 39,781	\$ 117,760
Non-cash investing and financing activities:		
Origination of student loans held in trust financed by third party	-	\$ 38,330,477
Sale of student loans held in trust by third party	-	\$ 44,893,592

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

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#### **NOTE 1 - Organization and Significant Accounting Policies**

##### *Organization*

The University of Toledo Foundation (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 (University).

The consolidated financial statements for the Foundation include accounts of wholly owned subsidiaries, the University of Toledo Foundation Real Estate Corporation, MCOF Enterprises, Ltd., University Promotions, Ltd., and CAHS, Ltd. 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 of Toledo. MCOF Enterprises, Ltd. (Enterprises) is an Ohio limited liability company organized to assist the University in developing and selling intellectual property and other business ventures. University Promotions, Ltd. (Promotions) is an Ohio limited liability company organized to engage in the sale of University branded goods. CAHS, Ltd. (CAHS) is an Ohio limited liability company organized as a practice plan for certain licensed health service providers.

Effective November 19, 2008, Promotions and CAHS were certified by the Ohio Secretary of State for dissolution and ceased business operations.

The Foundation has included the activities of the Student Loan Trust (Trust), a trust used to fund student loans held for sale for the benefit of the students of the University of Toledo. The loan program was discontinued during 2008.

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

##### *Significant Accounting Policies*

##### **Fund Accounting and Net Asset Classifications**

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 financial statements, funds that have similar characteristics have been combined into the net asset categories of unrestricted, temporarily restricted and permanently restricted.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 1 - Organization and Significant Accounting Policies (continued)**

**Fund Accounting and Net Asset Classifications**

- 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 quasi-endowment funds. The governing board has the right to decide at any time to expend the quasi-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 preservation 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.
- 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.

Ohio legislature passed Amended House Bill Number 522 and enacted a version of the Uniform Prudent Management of Institutional Funds Account (UPMIFA), adopted by the National Conference of Commissioners on Uniform State Laws. UPMIFA is effective June 1, 2009. The bill makes changes to several aspects of law concerning the standards of conduct in managing and investing institutional funds, spending rules that apply to institutional endowment funds, the delegation of authority to manage investment funds, and the release or modification of restrictions contained in charitable gifts made by donors. UPMIFA revises and repeals sections of the Uniform Management of Institutional Funds Act (UMIFA).

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 1 - Organization and Significant Accounting Policies (continued)**

**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, 2009 or 2008.

**Investments**

Investment securities are stated at fair value, in accordance with Statement of Financial Accounting Standards No. 157 (SFAS 157) 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 convertible bonds. Hedge funds, partnerships, and technology equity transfers 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 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 which reflects the ratio of the related funds invested in the pooled portfolio to total market value.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 1 - Organization and Significant Accounting Policies (continued)**

**Contributions Receivable**

Unconditional promises to give are recognized as temporarily restricted revenue 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 stated at fair value in accordance with SFAS 157 and Statement of Financial Accounting Standards No. 159 (SFAS 159), *Fair Value Option for Financial Assets and Financial Liabilities*.

**In-Kind Gifts**

In-kind gifts, when received, are reflected as contributions in the accompanying financial statements at the estimated fair value at the date of receipt. The Foundation received in-kind gifts in 2009 and 2008 valued at \$125,835 and \$140,320, respectively.

**Student Loans Held in Trust**

As the Foundation is the primary beneficiary of the Trust, the activities of the Trust are included in the accompanying consolidated financial statements. The Trust originates student loans to students at the University of Toledo under the Federal Family Education Loan Program (FFELP) which are 100 percent insured by the federal government. The FFELP is subject to a comprehensive recertification every five years and to periodic regulatory changes. During 2007, the FFELP recertification reduced the amount of income that lenders could earn from the program resulting in the Foundation discontinuing the loan program in March 2008.

**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.

## **THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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#### **NOTE 1 - Organization and Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment are recorded at cost when purchased. Donated property is recorded at estimated fair 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.

##### **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.

##### **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.

##### **Administrative Fees**

In 2009 and 2008, the Foundation charged a 1.25% and 1.35% fee (1.6% for former MUOF funds), respectively, 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 of Toledo and the University of Toledo Alumni Association. The amount charged to the University of Toledo and the University of Toledo Alumni Association for the years ended June 30, 2009 and 2008 was \$617,914 and \$682,699, respectively. Administrative fees charged to restricted funds of the Foundation are included in unrestricted revenue.

##### **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) of the Internal Revenue Code, respectively. 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.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
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**NOTE 1 - Organization and Significant Accounting Policies (continued)**

**Use of Estimates**

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

**Reclassification**

Certain prior year amounts have been reclassified in order to conform to current year presentation.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including September 29, 2009, which is the date the financial statements were issued.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
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**NOTE 2 - Contributions Receivable**

As of June 30, 2009 and 2008, 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 and the remaining expected cash flows from unconditional promises to give 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, 2009 and 2008 amounted to \$340,478 and \$428,445, respectively. Contributions receivable at June 30 are as follows:

	2009	2008
Within one year (FY 2010)	\$ 5,200,605	\$ 3,694,816
One to five years (FY 2011 - FY 2014)	10,869,520	13,491,189
More than five years (FY 2015+)	17,877,285	15,676,688
	<u>33,947,410</u>	<u>32,862,693</u>
Risk premium	(1,657,175)	(1,607,882)
Present value discount	(6,349,966)	(6,929,266)
Total net receivable	<u>\$ 25,940,269</u>	<u>\$ 24,325,545</u>

In May 2006, the Foundation received a pledge of \$15 million to establish three endowed funds to support the University of Toledo, College of Education. 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 pledge balance due is recorded at fair value as a long-term contribution receivable valued at \$9,572,746 and \$8,790,041 as of June 30, 2009 and 2008, respectively.

**NOTE 3 - Investments**

Some investments of the University of Toledo and the University of Toledo Alumni Association are pooled with investments of the Foundation. The pooled investments are managed by the Foundation.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
Year Ended June 30, 2009 and 2008

**NOTE 3 - Investments (continued)**

The following is the Foundation's portion of the pooled investments as of June 30, 2009:

	Cost	Market	Unrealized G/L
Cash equivalents	\$ 10,355,302	\$ 10,355,302	\$ -
Common stocks	81,229,782	62,883,383	(18,346,399)
Mutual funds - fixed income	22,322,585	21,807,783	(514,802)
Hedge funds	21,123,089	18,232,459	(2,890,630)
U.S. government and agency issues	3,344,985	3,475,812	130,827
Partnerships	1,735,775	1,778,653	42,878
Corporate bonds	1,226,718	1,256,350	29,632
<b>Total pooled investments</b>	<b>\$ 141,338,236</b>	<b>\$ 119,789,742</b>	<b>\$ (21,548,494)</b>
Total unrealized depreciation			\$ (21,548,494)
Less net gain for the year ended June 30, 2008			2,036,428
Unrealized loss for the year			(23,584,922)
Realized loss for the year			(8,149,701)
<b>Total net unrealized and realized loss for the year ended June 30, 2009</b>			<b>\$ (31,734,623)</b>

The following is the Foundation's portion of the pooled investments as of June 30, 2008:

	Cost	Market	Unrealized G/L
Cash equivalents	\$ 5,205,400	\$ 5,205,400	\$ -
Common stocks	100,335,057	101,785,197	1,450,140
Mutual funds - fixed income	20,102,576	20,043,991	(58,585)
Hedge funds	18,377,898	19,054,227	676,329
U.S. government and agency issues	3,302,265	3,361,817	59,552
Partnerships	885,772	801,107	(84,665)
Corporate bonds	726,078	719,735	(6,343)
<b>Total pooled investments</b>	<b>\$ 148,935,046</b>	<b>\$ 150,971,474</b>	<b>\$ 2,036,428</b>
Total unrealized appreciation			\$ 2,036,428
Less net gain for the year ended June 30, 2007			34,212,720
Unrealized loss for the year			(32,176,292)
Realized gain for the year			22,211,222
<b>Total net unrealized and realized loss for the year ended June 30, 2008</b>			<b>\$ (9,965,070)</b>

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

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#### NOTE 3 - Investments (continued)

Other sources of realized and unrealized gains and losses include sales of gifted assets and assets held in charitable remainder trusts. Sales of gifted assets resulted in a \$555 gain and a \$16,632 loss for the years ended June 30, 2009 and 2008, respectively. The trusts are principally comprised of equity securities and fixed income securities. Unrealized losses of \$790,234 and \$648,547 and realized losses of \$846,044 and realized gains of \$141,341 were recognized by the trusts for the years ended June 30, 2009 and 2008, respectively.

Investment and custody fees of \$360,597 and \$509,037 relating to the Foundation's investments were incurred for the years ended June 30, 2009 and 2008, respectively.

The Foundation holds 28 acres of real estate that is classified as investments on the consolidated statements of financial position. Real estate held as investments and recorded at cost totaled \$932,167 as of June 30, 2009 and 2008. Other investments at cost totaled \$129,431 and \$41,500 as of June 30, 2009 and 2008, respectively.

During 2008, the University assigned its rights in the equity of four start-up organizations (start-ups) to the Foundation. The investments in these organizations were recorded by the Foundation at fair value and totaled \$4.9 million at June 30, 2008. Effective June 30, 2009, the Foundation assigned its rights in the equity of the start-ups to the Science, Technology and Innovations Enterprises Ltd. (STIE), a separate 501(c)3 organization and component unit of the University. The investments in the start-up had a fair market value of \$4.9 million at the time of the transfer.

In April 2002, the Foundation contributed land with an appraised value of approximately \$95,000 to Foundation Park Investors, LLC ("Foundation Park") in exchange for a 33% membership interest in Foundation Park. Foundation Park constructed an office facility, in which the former MUO Foundation conducted its operations. Foundation Park sold the building in April 2008. The income from the sale is reflected in the Foundation's statement of activities.

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. The Foundation made an initial contribution of capital of \$37,500 at the time of the agreement and has subsequently made contributions of capital of \$37,500 for a total capital contribution of \$75,000 as of June 30, 2009. The capital commitment outstanding as of June 30, 2009 is \$75,000, which becomes payable upon capital calls from Rocket Venture. The investment is classified as an investment and recorded at cost in the amount of \$75,000 as of June 30, 2009.

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

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#### NOTE 3 - Investments (continued)

The Foundation entered into an Assignable Option to Purchase agreement (Option) dated October 22, 2007 and First Amendment to Options (Amendment) dated November 11, 2008, with the United States of America, on behalf of the Department of Veterans Affairs (VA). The Option and Amendment grants the VA the exclusive right and option to purchase from the Foundation certain parcels of land, currently classified as investments, totaling 10 acres, more or less, for the purchase price of approximately \$811,000. The Amendment includes provisions allowing the VA two extensions of the option period through September 30, 2009. The VA has exercised the first extended option period which ended on June 30, 2009. The Foundation has received option fee payments totaling \$120,000 from the initial option period and the first extended option period and has classified those deposits as a liability as of June 30, 2009.

The Foundation entered into an agreement of limited partnership of Sigular Guff Distressed Opportunities Fund III, LP (Sigular Guff), a limited liability partnership formed under laws of Delaware, with a committed subscription amount of \$5 million on March 12, 2008 on behalf of the investment pool. The investment pool made an initial contribution of capital of \$900,000 at the time of the agreement and has subsequently made contributions of capital of \$1.25 million for a total capital contribution of \$2.15 million as of June 30, 2009. The capital commitment outstanding as of June 30, 2009 is \$2.85 million, which becomes payable upon capital calls from the partnership. The partnership in Sigular Guff is classified as a pooled investment and recorded at fair value. The Foundation's portion of the Sigular Guff investment as of June 30, 2009 was \$1.77 million.

The Foundation participates in a securities lending arrangement with Northern Trust, whereby securities are loaned to select established brokerage firms for a fee. The Foundation received as collateral, the market value of the securities borrowed plus a premium of 2.0 percent of the U.S. Securities and 5.0 percent for non-U.S. securities of the market value of those securities. The Foundation records the fair value of the collateral received as both a secured lending asset and liability since the Foundation is obligated to return the collateral upon the return of borrowed securities. At June 30, 2009 and 2008, the Foundation had loaned \$1.12 million and \$9.97 million, respectively, under the program. These securities are included in the Foundation's total of pooled investments as \$376,072 and \$7,683,480 of common stock, \$89,703 and \$242,772 of fixed income mutual funds, and \$469,242 and \$2,045,128 of U.S. Government and Agency issues at June 30, 2009 and 2008, respectively.

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

#### NOTE 3 - Investments (continued)

Although the Foundation's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrowers of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms to their contracts.

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 that such changes could materially affect the amounts reported in the statement of financial position.

#### NOTE 4 - Lease Commitments

The Foundation's operations are conducted in facilities leased from the University of Toledo. The lease was amended in April 2008 when the Foundation funded renovations to the facilities in the Driscoll Alumni Center and expanded the square footage leased. The cost of the renovations plus 3% interest will be credited against the rents otherwise payable. The lease expires in 2012, and provides for two additional 10-year renewal options. Rental expense charged to operations under the lease was \$58,450 and \$40,450 for the years ended June 30, 2009 and 2008, respectively.

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 2009:

	Amount
2010	\$ 58,450
2011	58,450
2012	29,225
	<u>\$ 146,125</u>

#### NOTE 5 - Pension Plans

The Foundation has non-contributory defined contribution retirement plans covering all permanent employees who have at least 1,000 hours of services 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 June 30, 2009 and 2008 was \$83,591 and \$80,085, respectively.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
Year Ended June 30, 2009 and 2008

**NOTE 6 - Net Asset Classification**

*Temporarily Restricted Net Assets*

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

	<b>2009</b>		<b>2008</b>
Academics	\$ 35,478,271	\$	43,757,573
Student aid	25,058,059		36,917,292
Capital projects	8,000,329		7,641,882
Athletic programs	7,309,062		9,736,378
Research	5,534,084		10,593,089
General support	4,722,139		2,535,839
	<u>\$ 86,101,944</u>	<u>\$</u>	<u>111,182,053</u>

*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.

	<b>2009</b>		<b>2008</b>
Academics	\$ 23,636,108	\$	25,463,118
Student aid	31,967,634		32,149,037
Capital projects	3,614,140		3,437,595
Athletic programs	127,640		125,412
Research	3,358,351		1,351,184
General support	2,782,291		4,388,030
	<u>\$ 65,486,164</u>	<u>\$</u>	<u>66,914,376</u>

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 6 - Net Asset Classifications (continued)**

*Reclassification of Net Assets*

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

	<b>2009</b>		<b>2008</b>
Academics	\$ 10,519,900	\$	4,688,805
Student aid	3,410,633		3,880,227
Capital projects	4,576,385		109,442
Athletic programs	1,766,380		1,650,316
Research	374,286		257,550
Loan program	155,984		1,132,413
	<u>\$ 20,803,568</u>	<u>\$</u>	<u>11,718,753</u>

During the year ended June 30, 2009, the Foundation reclassified approximately \$3.1 million of amounts originally included within permanently restricted endowments to temporarily or unrestricted funds. This reclassification was completed based on revised donor agreements or review and change in interpretation of existing fund agreements.

Other transfers relate mainly to transfers of spendable earnings from temporarily restricted quasi-endowments to operating funds, as well as reclassifications of endowments determined to be permanently restricted.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

**NOTE 7 - Donor and Board Restricted Endowments**

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Changes in endowment net assets for the fiscal years ended June 30, 2009 and 2008 are as follows:

	----- Donor - Endowed -----			Total
	Unrestricted Board-Designated Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	
<b>Endowment net assets, June 30, 2008</b>	\$ 6,795,115	\$ 72,776,837	\$ 66,914,376	\$ 146,486,328
Investment return				
Investment income	91,323	1,812,997	226,468	2,130,788
Net appreciation (depreciation)	(1,274,915)	(24,251,906)	(1,728,865)	(27,255,686)
Total investment return	(1,183,592)	(22,438,909)	(1,502,397)	(25,124,898)
Contributions and board transfers to endowment funds	14,498	5,767,900	1,397,587	7,179,985
Other income/transfers to endowment funds	-	34,514	39,448	73,962
Administrative fees	(86,030)	(1,657,113)	(6,282)	(1,749,425)
Amounts transferred for appropriation of expenses	-	(146,322)	-	(146,322)
Reclassifications	1,303	(2,295,123)	2,293,820	-
Transfers from unrestricted - undesignated funds to cover deficiencies of perpetual endowments	-	2,426,452	-	2,426,452
Other transfers	(161,815)	513,978	(3,650,388)	(3,298,225)
Change in net assets	(1,415,636)	(17,794,623)	(1,428,212)	(20,638,471)
<b>Endowment net assets, June 30, 2009</b>	\$ 5,379,479	\$ 54,982,214	\$ 65,486,164	\$ 125,847,857

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
Year Ended June 30, 2009 and 2008

**NOTE 7 - Donor and Board Restricted Endowments (continued)**

	----- Donor - Endowed -----			
	Unrestricted Board-Designated Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
<b>Endowment net assets, June 30, 2007</b>	\$ 7,191,835	\$ 75,724,972	\$ 65,330,638	\$ 148,247,445
Investment return				
Investment income	105,334	2,136,637	251,688	2,493,659
Net appreciation (depreciation)	(377,009)	(7,695,519)	(508,872)	(8,581,400)
Total investment return	(271,675)	(5,558,882)	(257,184)	(6,087,741)
Contributions and board transfers to endowment funds	24,420	6,592,893	2,397,616	9,014,929
Other income / transfers to endowment funds	-	17,557	89,030	106,587
Administrative fees	(86,944)	(1,777,730)	(6,789)	(1,871,463)
Amounts transferred for appropriation of expenses	-	(19,832)	(75,047)	(94,879)
Reclassifications	1,367	(244,348)	242,980	(1)
Transfers from unrestricted - undesignated funds to cover deficiencies of perpetual endowments	-	166,927	-	166,927
Other transfers	(63,888)	(2,124,720)	(806,868)	(2,995,476)
Change in net assets	(396,720)	(2,948,135)	1,583,738	(1,761,117)
<b>Endowment net assets, June 30, 2008</b>	<b>\$ 6,795,115</b>	<b>\$ 72,776,837</b>	<b>\$ 66,914,376</b>	<b>\$ 146,486,328</b>

Transfers from unrestricted - undesignated funds to cover deficiencies of perpetual endowments are required under accounting principles generally accepted in the United States of America when funds fall below the level which donors or UPMIFA require the Foundation to retain as a fund of perpetual duration. These deficiencies are required to be covered by the unrestricted - undesignated net assets of the Foundation.

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 donor's directive. Spending from net assets of charitable remainder trusts commences upon the maturity of the trust.

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

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#### **NOTE 7 - Donor and Board Restricted Endowments (continued)**

##### *Interpretation of Relevant Law*

The Board of Trustees of the Foundation (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 accounting principles generally accepted in the United States of America, deficiencies of this nature are required to be covered by the unrestricted assets of the Foundation. Accordingly, the Foundation has transferred \$2,426,452 and \$166,927 as of June 30, 2009 and 2008, respectively, to unrestricted funds from permanently restricted funds. These deficiencies resulted from unfavorable market returns.

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

#### NOTE 7 - Donor and Board Restricted Endowments (continued)

##### *Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the investment policy as approved by the Board, the endowment assets are invested to achieve a total return, net of fees, equal to or greater than the spending, administrative fees, and inflation.

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:

<b>Asset Category</b>	<b>Index</b>
U.S. Equity	Russell 3000
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. The Foundation expects its endowment funds over time, 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 4.9 percent for fiscal years 2009 and 2008. 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.

## **THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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#### **NOTE 8 - Related-Party Transactions**

In February 2008, the Foundation issued a \$295,170 five-year loan to the University Athletics Department for the purchase of video equipment for the football program. Payments of \$17,192 are due quarterly at an annual percentage rate of 6.0%. The balance on the note as of June 30, 2009 and 2008 was \$215,651 and \$269,448, respectively.

The Foundation has recorded a note receivable from the University on its statement of financial position.

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

In 2008, the Foundation received a transfer from the University related to assignments of equity rights in four start-up organizations. The transfer was recorded at fair value based on the underlying value of the associated investments. In 2009, the Foundation assigned its equity rights in the four start-up organizations to the Science, Technology, and Innovation Enterprise, a separate 501(c)(3) organization and component unit of the University (see Note 3).

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.

#### **NOTE 9 - Line of Credit**

The Foundation had an unsecured, revolving line of credit agreement with a bank which provided for borrowings up to \$10,000,000, with interest at the bank's prime rate less one half-percent (4.5% at June 30, 2008). This line of credit was to be utilized in real estate transactions entered into by the Foundation on behalf of the Corporation. There were no borrowings on the line of credit in the current or prior year. The term of the revolving line of credit agreement matured on October 29, 2008.

#### **NOTE 10 - Real Estate Corporation**

During fiscal year 2008, the Corporation purchased two commercial properties for \$880,000 and six residential properties for \$521,350. At June 30, 2008, four of the residential properties are under lease. Beginning in the fall of 2008, the Corporation will raze three commercial properties and two residential properties.

## THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Year Ended June 30, 2009 and 2008

#### **NOTE 10 - Real Estate Corporation**

In July 2004, the Corporation executed at \$1,750,000 three-year loan with a bank for the purchase of a building. Monthly interest payments are variable at 125 basis points above LIBOR (3.71% at June 30, 2008) with maturity in July 2007. This agreement was renegotiated in July 2007 to extend the terms until July 2009. The outstanding balance was approximately \$1,319,000 and \$1,407,000 as of June 30, 2009 and 2008, respectively, and has been classified as short-term, note payable as of June 30, 2009.

In June 2008, the Corporation's board approved the sale of the Kenwood Synagogue property. The Corporation has met all the criteria as required by Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and has consequently classified land and building related to the property as held for sale. The fair value less cost to sell has been estimated at approximately \$1.2 million and \$1.4 million as of June 30, 2009 and 2008, respectively.

On January 30, 2009, the Corporation entered into a purchase agreement with an Ohio non-profit corporation for the sale of the Kenwood Synagogue property. The sale was settled on May 27, 2009 for the purchase price of \$1.3 million. The sales proceeds less reductions remain under an escrow agreement whereas the purchaser has the right to deliver a notice to the Corporation that it cannot satisfy the escrow condition under the escrow agreement and the sale would cease. The property is classified as held for sale and reported at fair value less cost to sell, therefore the gain or loss on the sale is expected to be minimal.

On November 25, 2008, the Corporation purchased property at 3242 Door Street, Toledo, Ohio, in the amount of \$1.025 million, for the future site of the Door Street Gateway.

#### **NOTE 11 - Merger with Medical University of Ohio at Toledo Foundation (MUO Foundation)**

The University of Toledo Foundation merged with the Medical University of Ohio Foundation effective July 1, 2007. The MUO Foundation is the surviving corporation and was renamed as The University of Toledo Foundation. The merger was accounted for as a "pooling of interests." The consolidated financial statement reflect the combined assets, liabilities, and net assets of the organizations at June 30, 2008; and the revenues, support, expenses, changes in net assets and functional expenses for the entire fiscal year ended June 30, 2008. The effect of the merger on the net assets for fiscal year 2008 was as follows:

Net assets beginning of the year as of June 30, 2007	\$ 32,418,269
Adjustments for the effect of the merger	148,511,596
Net assets beginning of the year restated as of June 30, 2008	<u>\$ 180,929,865</u>

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 12 - Fair Value Measurements**

The Foundation has adopted Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*, as of July 1, 2008. SFAS 157 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. The implementation of SFAS 157 for financial assets and liabilities did not have a material impact on the Foundation's consolidated financial statements.

SFAS 157 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 or liabilities that the Foundation has the ability to access. Fair values determined by Level 2 inputs include quoted prices for similar assets and liabilities 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 or liability.

In instances where 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 assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
Year Ended June 30, 2009 and 2008

**NOTE 12 - Fair Value Measurements (continued)**

Disclosures concerning assets and liabilities measured at fair value are as follows:

<b>Fair Value Measurements as of June 30, 2009</b>				
<b>Description</b>	<b>Quoted Prices in Active Markets in Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Balance at June 30, 2009</b>
<b>Assets:</b>				
Investments (Note 3)				
Common stocks	\$ 62,830,424	\$ 52,959		\$ 62,883,383
Corporate bonds		1,256,350		1,256,350
US Government and agency bonds		3,475,812		3,475,812
Mutual funds - fixed income	21,807,783			21,807,783
Hedge funds			\$ 18,232,459	18,232,459
Partnerships			1,778,653	1,778,653
Assets held in remainder trusts			4,800,203	4,800,203
Contributions receivable (Note 2)			25,940,269	25,940,269
Cash surrender value of life insurance			1,381,743	1,381,743
Long-lived asset held for sale (Note 10)			1,200,158	1,200,158

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
Year Ended June 30, 2009 and 2008

**NOTE 12 - Fair Value Measurements (continued)**

Changes in level 3 assets and liabilities measured at fair value on a recurring basis:

<b>Fair Value Measurements of Assets Using Significant Unobservable Inputs (Level 3) as of June 30, 2009</b>							
	<u>Partnerships</u>	<u>Hedge Funds</u>	<u>Equity Assignments</u>	<u>Assets Held in Remainder Trust</u>	<u>Contributions Receivable</u>	<u>CSV of Life Ins.</u>	<u>Assets Held for Sale</u>
Balance as of June 30, 2008	\$ 801,107	\$ 19,054,227	\$ 4,886,635	\$ 6,628,624	\$ 24,325,545	\$ 1,391,203	\$ 1,368,774
Purchases / re-invested income	872,231	5,309,231		252,309			
Withdrawals and settlements	-	(1,940,184)					
Investment pool reallocation	(42,645)	(1,014,316)					
Transfer to University			(4,886,635)				
Policy maturities						(42,271)	
Change in cash surrender value						32,811	
Distributions and fees				(435,739)			
Pledges received					8,890,480		
Payments received					(7,465,283)		
Change in present value					579,300		
Allowance and write-offs					(389,773)		
Unrealized gains (losses)	147,960	(3,399,249)		(797,911)			(168,616)
Realized gains (losses)		222,750		(847,080)			
<b>Balance as of June 30, 2009</b>	<b>\$ 1,778,653</b>	<b>\$ 18,232,459</b>	<b>\$ -</b>	<b>\$ 4,800,203</b>	<b>\$ 25,940,269</b>	<b>\$ 1,381,743</b>	<b>\$ 1,200,158</b>

Gains or losses included in earnings are reported in return of investments on the statements of activities:

	<u>Partnerships</u>	<u>Hedge Funds</u>	<u>Equity Assignments</u>	<u>Assets Held in Remainder Trust</u>	<u>Contributions Receivable</u>	<u>CSV of Life Ins.</u>	<u>Assets Held for Sale</u>
<b>Total gains or losses included in earnings</b>	<b>\$ 147,960</b>	<b>\$ (3,176,499)</b>	<b>\$ -</b>	<b>\$ (1,644,991)</b>	<b>\$ 189,527</b>	<b>\$ 32,811</b>	<b>\$ (168,616)</b>

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 and liabilities 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 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 UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 12 - Fair Value Measurements (continued)**

Charitable remainder trusts are measured based on the present value of the expected income from the assets; as such, the charitable remainder trust is considered to be determined based on Level 3 inputs.

Long-lived assets held for sale are recorded at fair value in accordance with Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (see Note 10). Fair value was determined based on the actual purchase price and costs to sell as documented in the purchase agreement. The purchase agreement is considered a Level 3 input, but provides a true exit price from the perspective of the Foundation.

Cash value of life insurance and annuities are presented at fair value based on the amount available in cash upon cancellation of the insurance policy before maturity as of the reporting period. The fair value is determined by the insurer and represents the exit price from the perspective of the Foundation. However, since the valuation is considered unobservable, the cash surrender value calculation is considered a Level 3 input.

In 2008, the Foundation received a transfer from the University related to assignments of equity and subsequently assigned those rights to STIE in 2009. The equity assignments were recorded at fair value based on the most current exchange of shares of each equity assignment. The transactions occurred outside of an active market and therefore, the prices per shares are considered Level 3 inputs.

Other assets including property and equipment, goodwill, intangible assets, and other assets acquired in business combinations are also subject to periodic impairment assessments under other accounting principles generally accepted in the United States of America. These assets are not considered financial assets. Effective February 12, 2008, the FASB issued a staff position, FSP FAS 157-2, which delayed the applicability of SFAS 157 to non-financial assets and liabilities until years beginning after November 15, 2008. Accordingly, these assets have been omitted from the above disclosures.

The Foundation has adopted Statement of Financial Accounting Standards No. 159 (SFAS 159), *Fair Value Option for Financial Assets and Financial Liabilities*, effective for fiscal years beginning after November 15, 2007. This statement permits entities to choose to measure many financial instruments and certain other items at fair value.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 12 - Fair Value Measurements (continued)**

Pursuant to this adoption, the Foundation 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 SFAS 157 - 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 13 - Fair Value of Financial Instruments**

The fair value 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 financial statements due to the short maturity of such instruments.

Contributions receivable are stated at fair value as described in Notes 1, 2, and 12.

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

Long-lived assets held for sale are recorded at fair value in accordance with Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (see Note 10).

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

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Year Ended June 30, 2009 and 2008

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**NOTE 14 - Prior Period Adjustment**

The accompanying financial statements for 2008 have been restated to correct an error relating to recording the securities lending arrangement discussed in Note 3.

An entry was recorded to present an asset and liability equal to \$10,252,334, respectively, associated with the collateral related to the securities lending arrangement. As a result of the prior period adjustment, total assets and total liabilities have increased by \$10,252,334 for the year ended June 30, 2008. There was no impact to total net assets or to the statement of activities or statement of cash flows relative to this adjustment.

**NOTE 15 - Concentration of Credit Risk**

The Foundation maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. During fiscal years ended June 30, 2009 and 2008, the Foundation maintained balances which exceeded insurable limits.

**NOTE 16 - Subsequent Events**

Effective July 14, 2009, the Corporation's note payable matured. The Corporation executed a revolving one-year line of credit loan in the amount of \$1,320,270, with a maturity of July 14, 2010. The variable interest rate on the line of credit is set at LIBOR plus 225 basis points. At the time of the execution of the line of credit, LIBOR was set at 3.25% per annum.

Effective July 1, 2009, the Foundation transferred ownership and control of MCOF Enterprises, Ltd., to the Science, Technology and Innovation Enterprises MCOFE Holding Inc., an Ohio corporation and wholly owned subsidiary of the Science, Technology and Innovation Enterprises Ltd., an Ohio non-profit corporation whose sole member is the University. MCOF Enterprises, Ltd. had assets of \$345,765, liabilities of \$292,388, and equity of \$53,377 as of June 30, 2009.

On August 10, 2009, the Corporation entered into a real estate purchase agreement for the acquisition of the real property at 3356 Downing Avenue, Toledo, Ohio, for the purchase price of \$87,000.

## Other Financial Information

To the Board of Trustees  
University of Toledo Foundation  
and Subsidiaries

We have audited the accompanying consolidated statements of financial position of the University of Toledo Foundation and Subsidiaries (the "Foundation"), an Ohio not-for-profit corporation, as of June 30, 2009 and 2008 and the related consolidated statements of activities and cash flows for the years then ended. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following information in the accompanying consolidating schedules is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the University of Toledo Foundation, University of Toledo Foundation Real Estate Corp., University Promotions, Ltd., CAHS, Ltd., and MCOF Enterprises, Ltd. and is not a required part of the basic consolidated financial statements. The following information has been subjected to the procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Plante & Moran, PLLC*

September 29, 2009

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Financial Position**  
**As of June 30, 2009**

	University of Toledo Foundation	University of Toledo Foundation Real Estate Corp.	MCOF Enterprises, Ltd.	Consolidated University of Toledo Foundation
<b>Assets</b>				
Current Assets:				
Cash	\$ 923,976	\$ 151,233	\$ 8,514	\$ 1,083,723
Securities lending collateral	1,151,421			1,151,421
Accounts receivable	154,739	139,492	323,582	617,813
Notes receivable	57,099			57,099
Contributions receivable, net of allowance for uncollectible contributions	4,593,800			4,593,800
Interest receivable	131,303			131,303
Prepaid expenses	20,364			20,364
<b>Total current assets</b>	<b>7,032,702</b>	<b>290,725</b>	<b>332,096</b>	<b>7,655,523</b>
Other assets:				
Investments:				
Marketable - Pooled	119,789,742			119,789,742
Real estate and other	1,061,598			1,061,598
Assets held in charitable remainder trusts	4,800,203			4,800,203
<b>Total investments</b>	<b>125,651,543</b>	<b>-</b>	<b>-</b>	<b>125,651,543</b>
Notes receivable	158,552			158,552
Prepaid rent	418,848			418,848
Contributions receivable, net of allowance for uncollectible contributions and present value adjustment	21,346,469			21,346,469
Cash value of life insurance	1,381,743			1,381,743
Land held for sale		1,200,158		1,200,158
<b>Total other assets</b>	<b>148,957,155</b>	<b>1,200,158</b>	<b>-</b>	<b>150,157,313</b>
Property and equipment				
Land	11,970	4,273,797		4,285,767
Rental property		981,658		981,658
Office equipment	599,676	312,015	19,736	931,427
<b>Total property and equipment</b>	<b>611,646</b>	<b>5,567,470</b>	<b>19,736</b>	<b>6,198,852</b>
Less accumulated depreciation	559,103	391,250	6,067	956,420
<b>Net property and equipment</b>	<b>52,543</b>	<b>5,176,220</b>	<b>13,669</b>	<b>5,242,432</b>
<b>Total assets</b>	<b>\$ 156,042,400</b>	<b>\$ 6,667,103</b>	<b>\$ 345,765</b>	<b>\$ 163,055,268</b>

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Financial Position (continued)**  
**As of June 30, 2009**

	University of Toledo Foundation	University of Toledo Foundation Real Estate Corp.	MCOF Enterprises, Ltd.	Consolidated University of Toledo Foundation
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 1,324,932		\$ 292,388	\$ 1,617,320
Securities lending liability	1,151,421			1,151,421
Notes payable		\$ 1,319,768		1,319,768
Contribution payable	110,000			110,000
Deferred revenue	120,000	51,725		171,725
Accrued liabilities	119,896			119,896
Total current liabilities	2,826,249	1,371,493	292,388	4,490,130
Noncurrent liabilities				
Annuities payable	3,949,441			3,949,441
Total liabilities	6,775,690	1,371,493	292,388	8,439,571
<b>Net assets</b>				
Unrestricted				
Operating Funds				
Undesignated	(8,899,460)			(8,899,460)
Designated - real estate		5,295,610		5,295,610
Designated - board	1,198,583		53,377	1,251,960
Total unrestricted operating funds	(7,700,877)	5,295,610	53,377	(2,351,890)
Board endowed	5,379,479			5,379,479
Total Unrestricted	(2,321,398)	5,295,610	53,377	3,027,589
Temporarily restricted:				
Operating funds	31,119,730			31,119,730
Quasi-endowment	54,982,214			54,982,214
Total temporarily restricted	86,101,944	-	-	86,101,944
Permanently restricted				
	65,486,164			65,486,164
<b>Total net assets</b>	149,266,710	5,295,610	53,377	154,615,697
<b>Total liabilities and net assets</b>	\$ 156,042,400	\$ 6,667,103	\$ 345,765	\$ 163,055,268

**The University of Toledo Foundation and Subsidiaries**  
**Statement of Financial Position**  
**June 30, 2008**

	University of Toledo Foundation	UTF Real Estate Corp.	University Promotions, Ltd.	CAHS, Ltd.	MCOF Enterprises, Ltd.	Eliminations	Consolidated UTF
<b>Assets</b>							
<b>Current assets:</b>							
Cash	\$ 1,354,848	\$ 31,031	\$ 71,305	\$ 5,184	\$ 142,618	\$ -	\$ 1,604,986
Securities lending collateral	10,252,334						10,252,334
Accounts receivable	491,733	15,261	9,000	-	-	(102,826)	413,168
Notes receivable	53,798	-	-	-	-	-	53,798
Contributions receivable, net of allowance for uncollectible contributions	3,275,257	-	-	-	-	-	3,275,257
Interest receivable	132,319	-	-	-	-	-	132,319
Prepaid expenses	59,426	-	-	-	-	-	59,426
Inventory	-	-	72	-	-	-	72
<b>Total current assets</b>	<b>15,619,715</b>	<b>46,292</b>	<b>80,377</b>	<b>5,184</b>	<b>142,618</b>	<b>(102,826)</b>	<b>15,791,360</b>
<b>Other assets:</b>							
<b>Investments:</b>							
Pooled	150,971,474	-	-	-	-	-	150,971,474
Real estate and other	973,667	-	-	-	-	-	973,667
Investments in equity assignments	4,886,635	-	-	-	-	-	4,886,635
Assets held in charitable remainder trusts	6,628,624	-	-	-	-	-	6,628,624
<b>Total investments</b>	<b>163,460,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,460,400</b>
Notes receivable - long term	215,650	-	-	-	-	-	215,650
Contributions receivable - long term, net of allowance for uncollectible contributions and present value adjustment	21,050,288	-	-	-	-	-	21,050,288
Cash value of life insurance	1,391,203	-	-	-	-	-	1,391,203
Asset held for sale	-	1,368,774	-	-	-	-	1,368,774
<b>Total other assets</b>	<b>186,117,541</b>	<b>1,368,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,486,315</b>
<b>Property and equipment:</b>							
Land	11,970	3,210,904	-	-	-	-	3,222,874
Rental property	-	976,931	-	-	-	-	976,931
Office equipment	601,272	312,017	-	-	3,243	-	916,532
<b>Total property and equipment</b>	<b>613,242</b>	<b>4,499,852</b>	<b>-</b>	<b>-</b>	<b>3,243</b>	<b>-</b>	<b>5,116,337</b>
Less accumulated depreciation	554,117	301,995	-	-	323	-	856,435
<b>Net property and equipment</b>	<b>59,125</b>	<b>4,197,857</b>	<b>-</b>	<b>-</b>	<b>2,920</b>	<b>-</b>	<b>4,259,902</b>
<b>Total assets</b>	<b>\$ 201,796,381</b>	<b>\$ 5,612,923</b>	<b>\$ 80,377</b>	<b>\$ 5,184</b>	<b>\$ 145,538</b>	<b>\$ (102,826)</b>	<b>\$ 207,537,577</b>

**The University of Toledo Foundation and Subsidiaries**  
**Statement of Financial Position (continued)**  
**June 30, 2008**

	University of Toledo Foundation	UTF Foundation Real Estate Corp.	University Promotions, Ltd.	CAHS, Ltd.	MCOF Enterprises, Ltd.	Eliminations	Consolidated UTF
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	\$ 702,083	\$ -	\$ 51	\$ 4,147	\$ 15,598	\$ -	\$ 721,879
Securities lending liability	10,252,334						10,252,334
Notes payable	-	1,407,292	-	-	-	-	1,407,292
Contribution payable	158,723	-	-	-	-	-	158,723
Accrued liabilities	97,796	14,764	94,578	7,438	831	(102,826)	112,581
<b>Total current liabilities</b>	<b>11,210,936</b>	<b>1,422,056</b>	<b>94,629</b>	<b>11,585</b>	<b>16,429</b>	<b>(102,826)</b>	<b>12,652,809</b>
Noncurrent liabilities:							
Annuities payable	4,346,334	-	-	-	-	-	4,346,334
<b>Total liabilities</b>	<b>15,557,270</b>	<b>1,422,056</b>	<b>94,629</b>	<b>11,585</b>	<b>16,429</b>	<b>(102,826)</b>	<b>16,999,143</b>
<b>Net assets</b>							
Unrestricted:							
Operating Funds:							
Undesignated	(559,921)	-	-	-	-	-	(559,921)
Designated - real estate	-	4,190,867	-	-	-	-	4,190,867
Designated - board	1,907,488	-	(14,252)	(6,401)	129,109	-	2,015,944
<b>Total unrestricted operating funds</b>	<b>1,347,567</b>	<b>4,190,867</b>	<b>(14,252)</b>	<b>(6,401)</b>	<b>129,109</b>	<b>-</b>	<b>5,646,890</b>
Board endowed	6,795,115	-	-	-	-	-	6,795,115
<b>Total unrestricted</b>	<b>8,142,682</b>	<b>4,190,867</b>	<b>(14,252)</b>	<b>(6,401)</b>	<b>129,109</b>	<b>-</b>	<b>12,442,005</b>
Temporarily restricted:							
Operating funds	38,405,216	-	-	-	-	-	38,405,216
Quasi-endowment	72,776,837	-	-	-	-	-	72,776,837
<b>Total temporarily restricted</b>	<b>111,182,053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,182,053</b>
Permanently restricted	66,914,376	-	-	-	-	-	66,914,376
<b>Total net assets</b>	<b>186,239,111</b>	<b>4,190,867</b>	<b>(14,252)</b>	<b>(6,401)</b>	<b>129,109</b>	<b>-</b>	<b>190,538,434</b>
<b>Total liabilities and net assets</b>	<b>\$ 201,796,381</b>	<b>\$ 5,612,923</b>	<b>\$ 80,377</b>	<b>\$ 5,184</b>	<b>\$ 145,538</b>	<b>\$ (102,826)</b>	<b>\$ 207,537,577</b>

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Activities**  
**Year Ended June 30, 2009**

	UTF						Consolidated			
	University of Toledo Foundation	Real Estate Corp.	University Promo. Ltd.	CAHS Ltd.	MCOF Enterprises Ltd.	Elim. adj.	Unrestricted Net Assets	Temporarily Unrestricted Net Assets	Permanently Restricted Net Assets	University of Toledo Foundation
<b>Support, revenue, and gains (losses)</b>										
Public support:										
Unconditional promises to give (gross)	\$ 8,550,001							\$ 8,550,001		\$ 8,550,001
Allowance for uncollectible contributions and present value adjustment	530,007							530,007		530,007
Unconditional promises to give (net)	9,080,008							9,080,008		9,080,008
Contributions	7,353,914					646,813	5,274,773	1,432,328	7,353,914	
Annuities and trusts (net of actuarial adjustments)	(53,390)						(18,649)	(34,741)	(53,390)	
Royalties and ancillary businesses			351	1,625	904,241		906,217		906,217	
Total public support	16,380,532	-	351	1,625	904,241	-	1,553,030	14,336,132	1,397,587	17,286,749
Administrative fees	617,914						2,285,837	(1,661,641)	(6,282)	617,914
Return on investments:										
Interest and dividends	2,983,091						632,251	2,092,637	258,203	2,983,091
Net realized and unrealized (loss) on investments	(33,370,346)						(7,308,499)	(24,332,982)	(1,728,865)	(33,370,346)
Investment fees	(360,597)						(78,044)	(250,818)	(31,735)	(360,597)
Net return on investments	(30,747,852)	-	-	-	-	-	(6,754,292)	(22,491,163)	(1,502,397)	(30,747,852)
Other income:										
Non-gift and other income	1,902,618					(4,162)	8,707	1,850,301	39,448	1,898,456
Income-REC		64,373					64,373			64,373
University loan program	4,515							4,515		4,515
Total other income	1,907,133	64,373	-	-	-	(4,162)	73,080	1,854,816	39,448	1,967,344
Net assets released from restrictions and other transfers										
Satisfaction of program and donor restrictions	-						20,803,568	(20,803,568)	-	
Expiration of time restrictions (pledge payments)	-						41,053	(2,334,873)	2,293,820	
Other transfers	(1,616,561)	1,595,241	13,885	7,435	-		(2,369,800)	6,020,188	(3,650,388)	-
<b>Total support, revenues and gains</b>	<b>\$ (13,458,834)</b>	<b>\$ 1,659,614</b>	<b>\$ 14,236</b>	<b>\$ 9,060</b>	<b>\$ 904,241</b>	<b>\$ (4,162)</b>	<b>\$ 15,632,476</b>	<b>\$ (25,080,109)</b>	<b>\$ (1,428,212)</b>	<b>\$ (10,875,845)</b>

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Activities (continued)**  
**Year Ended June 30, 2009**

	University of Toledo Foundation	UTF Real Estate Corp.	University Promo. Ltd.	CAHS Ltd.	MCOF Enterprises Ltd.	Elim. adj.	Consolidated			University of Toledo Foundation
							Unrestricted Net Assets	Temporarily Unrestricted Net Assets	Permanently Restricted Net Assets	
<b>Total support, revenues and gains</b>	\$ (13,458,834)	\$ 1,659,614	\$ 14,236	\$ 9,060	\$ 904,241	\$ (4,162)	\$ 15,632,476	\$ (25,080,109)	\$ (1,428,212)	\$ (10,875,845)
Program services:										
Academics	5,812,827				871,167		6,683,994			6,683,994
University Loan Program	155,984						155,984			155,984
Student aid	3,446,665						3,446,665			3,446,665
Capital projects	4,585,457						4,585,457			4,585,457
Athletic programs	1,766,380						1,766,380			1,766,380
Research	374,286						374,286			374,286
Fund raising	608,822						608,822			608,822
Management and general-operating	1,876,511						1,876,511			1,876,511
Management and general-REC		554,871					554,871			554,871
University Promotions, Ltd.			(16)				(16)			(16)
College of Allied Health Sciences, Ltd.				2,659			2,659			2,659
MCOF Enterprises, Ltd.					108,806	(4,162)	104,644			104,644
<b>Total expenses</b>	<b>18,626,932</b>	<b>554,871</b>	<b>(16)</b>	<b>2,659</b>	<b>979,973</b>	<b>(4,162)</b>	<b>20,160,257</b>	<b>-</b>	<b>-</b>	<b>20,160,257</b>
Increase (decrease) in net assets before transfer to University of Toledo	(32,085,766)	1,104,743	14,252	6,401	(75,732)	-	(4,527,781)	(25,080,109)	(1,428,212)	(31,036,102)
Transfers to the University of Toledo	(4,886,635)						(4,886,635)			(4,886,635)
Change in net assets and transfers to University	(36,972,401)	1,104,743	14,252	6,401	(75,732)	-	(9,414,416)	(25,080,109)	(1,428,212)	(35,922,737)
Beginning balance net assets	186,239,111	4,190,867	(14,252)	(6,401)	129,109	-	12,442,005	111,182,053	66,914,376	190,538,434
<b>Net assets at end of year</b>	<b>\$ 149,266,710</b>	<b>\$ 5,295,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,377</b>	<b>\$ -</b>	<b>\$ 3,027,589</b>	<b>\$ 86,101,944</b>	<b>\$ 65,486,164</b>	<b>\$ 154,615,697</b>

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Activities**  
**Year Ended June 30, 2008**

	University of Toledo Foundation	UTF Real Estate Corp.	University Promo. Ltd.	CAHS Ltd.	MCOF Enterprises Ltd.	Elim. adj.	Consolidated			University of Toledo Foundation
							Unrestricted Net Assets	Temporarily Unrestricted Net Assets	Permanently Restricted Net Assets	
<b>Support, revenue, and gains (losses)</b>										
Public support:										
Unconditional promises to give (gross)	\$ 11,618,524							\$ 11,618,524		\$ 11,618,524
Allowance for uncollectible contributions and present value adjustment	945,953							945,953		945,953
Unconditional promises to give (net)	12,564,477							12,564,477		12,564,477
Contributions	9,594,589						163,372	7,033,601	2,397,616	9,594,589
Annuities and trusts (net of actuarial adjustments)	81,812							26,019	55,793	81,812
Royalties and ancillary businesses			149,688	66,878	614,545		831,111			831,111
Total public support	22,240,878	-	149,688	66,878	614,545	-	994,483	19,624,097	2,453,409	23,071,989
Administrative fees	682,699						2,471,973	(1,782,485)	(6,789)	682,699
Return on investments:										
Interest and dividends	3,489,923						657,624	2,540,856	291,443	3,489,923
Net realized and unrealized (loss) on investments	(10,488,908)						(2,178,840)	(7,801,196)	(508,872)	(10,488,908)
Equity in net income of investments	213,186						213,186			213,186
Investment fees	(509,037)						(101,685)	(367,597)	(39,755)	(509,037)
Net return on investments	(7,294,836)	-	-	-	-	-	(1,409,715)	(5,627,937)	(257,184)	(7,294,836)
Other income:										
Non-gift and other income	1,945,797					(46,443)	168,715	1,697,402	33,237	1,899,354
Income-REC		302,059					302,059			302,059
University loan program	2,512,824							2,512,824		2,512,824
Total other income	4,458,621	302,059	-	-	-	(46,443)	470,774	4,210,226	33,237	4,714,237
Net assets released from restrictions and other transfers										
Satisfaction of program and donor restrictions							11,718,753	(11,643,706)	(75,047)	-
Expiration of time restrictions (pledge payments)							54,945	(297,925)	242,980	-
Other transfers	(1,233,755)	1,233,755	-	-	-		(94,399)	901,267	(806,868)	-
<b>Total support, revenues and gains</b>	<b>\$ 18,853,607</b>	<b>\$ 1,535,814</b>	<b>\$ 149,688</b>	<b>\$ 66,878</b>	<b>\$ 614,545</b>	<b>\$ (46,443)</b>	<b>\$ 14,206,814</b>	<b>\$ 5,383,537</b>	<b>\$ 1,583,738</b>	<b>\$ 21,174,089</b>

**The University of Toledo Foundation and Subsidiaries**  
**Consolidating Statement of Activities (continued)**  
**Year Ended June 30, 2008**

	University of Toledo Foundation	UTF Real Estate Corp.	University Promo. Ltd.	CAHS Ltd.	MCOF Enterprises Ltd.	Elim. adj.	Consolidated			University of Toledo Foundation
							Unrestricted Net Assets	Temporarily Unrestricted Net Assets	Permanently Restricted Net Assets	
<b>Total support, revenues and gains</b>	\$ 18,853,607	\$ 1,535,814	\$ 149,688	\$ 66,878	\$ 614,545	\$ (46,443)	\$ 14,206,814	\$ 5,383,537	\$ 1,583,738	\$ 21,174,089
Program services:										
Academics	5,224,121				419,004		5,643,125			5,643,125
University Loan Program	1,132,413						1,132,413			1,132,413
Student aid	3,875,742						3,875,742			3,875,742
Capital projects	312,309						312,309			312,309
Athletic programs	1,650,316						1,650,316			1,650,316
Research	257,550						257,550			257,550
Fund raising	760,501						760,501			760,501
Management and general-operating	2,054,134						2,054,134			2,054,134
Management and general-REC		499,111					499,111			499,111
University Promotions, Ltd.			146,171			(28,069)	118,102			118,102
College of Allied Health Sciences, Ltd.				65,077		(3,036)	62,041			62,041
MCOF Enterprises, Ltd.					102,149	(15,338)	86,811			86,811
<b>Total expenses</b>	<b>15,267,086</b>	<b>499,111</b>	<b>146,171</b>	<b>65,077</b>	<b>521,153</b>	<b>(46,443)</b>	<b>16,452,155</b>	<b>-</b>	<b>-</b>	<b>16,452,155</b>
Increase (decrease) in net assets before transfer from University of Toledo	3,586,521	1,036,703	3,517	1,801	93,392	-	(2,245,341)	5,383,537	1,583,738	4,721,934
Transfers from the University of Toledo	4,886,635						4,886,635			4,886,635
Change in net assets	8,473,156	1,036,703	3,517	1,801	93,392	-	2,641,294	5,383,537	1,583,738	9,608,569
Beginning balance net assets	177,765,955	3,154,164	(17,769)	(8,202)	35,717	-	14,687,346	100,911,881	65,330,638	180,929,865
<b>Net assets at end of year</b>	<b>\$ 186,239,111</b>	<b>\$ 4,190,867</b>	<b>\$ (14,252)</b>	<b>\$ (6,401)</b>	<b>\$ 129,109</b>	<b>\$ -</b>	<b>\$ 17,328,640</b>	<b>\$ 106,295,418</b>	<b>\$ 66,914,376</b>	<b>\$ 190,538,434</b>