

University of Rochester

**Reports on Federal Awards in
Accordance with Uniform Guidance
For the Year Ended June 30, 2017
EIN: 16-0743209**

University of Rochester

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June 30, 2017

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Report of Independent Auditors

To the Board of Trustees
University of Rochester

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the University of Rochester and its related entities (the "University"), which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 our 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, we consider internal control relevant to the University'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 University'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 consolidated financial position of the University of Rochester and its related entities as of June 30, 2017 and 2016, and its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2017 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017 on our consideration of the University of Rochester's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2017. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Rochester's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Rochester, New York
October 18, 2017

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**
Consolidated Balance Sheet
As of June 30
(dollars in thousands)

Assets	2017	2016
Cash and cash equivalents	\$ 310,514	\$ 277,221
Short-term investments	460,525	426,593
Accounts receivable, net	415,307	376,234
Inventories, prepaid expenses, and deferred charges	69,646	61,536
Contributions receivable, net	93,930	88,526
Notes receivable, net	19,822	49,482
Other assets	40,969	40,427
Investments held for long-term purposes	2,474,288	2,308,446
Property, plant, and equipment, net	2,091,083	1,991,438
Interest in net assets of foundations	17,740	16,473
Investments in perpetual trusts held by others	59,462	52,306
Total assets	\$ 6,053,286	\$ 5,688,682
 Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 488,174	\$ 458,988
Advanced receipt of sponsored research revenues	7,097	9,100
Deferred revenue	72,061	74,177
Third-party settlements payable, net	148,069	154,221
Accrued pension, post-retirement, and post-employment	575,998	572,294
Long-term debt	1,255,923	1,193,645
Asset retirement obligation	30,060	29,442
Refundable U.S. Government grants for student loans	16,662	16,459
Total liabilities	2,594,044	2,508,326
 Net Assets:		
Unrestricted	2,234,422	2,072,141
Temporarily restricted	661,267	586,163
Permanently restricted	563,553	522,052
Total net assets	3,459,242	3,180,356
Total liabilities and net assets	\$ 6,053,286	\$ 5,688,682

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**
Consolidated Statement of Activities
For The Year Ended June 30, 2017
(dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues:				
Tuition and fees	\$ 475,519	\$ -	\$ -	\$ 475,519
Less: scholarships and fellowships	(212,589)	-	-	(212,589)
Net tuition and fees	262,930	-	-	262,930
Grants and contracts	373,488	-	-	373,488
Gifts and pledges	23,742	40,849	30,269	94,860
Hospital and faculty practice patient care activities	2,916,784	-	-	2,916,784
Auxiliary enterprises	123,241	-	-	123,241
Interest income and apprec/(deprec) of short-term Investments	28,247	-	-	28,247
Educational activities	15,317	-	-	15,317
Royalty income	4,087	-	-	4,087
Other sources	59,285	20	-	59,305
Long-term investment income and gains allocated to operations	98,467	-	-	98,467
Net assets released from restriction	68,068	(70,251)	2,183	-
Total operating revenues	<u>3,973,656</u>	<u>(29,382)</u>	<u>32,452</u>	<u>3,976,726</u>
Operating expenses:				
Salaries and wages	1,900,936	-	-	1,900,936
Fringe benefits	523,238	-	-	523,238
Total compensation	2,424,174	-	-	2,424,174
Supplies	620,441	-	-	620,441
Business and professional	248,746	-	-	248,746
Utilities	59,569	-	-	59,569
Maintenance and facilities costs	136,698	-	-	136,698
Depreciation	224,197	-	-	224,197
Interest	44,384	-	-	44,384
Other	130,707	-	-	130,707
Total operating expenses	<u>3,888,916</u>	<u>-</u>	<u>-</u>	<u>3,888,916</u>
Change in net assets from operating activities	<u>84,740</u>	<u>(29,382)</u>	<u>32,452</u>	<u>87,810</u>
Non-operating activities:				
Long-term investment activities:				
Investment income/(loss)	11,560	122	(121)	11,561
Net appreciation	142,043	126,106	9,609	277,758
Total long-term investment activities	153,603	126,228	9,488	289,319
Long-term investment income and gains allocated for operations	(98,467)	-	-	(98,467)
Loss on extinguishment of debt	(8,088)	-	-	(8,088)
Other changes, net	30,493	(166)	(52)	30,275
Change in valuation of annuities	-	(21,576)	(387)	(21,963)
Change in net assets from non-operating activities	<u>77,541</u>	<u>104,486</u>	<u>9,049</u>	<u>191,076</u>
Change in net assets	162,281	75,104	41,501	278,886
Beginning net assets	\$ 2,072,141	\$ 586,163	\$ 522,052	\$ 3,180,356
Ending net assets	<u>\$ 2,234,422</u>	<u>\$ 661,267</u>	<u>\$ 563,553</u>	<u>\$ 3,459,242</u>

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**
Consolidated Statement of Activities
For The Year Ended June 30, 2016
(dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues:				
Tuition and fees	\$ 458,446	\$ -	\$ -	\$ 458,446
Less: scholarships and fellowships	(205,254)	-	-	(205,254)
Net tuition and fees	253,192	-	-	253,192
Grants and contracts	369,954	-	-	369,954
Gifts and pledges	25,433	38,135	15,408	78,976
Hospital and faculty practice patient care activities	2,638,925	-	-	2,638,925
Auxiliary enterprises	117,439	-	-	117,439
Interest income and apprec/(deprec) of short-term Investments	(3,223)	-	-	(3,223)
Educational activities	14,486	-	-	14,486
Royalty income	23,113	-	-	23,113
Other sources	64,169	-	-	64,169
Long-term investment income and gains allocated to operations	93,576	-	-	93,576
Net assets released from restriction	98,429	(99,802)	1,373	-
Total operating revenues	<u>3,695,493</u>	<u>(61,667)</u>	<u>16,781</u>	<u>3,650,607</u>
Operating expenses:				
Salaries and wages	1,750,538	-	-	1,750,538
Fringe benefits	502,758	-	-	502,758
Total compensation	2,253,296	-	-	2,253,296
Supplies	562,358	-	-	562,358
Business and professional	235,287	-	-	235,287
Utilities	55,171	-	-	55,171
Maintenance and facilities costs	128,095	-	-	128,095
Depreciation	206,974	-	-	206,974
Interest	45,072	-	-	45,072
Other	148,294	-	-	148,294
Total operating expenses	<u>3,634,547</u>	<u>-</u>	<u>-</u>	<u>3,634,547</u>
Change in net assets from operating activities	<u>60,946</u>	<u>(61,667)</u>	<u>16,781</u>	<u>16,060</u>
Non-operating activities:				
Long-term investment activities:				
Investment income/(loss)	11,624	3,829	(93)	15,360
Net depreciation	(41,867)	(57,317)	(1,585)	(100,769)
Total long-term investment activities	<u>(30,243)</u>	<u>(53,488)</u>	<u>(1,678)</u>	<u>(85,409)</u>
Long-term investment income and gains allocated for operations	(93,576)	-	-	(93,576)
Loss on extinguishment of debt	(559)	-	-	(559)
Other changes, net	(84,453)	1,539	(80)	(82,994)
Change in valuation of annuities	-	(6,508)	181	(6,327)
Change in net assets from non-operating activities	<u>(208,831)</u>	<u>(58,457)</u>	<u>(1,577)</u>	<u>(268,865)</u>
Change in net assets before cumulative effect of acquisition	(147,885)	(120,124)	15,204	(252,805)
Cumulative effect of acquisition	28,432	775	2,298	31,505
Change in net assets	<u>(119,453)</u>	<u>(119,349)</u>	<u>17,502</u>	<u>(221,300)</u>
Beginning net assets	\$ 2,191,594	\$ 705,512	\$ 504,550	\$ 3,401,656
Ending net assets	<u>\$ 2,072,141</u>	<u>\$ 586,163</u>	<u>\$ 522,052</u>	<u>\$ 3,180,356</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF ROCHESTER AND RELATED ENTITIES
Consolidated Statement of Cash Flows
For the Fiscal Years Ended June 30
(dollars in thousands)

	2017	2016
Cash flows from operating activities:		
Change in net assets after cumulative effect of acquisition	\$ 278,886	\$ (221,300)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	224,197	206,974
Net (appreciation)/depreciation on investment activities	(300,559)	106,966
Gifts of property, plant, equipment and other	(1,474)	(1,306)
Bond discount amortization	(3,480)	(2,297)
Loss on the extinguishment of debt	8,088	559
Provision for bad debts	42,940	36,654
Loss on disposals of property, plant, and equipment	2,288	3,169
Cumulative effect of acquisition	-	(31,505)
Contributions for long-term investment, net	(65,714)	(66,169)
(Increases)/decreases in:		
Accounts receivable, net	(72,195)	(92,172)
Inventories, prepaid expenses and deferred charges	(8,526)	1,545
Contributions receivable, net	(1,205)	17,331
Other assets	(1,637)	(9,951)
Increases/(decreases) in:		
Accounts payable and accrued expenses	28,577	27,827
Advanced receipt of sponsored research revenues	(2,003)	(3,290)
Deferred revenues	(2,116)	11,194
Third-party settlements payable, net	(6,152)	14,915
Accrued pension, post-retirement, and post-employment	3,704	112,012
Net cash provided by operating activities	123,619	111,156
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(317,461)	(273,538)
Purchases of investments	(1,901,840)	(1,470,080)
Proceeds from the sale of investments	1,960,981	1,413,025
(Increase)/decrease in investments in perpetual trusts held by others	156	(58)
Decrease in notes receivable, net	29,660	512
Cash received in acquisition	-	3,908
Net cash used in investing activities	(228,504)	(326,231)
Cash flows from financing activities:		
Net borrowings on lines-of-credit	8,203	-
Principal repayments of long-term debt	(274,701)	(65,279)
Proceeds from issuance of long-term debt	339,095	41,034
Deferred financing costs	(336)	(361)
Increase in refundable U.S. Government grants for student loans	203	138
Contributions for long-term investment, net	65,714	66,169
Net cash provided by financing activities	138,178	41,701
Net increase/(decrease) in cash and cash equivalents	33,293	(173,374)
Cash and cash equivalents, beginning of year	277,221	450,595
Cash and cash equivalents, end of year	310,514	277,221
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest on long-term debt	51,808	43,294
Non-cash investing and financing activities:		
Increase/(decrease) in construction related payables	5,211	(11,013)
Assets acquired under capital leases	\$ 465	\$ 274

See accompanying notes to consolidated financial statements.

UNIVERSITY OF ROCHESTER AND RELATED ENTITIES

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) General

The University of Rochester (the University) is a private not-for-profit institution of higher education based in Rochester, New York. The University provides education and training, primarily for students at the undergraduate, graduate, and postdoctoral levels. It also performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the United States Government; and provides health care services through Strong Memorial Hospital, Strong Home Care Group, the various entities included in Strong Partners Health System, Inc. (SPHS), F.F. Thompson Health System, Inc., Livingston Health Care System, Inc., and The Memorial Hospital of William F. and Gertrude F. Jones, Inc.

(b) Basis of Presentation

The accompanying consolidated financial statements include all of the integrated divisions of the University – Arts, Sciences and Engineering (including the Hajim School of Engineering and Applied Sciences), Margaret Warner Graduate School of Education and Human Development, William E. Simon Graduate School of Business Administration, Eastman School of Music, Memorial Art Gallery, School of Medicine and Dentistry, Strong Memorial Hospital, School of Nursing, Eastman Institute for Oral Health, Health Sciences, University of Rochester Medical Faculty Group (URMFG), and UR Investment, LLC. Included also are SPHS (and its affiliates), Eastman Dental Center Foundation, Inc., Strong Home Care Group (and its subsidiaries), Crittenden Boulevard Housing Company, Inc., Excell Partners, Inc., Rochester BioVenture Center, Inc. (including its subsidiaries), High Tech Rochester, Inc., University of Rochester Real Estate Corporation, UR Equity Holdings, Inc., F.F. Thompson Health System, Inc. (including its subsidiaries), Accountable Health Partners, LLC., Livingston Health Care System, Inc. and The Memorial Hospital of William F. and Gertrude F. Jones, Inc. All significant interorganizational balances and transactions have been eliminated.

The University is the sole member of SPHS, which is the sole member of Highland Hospital of Rochester (including its subsidiaries The Highland Foundation, Inc., Highland Facilities Development Corp., and the Medical Administrative Associates, Inc.); The Highlands Living Center, Inc.; Highland Community Development Corporation; and The Meadows at Westfall, Inc. Highland Hospital and its subsidiaries have debt outstanding which has been included in the University's consolidated financial statements; however, under the terms of the affiliation agreement with SPHS, the University has no legal obligation for the debt of Highland Hospital and its subsidiaries.

The Eastman Dental Center Foundation, Inc. was formed to hold and manage the investment assets of the former Eastman Dental Center, which was merged into the University during 1998. Income and assets of the Foundation are used to support oral health, education, and research projects at the University.

The University is the sole corporate member of Strong Home Care Group, which is the sole member of Visiting Nurse Service of Rochester and Monroe County, Inc. (VNS) and Community Care of Rochester. VNS is the sole corporate member of Finger Lakes Visiting Nurse Service, Inc. and Finger Lakes Home Care, Inc.

Crittenden Boulevard Housing Company, Inc. (CBHC) which was formed to provide affordable housing facilities for graduate students and staff of the University, was dissolved in December 2016 when the University assumed ownership of all CBHC's assets through an assignment and assumption agreement.

The University is the sole corporate member of Excell Partners, Inc., which was formed to support early stage commercial development utilizing technologies created at the University of Rochester and other regional colleges and universities.

UNIVERSITY OF ROCHESTER AND RELATED ENTITIES

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

The University is the sole corporate member of Rochester BioVenture Center, Inc. (including its subsidiary Excell Technology Ventures, Inc.), which was formed to support the development of new businesses utilizing technologies created at the University and other regional colleges and universities, through the operation of incubator/research facilities in Monroe County, New York.

The University is the sole corporate member of High Tech Rochester, Inc., which is a not-for-profit economic development organization that promotes the creation and growth of technology companies through support services and incubation facilities and provides consulting services for manufacturers.

The University is the sole member of University of Rochester Investment, LLC., which was formed for the purpose of holding certain University corporate investments.

The University entered into a financing arrangement in December 2009, for the renovation of the Eastman Theatre enhanced by qualified investors in the New Markets Tax Credit (NMTC) program of the United States Treasury. This transaction required the formation of a wholly-owned special purpose corporation known as the University of Rochester Real Estate Corporation (URREC). The seven-year compliance period for the Eastman Theatre NTMC program ended in December 2016. An exit agreement was executed between all parties that resulted in a reduction of long-term debt of \$38,300, a reduction of related notes receivable of \$28,482 and a non-operating gain of \$9,818.

The University is the sole stockholder of UR Equity Holdings, Inc., a for-profit corporation that was formed for the purpose of holding the University's equity interests in startup companies.

The University is the sole corporate member of F.F. Thompson Health System, Inc. (THS) (including its subsidiaries The Frederick Ferris Thompson Hospital (FFT Hospital), M.M. Ewing Continuing Care Center (CCC), F.F.T. Senior Communities, Inc. (FFTSC), FFTH Properties and Services, Inc. (FFTH Properties), and The F.F. Thompson Foundation, Inc. (FFTF). THS remains the sole member of FFT Hospital, CCC, FFTSC, and FFTF and the sole shareholder of FFTH Properties. The University, THS and THS's affiliates continue as separate and distinct corporations.

Accountable Health Partners, LLC. (AHP), a New York State limited liability company, was formed in January 2013, partly in response to the Patient Protection and Affordable Care Act of 2010. Through AHP, the members hope to harness the collective expertise of physicians and hospitals to work with third-party payers to provide quality comprehensive and cost-effective patient care to the Greater Rochester New York community. The University has a controlling financial interest through direct and indirect ownership of a majority voting interest in AHP.

On January 1, 2016, the University became the sole corporate member of Livingston Health Care System, Inc., including Noyes Memorial Hospital and subsidiaries (Noyes) and the Memorial Hospital of William F. and Gertrude F. Jones, Inc. (Jones). The alignment was accounted for as an acquisition under the Merger and Acquisition guidance for not-for-profit entities. In connection with the acquisition, the University recorded approximately \$31,505 in the cumulative effect of acquisition line in the consolidated statement of activities and statement of cash flows as of June 30, 2016. The book value of assets acquired, which approximate fair value, and liabilities assumed were \$84,097 and \$52,592, respectively.

(c) **Basis of Accounting**

The consolidated financial statements of the University are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

UNIVERSITY OF ROCHESTER AND RELATED ENTITIES

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

Classification of Net Assets

The University reports its net assets and changes therein according to three classifications: permanently restricted, temporarily restricted, and unrestricted, based upon the existence or absence of donor-imposed restrictions.

Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the University. In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), the University’s Board of Trustees, with consideration of the actions, reports, information, advice and counsel provided by its duly constituted committees and appointed officers of the University, has instructed the University to adopt a methodology designed to avoid spending below the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, the University classifies as permanently restricted net assets the original gift value of true endowments plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments. The portion of true endowment funds that is not classified as permanently restricted net assets is classified as temporarily restricted net assets in accordance with accounting standards.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Investment income and gains and losses on permanently restricted net assets are reported as temporarily restricted until appropriated for expenditure in accordance with donor-imposed stipulations. Under NYPMIFA, the appropriation and spending of such income is subject to a standard of prudence, as more fully discussed under the accounting policy note on investments, note 1(i). When a donor restriction expires, that is, when a stipulated time restriction ends or spending restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

Unrestricted – Net assets that are not subject to donor-imposed stipulations and that are generally available for support of the University’s activities with certain limitations, as follows:

- Uses of certain unrestricted net assets are committed through contractual agreements. Such amounts primarily consist of required trustee balances under long-term debt agreements and matching funds under student loan programs of the federal government. In addition, grants and contracts for the performances of certain services or functions are reported in the unrestricted net asset category.
- Many of the funds, which are unrestricted for accounting purposes, carry internal designations to specific divisions of the University, and therefore are not treated operationally as unrestricted funds.
- The Board of Trustees, through voluntary resolutions, has set aside portions of the University’s unrestricted net assets to function as endowment, for property, plant, and equipment purposes, and for other specific operating purposes.

Revenues from sources other than contributions are generally reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, except those contributions whose imposed restrictions are met in the same fiscal year they are received, are included in unrestricted revenues.

Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service.

UNIVERSITY OF ROCHESTER AND RELATED ENTITIES

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

(d) Income Taxes

The University and the majority of its affiliates are not-for-profit organizations as described in section 501(c)(3) of the Internal Revenue Code and are generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. Unrelated activities and income, including certain laboratory and facility rentals and income from limited partnerships in the long term investment pool, are subject to federal and state “Unrelated Business Income Tax”. The University regularly evaluates its tax position and does not believe it has any uncertain tax positions that require disclosure or adjustment to the consolidated financial statements.

(e) Operations

The statements of activities present the changes in net assets of the University from operating activities and from non-operating activities. Operating revenues and expenses relate primarily to educational and training programs, research activities and hospital and patient care activities provided by the University and its related entities.

Utilization of investment income and gains on long-term investments held for endowment and similar purposes under the University’s total return spending policy, as discussed in note 1(i), is considered operating revenue.

Non-operating activities consist primarily of investment income and appreciation from long-term investments in excess of amounts utilized for operations. Other changes, net consists primarily of adjustments in pension, post-retirement, and post-employment obligations based on actuarially determined liabilities.

(f) Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents include amounts on deposit with financial institutions; short-term investments with maturities of three months or less at the time of purchase and other highly liquid investments, primarily cash management funds, except that such instruments purchased with endowment and annuity and life income assets on deposit with trustees are classified as investments.

Short-term investments include all other current investments with original maturities greater than three months and are used to support operations. These current investments include obligations of the U.S. Treasury, U.S. Government and other government agencies, and corporate and foreign bonds. Included also are internal operating funds invested in the University’s long-term investment pool however, they may be liquidated upon demand at any time.

(g) Inventories

Inventories, primarily pharmaceutical and medical supplies, are valued at the lower of cost, which is determined by the first-in, first-out method, or market.

(h) Contributions

Contributions, including unconditional promises, or pledges, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted, at a range of 2% to 5%, to their present value. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

(i) Investments and Spending Policy

The University's investments are comprised of the assets of the University's endowment and other investments held for general operating purposes. The University reports those investments at fair value as described further in note 12.

The Board of Trustees interprets NYPMIFA to allow for the spending of income and gains on investments of permanently restricted net assets in a manner that is prudent, considering such factors as the duration and preservation of the endowment fund, the purposes of the institution and the endowment fund, general economic conditions including the potential effect of inflation or deflation, the expected total return of the fund, other resources of the University, the needs of the University and the fund to make distributions and preserve capital, and the University's investment policy.

Investment of the University's net assets held for endowment and similar purposes is based upon a total return policy, and the utilization of its endowment resources for current operating and capital needs is related to this policy. Although NYPMIFA does not preclude the University from spending below the original gift value of permanently restricted funds, the University's policy is to spend no more than a stated percentage of fair value of its investment portfolio over time. Accordingly, during fiscal year 2017, the Board of Trustees authorized the use of total return (income and appreciation) from its endowment resources at an aggregate rate of 5.7% (5.7% during fiscal year 2016) of the average fair value of its consolidated investment portfolio for the most recent five years. To the extent that the total return requirement for the current year is not fulfilled by interest and dividends, the University utilizes the appreciation of its endowment net assets for operating purposes. To the extent that the total return requirement for the current year is exceeded by interest and dividends, the University reinvests the excess in its net assets held for endowment.

Investment securities are exposed to various risks, such as interest rates, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in value could occur in the near term and such changes could materially affect the amounts reported in the investments and investment activity of the University.

(j) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation and amortization. Buildings used for research activities are componentized as site improvements, buildings, building services, and fixed equipment. Depreciation of research building components is recorded using the straight-line method over the useful lives of the components ranging from 4 to 50 years. Depreciation of non-research buildings, equipment and library books, and amortization of leasehold and land improvements are computed using the straight-line method over the estimated useful lives of the assets. Land is not subject to depreciation. Estimated useful lives for non-research assets are as follows:

	<u>Years</u>
New building construction	40
Building and leasehold improvements	20
Land improvements	20
Equipment	4 to 15
Library books	10

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The University reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(k) Museum Collections

The University capitalizes museum collections. If purchased, collection items are capitalized at cost, and if donated, at their appraised or fair value on the accession date (the date on which the item is accepted by the Board of Trustees). There is no depreciation recorded on collection items.

(l) Split Interest Agreements and Perpetual Trusts

The University's split interest agreements with donors consist primarily of gift annuities, unitrusts, charitable remainder annuity trusts, and life income agreements. Assets held under these agreements are included in investments held for long-term purposes and investments in perpetual trusts held by others. For fiscal years 2017 and 2016, the fair values for split interest agreements assets are \$123,096 and \$111,804, respectively. Generally, contribution revenues are recognized at the dates the agreements are established and liabilities are recorded for the present value of the estimated future payments to be made to the beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. The University is also the beneficiary of certain perpetual trusts held and administered by others. The present values of the estimated future cash receipts, which are measured by the fair value of the assets contributed to the trust, are recognized as assets and contribution revenues at the dates the trusts are established. The carrying value of the assets is adjusted for changes in the fair value of the trust assets for both split interest agreements and perpetual trusts.

(m) Refundable U.S. Government Grants for Student Loans

Funds provided by the United States Government under the Federal Perkins, Nursing and Health Professions Student Loan programs are loaned to qualified students and may be re-loaned after cash collections. These funds are ultimately refundable to the government and are recognized as a liability in the accompanying consolidated balance sheet.

(n) Grants and Contracts

Revenue from grants and contracts, primarily for research and training programs, is generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts received in advance are reported as advance receipt of sponsored research revenues.

Grants and contracts awarded to the University are subject to audit by the various sponsoring agencies. Indirect costs recovered on grants and contracts are recorded at rates established by the University with the federal government, or predetermined by the non-federal sponsor. Indirect cost rates for government grants and contracts are subject to audit, and subsequent final settlements are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the consolidated financial statements.

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(o) **Benefit Plans**

The University provides certain health care and life insurance benefits to retired employees and spouses under a defined benefit plan. Benefits include basic medical and major medical coverage. Certain categories of retirees receive dental coverage and group life insurance. Such post-retirement benefits are accounted for as a form of deferred compensation over the estimated service lives of employees.

Post-employment benefits include benefits provided to former or inactive employees after employment but before retirement. For the University, such benefits include workers' compensation benefits, short-term disability benefits, and benefits provided under various other programs.

(p) **Hospital and Faculty Practice Patient Care Activities**

Strong Memorial Hospital, Highland Hospital, and FFT Hospital, Noyes Memorial Hospital and Memorial Hospital of William F. and Gertrude F. Jones, Inc. (collectively, the Hospitals) have agreements with third-party payors that provide for payments to the Hospitals at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Under the Medicare program, the Hospitals receive reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group (DRG). When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. The Hospitals also receive reimbursement under a prospective payment system for certain medical outpatient services, based on service groups, called ambulatory payment classifications (APCs). Other outpatient services are based upon a fee schedule and/or actual costs. The Hospitals' Medicare cost reports are subject to audit by the fiscal intermediary. Such audits have been done through December 31, 2008 for Strong Memorial Hospital; December 31, 2009 for Highland Hospital; December 31, 2014 for FFT Hospital; December 31, 2014 for Memorial Hospital of William F. and Gertrude F. Jones, Inc. and December 31, 2013 for Noyes Memorial Hospital.

Medicaid and Other Third-Party Payors

The New York Health Care Reform Act of 1996 (HCRA), as amended, governs payments to hospitals in New York State (NYS).

Under HCRA, Medicaid, workers compensation, and no-fault payors payment rates are promulgated by the New York State Department of Health (DOH). Fixed payment amounts per inpatient discharge are established based on the patient's assigned case mix intensity similar to a Medicare DRG. All other third-party payors, principally Blue Cross, other private insurance companies, Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs) and other managed care plans, negotiate payment rates directly with the hospitals. Such arrangements vary from DRG-based payment systems, to per diems, case rates and percentage of billed charges. If such rates are not negotiated, then the payors are billed at the Hospitals' established charges. Effective December 1, 2009, NYS implemented inpatient reimbursement reform. The reform updated the data utilized to calculate payment rates utilizing All Patient Refined DRGs (APR-DRGs). APR-DRGs used revised service intensity weights (SIWs) to adjust each APR-DRG for patient acuity. Similar type outpatient reforms were implemented effective December 1, 2008 by connecting outpatient payments to Ambulatory Payment Groups (APGs) which use outpatient SIWs based on types of service and resource consumption.

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In addition, under HCRA, all non-Medicare payors are required to make surcharge payments for the subsidization of indigent care and other health care initiatives. The percentage amounts of the surcharge vary by payor and apply to a broader array of health care services. Also, certain payors are required to provide additional funds through surcharges on payments to hospitals for inpatient services or through voluntary election to pay a covered lives assessment directly to the DOH.

Revenue from Excellus Blue Cross and MVP accounted for approximately 30% and 5%, respectively, of the Hospitals' net patient service revenue for the year ended June 30, 2017, and 30% and 5%, respectively, for the year ended June 30, 2016.

Revenue from Medicare and Medicaid programs, including Medicare Advantage and Medicaid Managed Care plans, accounted for approximately 35% and 16%, respectively, of the Hospitals' net patient revenue for the fiscal year ended June 30, 2017, and 36% and 17%, respectively, for the year ended June 30, 2016. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. The Hospitals believe that they are in compliance, in all material respects, with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation. Non-compliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties and exclusion from the Medicare and Medicaid programs.

Both federal and NYS regulations provide for certain adjustments to current and prior years' payment rates and indigent care pool distributions based on industry-wide and hospital-specific data. The Hospitals have established estimates based on information presently available of the amounts due to or from Medicare, Medicaid, workers' compensation, and no-fault payors and amounts due from the indigent care pool for such adjustments. Those adjustments, which can be reasonably estimated, have been provided for in the accompanying financial statements. The Hospitals have estimated the potential impact of such adjustments based on the most recent information available. However, those which are either (a) without current specific regulations to implement such adjustments, or (b) are dependent upon certain future events and cannot be reasonably estimated, have not been provided for in the accompanying financial statements. Management believes the amounts recorded in the accompanying financial statements will not be materially affected upon the implementation of such adjustments. During fiscal years 2017 and 2016, the Hospitals recognized approximately \$19,308 and \$11,899 of net patient service revenue as a result of changes in estimates related to third-party settlements. In addition, the Hospitals recognized additional third-party payables of approximately \$7,988 and \$21,672 related to fiscal years 2017 and 2016, respectively.

There are various other proposals at the federal and NYS levels relating to Medicare and Medicaid, that could, among other things, reduce reimbursement rates, modify reimbursement methods or increase managed care penetration. The ultimate outcome of these proposals and other market changes cannot presently be determined.

The University of Rochester Medical Faculty Group (URMFG) is an operating division of the University. In the year ending June 30, 2017, over 1,360 full-time faculty in 18 clinical departments and two clinical centers participated in patient care at the University of Rochester Medical Center. These full-time faculty physicians handled 895,968 outpatient visits in their offices, mostly on University-owned or leased premises; and covered 35,307 hospital admissions, as well as participated in the coverage of the emergency department handling over 132,201 visits (includes 16,278 ED visits at Strong West). Payments for these services are derived primarily from third-party insurers including Managed Care

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companies (14.9%), Medicare (19.4%), Blue Shield (24.9%), Medicaid (13.5%) commercial (12.4%) other (4.1%) and self-pay (10.8%)

In addition to providing clinical outpatient care, the faculty group's mission is met by providing education and teaching. The faculty supervise and instruct 435 University medical students and 758 residents and fellows.

(q) Charity Care and Provision for Bad Debts

As further described in Note 17, the University provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the University does not pursue collection of amounts determined to qualify as charity care, these are not reported as revenue or patient accounts receivable. The University grants credit without collateral to patients, most of whom are local residents and are insured under third-party arrangements. Additions to the allowance for uncollectible accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Federal and State governmental healthcare coverage and other collection indicators.

(r) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Management's assumptions are primarily related to the appropriate discount rate for the purposes of fair value calculations, allowances for doubtful accounts, self-insured risks, and third-party payor contractual adjustments and allowances. Actual results may differ from those estimates.

(s) Investment in Net Assets of Foundations

The University accounts for its interest in the net assets of the James P. Wilmot Foundation, Inc. and the Pluta Cancer Center Foundation, Inc. in accordance with not-for-profit guidance. The guidance establishes standards for transactions in which a donor transfers assets to a not-for-profit organization or charitable trust, which then agrees to transfer those assets, the return on investment of those assets, or both to a beneficiary specified by the donor. Under the accounting guidance, the University is required to recognize the net assets and its share of the change in the net assets of the Foundations. The Foundations support cancer research and various medical services provided to the community.

(t) Asset Retirement Obligations

The University accounts for asset retirement obligations in accordance with asset retirement and environmental obligations guidance. This guidance primarily affects the way the University accounts for asbestos-related removal costs. The University accrues for asset retirement obligations in the period incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

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(u) Derivative Instruments and Hedging Activities

Derivative instruments related to the University's long-term debt are included in accounts payable and accrued expenses or in accounts receivable, net on the consolidated balance sheet. The change in the fair value of the derivative instruments is included in the net appreciation/depreciation in the statements of activities. The University selected the combination of variable rate bond issues and interest rate swap agreements to obtain fixed rate financing at the lowest available cost at the time of the transactions. The University is exposed to credit loss in the event of nonperformance by the counterparty to its long-term rate swaps. The interest rate swaps do not qualify for cash flow hedge accounting.

(v) Reclassification

Certain amounts in previously issued financial statements have been reclassified to conform to the current year presentation.

(w) New Authoritative Pronouncements

For the fiscal year ended June 30, 2017, the University elected to "early adopt" the disclosure changes required by Accounting Standards Update (ASU) 2015-03 - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This standard requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The effects of adopting the ASU are reflected in Note 8 and the prior year disclosures have been adjusted to conform to this new presentation.

In May 2014, the FASB issued ASU 2014-09 - Revenue from Contracts with Customers (Topic 606). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. The University is evaluating the impact this will have on the consolidated financial statements beginning in fiscal year 2019.

In February 2016, the FASB issued ASU 2016-02 - Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective for the fiscal year ended June 30, 2020. The University is currently evaluating the impact its adoption will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14 - Presentation of Financial Statements for Not-for-Profit Entities. Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification and eliminating the disclosure of investment expenses that are netted against investment returns. The standard is effective for the fiscal year ended June 30, 2019. The University is currently evaluating the impact its adoption will have on the consolidated financial statements.

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(2) Net Assets

Unrestricted net assets consist of the following at June 30:

	2017	2016
Designated:		
University divisions	\$ 1,309,517	\$ 1,276,530
For Highland Hospital and affiliates	57,943	14,487
For Eastman Dental Center Foundation	27,743	27,738
Total designated	1,395,203	1,318,755
Net investment in property, plant, and equipment	805,101	768,351
Undesignated	34,118	(14,965)
Total unrestricted net assets	\$ 2,234,422	\$ 2,072,141

Temporarily restricted net assets consist of the following at June 30:

Accumulated appreciation on permanently restricted net assets subject to purpose restrictions	\$ 539,632	\$ 469,391
Interest in net assets of foundation	17,740	16,473
Other gifts and income subject to:		
Purpose restrictions	9,064	3,074
Time restrictions:		
Contributions receivable	50,814	49,384
Split-interest agreements	44,017	47,841
Total temporarily restricted net assets	\$ 661,267	\$ 586,163

Permanently restricted net assets consist of the following at June 30:

Perpetual endowment funds	\$ 456,570	\$ 425,386
Interests in perpetual trusts held by others	59,319	52,306
Split-interest agreements	674	1,400
Perpetual loan funds	3,874	3,818
Contributions receivable	43,116	39,142
Total permanently restricted net assets	\$ 563,553	\$ 522,052

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Endowment net assets consist of the following at June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - restricted funds:				
True endowments	\$ 311	\$ 536,523	\$ 456,570	\$ 993,404
Term endowments	-	3,109	-	3,109
	311	539,632	456,570	996,513
Funds functioning as endowment (quasi)	1,047,674	-	-	1,047,674
Total endowment funds	<u>\$ 1,047,985</u>	<u>\$ 539,632</u>	<u>\$ 456,570</u>	<u>\$ 2,044,187</u>

Rollforward of endowment net assets from July 1, 2016 to June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2016	\$ 964,017	\$ 469,391	\$ 425,386	\$ 1,858,794
Investment return:				
Investment income, net of fees	7,036	6,282	60	13,378
Net appreciation and gains	127,146	116,548	2,137	245,831
Total investment return	\$ 134,182	\$ 122,830	\$ 2,197	\$ 259,209
New gifts and additions	8,339	1,186	31,723	41,248
Amounts appropriated for expenditure	(54,695)	(47,579)	-	(102,274)
Other changes and reclassifications	(3,858)	(6,196)	(2,736)	(12,790)
Endowment net assets, June 30, 2017	<u>\$ 1,047,985</u>	<u>\$ 539,632</u>	<u>\$ 456,570</u>	<u>\$ 2,044,187</u>

Endowment net assets consist of the following at June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - restricted funds:				
True endowments	\$ -	\$ 459,688	\$ 425,386	\$ 885,074
Term endowments	-	9,703	-	9,703
	-	469,391	425,386	894,777
Funds functioning as endowment (quasi)	964,017	-	-	964,017
Total endowment funds	<u>\$ 964,017</u>	<u>\$ 469,391</u>	<u>\$ 425,386</u>	<u>\$ 1,858,794</u>

Rollforward of endowment net assets from July 1, 2015 to June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ 1,040,729	\$ 534,420	\$ 405,992	\$ 1,981,141
Investment return:				
Investment income, net of fees	8,527	7,568	74	16,169
Net depreciation	(41,056)	(36,462)	(5,300)	(82,818)
Total investment return	\$ (32,529)	\$ (28,894)	\$ (5,226)	\$ (66,649)
New gifts	8,333	1,259	22,845	32,437
Amounts appropriated for expenditure	(48,321)	(44,853)	-	(93,174)
Other changes and reclassifications	(4,195)	7,459	1,775	5,039
Endowment net assets, June 30, 2016	<u>\$ 964,017</u>	<u>\$ 469,391</u>	<u>\$ 425,386</u>	<u>\$ 1,858,794</u>

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(3) Accounts Receivable

Accounts receivable at June 30 consist of the following:

	2017	2016
Patient care and related activities, net of allowances for doubtful accounts of \$116,625 and \$91,519	\$ 226,674	\$ 206,510
Federal, state and local governments, foundations and companies, net of allowances for doubtful accounts of \$1,422 and \$1,046	69,415	83,138
Student receivables, net of allowances for doubtful accounts of \$5,102 and \$4,487	4,932	4,211
Reinsurance recoveries and other	114,286	82,375
Total accounts receivable	\$ 415,307	\$ 376,234

(4) Contributions

Contributions receivable, net, are summarized as follows at June 30:

	2017	2016
Unconditional promises expected to be collected in:		
Less than one year	\$ 14,194	\$ 10,813
One year to five years	45,472	50,047
More than five years	76,706	68,760
	136,372	129,620
Less unamortized discount and allowance for uncollectible amounts	(42,442)	(41,094)
Total contributions receivable, net	\$ 93,930	\$ 88,526

At June 30, 2017, the University had also received \$250,846 in bequest intentions and certain other conditional promises to give. These intentions and conditional promises to give are not recognized as assets. If they are received, they generally will be restricted for specific purposes stipulated by the donor, primarily endowments for faculty support, scholarships or general operating support of a particular department or division of the University.

The University expended \$40,239 and \$38,693 for University relations and development for the years ended June 30, 2017 and 2016, respectively.

(5) Notes Receivable

Notes receivable, net, are summarized as follows at June 30:

	2017		
	Gross Receivable	Allowance	Net Receivable
Federal student loans	\$ 16,784	\$ 904	\$ 15,880
Institutional student loans	4,548	606	3,942
Total	\$ 21,332	\$ 1,510	\$ 19,822
	2016		
	Gross Receivable	Allowance	Net Receivable
Federal student loans	\$ 18,137	\$ 904	\$ 17,233
Institutional student loans	4,373	606	3,767
Other note receivable	28,482	-	28,482
Total	\$ 50,992	\$ 1,510	\$ 49,482

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Student loan programs are funded by donor contributions, other institutional sources and governmental programs, primarily the Federal Perkins Loan Program. The amounts received from the federal government's portion of the Perkins program are ultimately refundable to the federal government and are reported as a liability on the University's consolidated balance sheet as refundable U.S. Government grants for student loans.

Credit worthiness is not a factor when granting a student a loan from institutional or federal resources; it is based on financial need. However, once the loan is in repayment status, the University monitors the aging of the student loans receivable.

Student loans are often subject to unique restrictions and conditions and, therefore, it is not practical to determine their fair values. The allowance is intended to provide for loans, both in repayment status and not yet in repayment status (borrowers are still in school or in the grace period following graduation), that may not be collected.

The seven-year compliance period for the Eastman Theatre NTMC program ended in December 2016. An exit agreement was executed between all parties that resulted in a reduction of other notes receivable of \$28,482 of the University of Rochester Real Estate Corporation (wholly-owned by the University) for a loan to the Chase NMTC Eastman Theatre Investment Fund LLC (a non-consolidated entity). Refer to Note 8 (r) for further information.

(6) Investments Held for Long-Term Purposes

Investments were held for the following long-term purposes at June 30:

	2017	2016
Endowment and similar purposes	\$ 2,167,284	\$ 1,970,524
Property, plant, and equipment purposes:		
Debt service reserve held by trustees under debt agreements	25,093	27,606
Bond proceeds not yet expended	103,225	135,687
Other	453	882
Total property, plant, and equipment purposes	128,771	164,175
Other purposes	178,233	173,747
Total investments held for long-term purposes	\$ 2,474,288	\$ 2,308,446

For investment purposes, substantially all investments held for endowment and similar purposes participate in one of several pools, each with its own investment policy and objectives. The investment pool assets are owned by the separate endowment and similar funds within each pool based on the percent ownership of each fund to the pool. Income, realized and unrealized gains and losses are distributed based on the percent ownership of the pooled assets measured at fair value.

The University permits several of its investment managers to utilize forward contracts, currency options and futures with the specific authorization of the investment committee of the Board of Trustees. However, the University was not directly engaged in any of the above mentioned derivative transactions as of June 30, 2017 and 2016.

Management does not anticipate that losses, if any, resulting from its market or credit risks would materially affect the consolidated financial position of the University.

Investment fees were \$45,935 and \$55,953 for the years ended June 30, 2017 and 2016, respectively.

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(7) Property, Plant, and Equipment

As of June 30, 2017 and 2016, the University's investment in property, plant, and equipment is as follows:

	2017	2016
Buildings and improvements	\$ 2,913,179	\$ 2,781,836
Land improvements	69,308	67,425
Completed projects under leasehold agreements	65,858	46,632
Equipment owned	1,305,501	1,253,345
Library books	197,718	188,513
Subtotal	<u>4,551,564</u>	<u>4,337,751</u>
Less accumulated depreciation	2,666,238	2,526,241
Subtotal	<u>1,885,326</u>	<u>1,811,510</u>
Land	13,520	12,745
Museum collections	37,492	35,994
Construction in progress	<u>154,745</u>	<u>131,189</u>
Total property, plant, and equipment, net	\$ <u>2,091,083</u>	\$ <u>1,991,438</u>

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(8) Long-Term Debt

The following is a summary of the University's long-term indebtedness as of June 30, less unamortized premiums of \$73,227 and \$42,511 and bond issuance costs of \$10,210 and \$9,928, respectively:

	2017	2016
Bond payable - DASNY Series 1994B, 5.50% (a)	5,801	6,490
Bond payable - DASNY Series 2003, 3.97% (b)	69,184	77,025
Bond payable - OCIDA Series 2003, 3.05% (c)	9,400	9,800
Bond payable - LCIDA Series 2005, 5.00% to 6.00% (d)	5,143	5,595
Bond payable - DASNY Series 2006, 3.92% (e)	61,473	71,161
Bond payable - DASNY Series 2007, 4.00% to 5.00% (f)	-	72,181
Bond payable - LCIDA Series 2007, LIBOR + 110% (g)	1,904	2,616
Bond payable - DASNY Series 2009, 2.50% to 5.00% (h)	14,113	80,039
Bond payable - DASNY Series 2010, 2.00% to 5.20% (i)	8,725	9,065
Bond payable - OCLDC Series 2010, 4.64% (j)	26,200	26,970
Bond payable - MCIDC Series 2011, 2.00% to 5.00% (k)	83,257	147,874
Bond payable, DASNY Series 2012, 3.00% (l)	13,170	13,565
Bond payable - MCIDC Series 2013, .05% to 5.31% (m)	250,559	255,904
Bond payable - MCIDC Series 2015, 0.87% to 5.00% (n)	314,742	317,825
Bond payable - MCIDC Series 2015, 3.00% to 4.125% (o)	38,711	39,610
Bond payable - MCIDC Series 2017, 3.37% to 5.00% (p)	286,894	-
Urban Development Corporation loan (q)	667	833
Notes payables, 2.48% to 7.00%	1,351	1,690
Mortgage payables, 2.98% to 5.04%	7,239	7,613
Notes payable - Eastman Theatre Renovation, 0.74% to 2.73% (r)	-	38,234
Notes payable - Manufacturers and Traders Trust Bank, 3.28% (s)	5,786	6,107
Note payable - New York Life Series 2017A, 3.56% (t)	49,192	-
Obligations under capital leases, 0.00% to 6.33%	2,412	3,448
Total long-term debt	1,255,923	1,193,645

The following is a description of the University's long-term debt:

(a) Bonds Payable – DASNY Series 1994B

Pursuant to an agreement with a University related entity (Highland Hospital and affiliates) and Dormitory Authority State of New York (DASNY), \$13,000 of Series 1994B Revenue Bonds were issued and sold by DASNY. The related entity is repaying the indebtedness at a fixed rate of 5.50%, maturing July 2023.

During fiscal year 2009, the Series 1994B bonds were remarketed and converted from a fixed interest rate to a variable interest rate determined by the bond agent. The terms related to principal repayment did not change.

The bond issue is collateralized by an interest in certain buildings and equipment and an irrevocable direct pay letter of credit held by HSBC Bank for \$6,597 which expires July 2020.

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(b) Bonds Payable – DASNY Series 2003

Pursuant to an agreement with the University and DASNY dated October 29, 2003, DASNY issued and sold \$164,425 of bonds known as the University of Rochester Revenue Bonds, Series 2003, consisting of \$32,550 Series 2003A bonds, \$49,650 Series 2003B bonds and \$82,225 Series 2003C bonds.

Series 2003A bonds were issued to finance (1) an expansion of the Laboratory for Laser Energetics building to accommodate the construction of a federally funded laser expansion; (2) renovation of space to house a functional MRI; (3) deferred maintenance remediation in various buildings and (4) renovation and information technology upgrades in various faculty offices, laboratory space and student residential buildings. A portion of the proceeds from Series 2003A refinanced the remaining portion of the University of Rochester Revenue Bonds, Series 1987.

Series 2003B bonds were issued to finance (1) equipment acquisitions for the Hospital; (2) the expansion of an existing garage and (3) laboratory relocations at the Hospital. Series 2003B bonds refinanced the University of Rochester Series 1993A bonds and a portion of the University of Rochester Series 1994 bonds.

Series 2003C bonds were issued to finance (1) construction of an Adult Intensive Care Unit; (2) renovations of the Cancer Center and (3) deferred maintenance, renovations and improvements to faculty offices, laboratory and clinical spaces for various departments and areas within the Hospital and School of Medicine and Dentistry. Series 2003C refinanced a portion of the University of Rochester Series 1994 bonds.

On July 31, 2003, the University executed interest rate swaps with third-parties. The University entered into interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Generally under this agreement, the counterparty pays the University a variable interest rate equal to 61.50% of one-month LIBOR plus 56 basis points. The University will pay the counterparty a fixed interest rate of 3.97%. These rates are subject to change based upon certain conditions as stated in the swap agreement. The contractual relationship under this agreement will last until July 1, 2033.

During fiscal year 2009, the Series 2003A, B and C bonds were restructured and converted from an auction rate to a variable rate as determined by the remarketing agent. The terms related to principal repayment did not change. The bonds have a corresponding letter-of-credit available at varying financial institutions, individually in amounts totaling the outstanding debt service of each bond.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general obligations of the University.

The University has individual letters of credit in place for DASNY Series 2003A and 2003C that total \$55,380 with JP Morgan Chase Bank, N.A, which expire in March 2018. Of this total, no amounts were outstanding at June 30, 2017 and 2016.

The University has a letter of credit in place for DASNY Series 2003B in the amount of \$18,706 with HSBC Bank, N.A which expires in September 2018. Of this total, no amounts were outstanding at June 30, 2017 and 2016.

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(c) Bonds Payable – OCIDA Series 2003

Pursuant to an agreement with a University related entity (F. F. Thompson Health Systems, Inc. and affiliates) and Ontario County Industrial Development Agency (OCIDA), OCIDA issued and sold \$4,000 of Series 2003A Variable Rate Civic Facility Revenue Refunding Bonds and \$12,800 of Series 2003B Variable Rate Refunding Bonds.

Series 2003A bonds were used to retire outstanding debt that F. F. Thompson Health System, Inc. and affiliates owed to the Dormitory Authority of the State of New York (DASNY). These bonds matured July 2013.

Series 2003B bonds were used to construct an addition to and renovate portions of the F. F. Thompson Hospital for the new emergency department and expanded diagnostic imaging, surgery, registration and lobby space.

In October 2008, the related entity executed interest rate swaps with third-parties. The related entity entered into interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Under the agreement, the counterparty pays the related entity a variable interest rate equal to 67.00% of the one-month LIBOR. The related entity will pay the counterparty a fixed interest rate of 3.05%. These rates are subject to change based upon certain conditions as stated in the swap agreement. The contractual relationship under this agreement will last until July 2018.

The bonds are secured by a direct pay letter of credit for \$9,498 with Key Bank, N. A. which expires in July 2018. The related entity entered into a lease agreement with OCIDA, which also acts as collateral for payment of the bonds. Additional collateral is provided by a guaranty agreement under which the related entity is jointly and severally responsible for payment of the bonds.

(d) Bonds Payable – LCIDA Series 2005

Pursuant to an agreement with a University related entity (Livingston Health Care System, Inc.) and Livingston County Industrial Development Agency (LCIDA), LCIDA issued and sold \$9,050 of bonds known as Series 2005 Civic Facility Revenue Bonds. These bonds were issued at a premium of \$422, resulting in proceeds of \$9,472.

The bond issue is collateralized by substantially all assets and a guaranty agreement where the related entity is jointly and severally responsible for payment of the bonds.

(e) Bonds Payable – DASNY Series 2006

Pursuant to an agreement between the University and DASNY dated March 16, 2006, DASNY issued and sold \$111,180 of bonds known as the University of Rochester Revenue Bonds, Series 2006, consisting of \$94,130 Series 2006A-1 bonds and \$17,050 Series 2006B-1 bonds. The Series 2006A-1 bonds were issued to refinance the University of Rochester Series 1999A bonds and portions of the University of Rochester Series 1997A bonds, the University of Rochester Series 1998A bonds and the University of Rochester Series 2000A bonds. The Series 2006B-1 bonds were issued to refinance portions of the University of Rochester Series 1999B bonds.

On March 16, 2006, the University executed interest rate swaps with a third-party. The University entered into an interest rate swap agreement to exchange variable rate debt for the fixed rate obligation without the exchange of the underlying principal amount. Generally under this agreement, the counterparty will pay the University a variable interest rate based on the Bond Market Association (BMA) Municipal Swap Index. The University will pay the counterparty a fixed interest rate of

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3.92%. These rates are subject to change based upon certain conditions as stated in the swap agreement. The contractual relationship under this agreement will last until July 1, 2027.

During fiscal year 2009, the Series 2006A-1 and B-1 bonds were restructured and converted from an auction rate to a variable rate as determined by the remarketing agent. The terms related to principal repayment did not change. The bonds have a corresponding letter-of-credit available at varying financial institutions, individually in amounts totaling the outstanding debt service of each bond.

The University has individual letters of credit in place for DASNY Series 2006A-1 and 2006B-1 that total \$71,772 with Barclays Bank, PLC, which expires in August 2019. The letter of credit has a renewal option that can be exercised. Of this total, no amounts were outstanding as of June 30, 2017 and 2016.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general obligations of the University.

(f) Bonds Payable – DASNY Series 2007

Pursuant to an agreement between the University and DASNY dated February 21, 2007, DASNY issued and sold \$235,869 of bonds known as the University of Rochester Revenue Bonds, Series 2007, consisting of \$111,210 Series 2007A-1 bonds, \$20,534 Series 2007A-2 bonds, \$40,290 Series 2007B bonds and \$63,835 Series 2007C bonds. The Series 2007 bonds were issued at a net premium of \$8,207 resulting in proceeds of \$244,076.

Series 2007A-1 bonds were issued to finance (1) the construction of the University's portion of the James P. Wilmot Cancer Center; (2) the acquisition and renovation of a new University Data Center; (3) an upgrade to the central utilities chilled water capacity and expansion; (4) the construction of a new animal facility and the renovation of existing laboratory space at the Aab Cardiovascular Research Institute; (5) the construction or renovation of a University Health Service building; and (6) various deferred maintenance projects and renovations of laboratories, office space and student residential buildings. The Series 2007A-1 bonds were refinanced under Series 2015A during fiscal year 2015.

Series 2007A-2 bonds were issued to finance (1) the renovation of the University Advancement and Alumni Center; and (2) the construction of the Robert B. Goergen Hall for Biomedical Engineering and Optics.

Series 2007B bonds were issued to finance (1) the construction of Hospital's portion of the James P. Wilmot Cancer Center; (2) the renovation of the Hospital's surgical adult intensive care and intermediate care units; (3) the renovation of the Hospital's medical behavioral inpatient unit; and (4) the purchase of equipment for the Hospital.

Series 2007C bonds were issued to refinance (1) a portion of the University of Rochester Series 1998A bonds; and (2) a portion of the University of Rochester Series 2004A bonds.

During fiscal year 2017, the outstanding bonds for Series 2007 that matured after July 2017 were refinanced under Series 2017. A loss on extinguishment due to bond refinancing of \$1,262 was recognized.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general obligations of the University.

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(g) Bonds Payable – LCIDA Series 2007

Pursuant to an agreement with a University related entity (Livingston Health Care System, Inc.) and LCIDA, LCIDA issued and sold \$5,025 of bonds known as Series 2007A Industrial Development Tax Exempt Revenue Bonds and \$2,385 of bonds known as Series 2007B Industrial Development Taxable Revenue Bonds.

In December 2007, the related entity executed interest rate swaps with third-parties. The related entity entered into interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Under the agreement, the counterparty pays the related entity a variable interest rate equal to 110.00% of the one-month LIBOR. The related entity will pay the counterparty a fixed interest rate of 3.05%. These rates are subject to change based upon certain conditions as stated in the swap agreement. The contractual relationship under this agreement will last until July 2019.

The bonds are secured by a direct pay letter of credit for \$2,071 with HSBC Bank, N.A. which expires in July 2019. The bond issue is collateralized by substantially all assets and revenues and a guaranty agreement where the related entity is jointly and severally responsible for payment of the bonds.

(h) Bonds Payable – DASNY Series 2009

Pursuant to an agreement between the University and DASNY dated July 22, 2009, DASNY issued and sold \$117,279 of bonds known as the University of Rochester Revenue Bonds, Series 2009, consisting of \$54,469 Series 2009A bonds, \$34,460 Series 2009B bonds, \$11,135 Series 2009C bonds, \$3,625 Series 2009D bonds and \$13,590 Series 2009E bonds. The Series 2009 bonds were issued at a net premium of \$3,463 resulting in proceeds of \$120,742.

Series 2009A bonds were issued to finance (1) fire alarm replacements, sprinkler installations, and renovations in undergraduate halls; (2) renovations to laboratories and offices throughout the River Campus and Medical Center ; (3) renovation of Wilson Commons dining hall; (4) central utilities infrastructure improvements for the River Campus and Medical Center; (5) various deferred maintenance and renovation projects at the Eastman School of Music and Medical Center; (6) a portion of the construction of the Saunders Research Building.

Series 2009B bonds were issued to refinance the remaining outstanding bonds for Series 1997A, Series 1998A, and Series 2000A.

Series 2009C bonds were issued to finance the relocation of certain electrical switchgear within the Medical Center.

Series 2009D bonds were issued to refinance the outstanding bonds for Series 1999B. The bondholders received final payment in July 2013.

Series 2009E bonds were issued to finance a portion of the construction of the Saunders Research Building.

During fiscal year 2017, portions of the outstanding bonds for Series 2009 were refinanced under Series 2017. A loss on extinguishment due to bond refinancing of \$8,740 was recognized.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general obligations of the University.

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(i) Bonds Payable - DASNY Series 2010

Pursuant to an agreement with a University related entity (Highland Hospital and affiliates) and DASNY dated June 25, 2010; DASNY issued and sold \$11,000 of bonds known as Highland Hospital Revenue Bonds, Series 2010. The Series 2010 bonds were issued at a net discount of \$68 resulting in proceeds of \$10,932.

Series 2010 bonds were issued to finance the following: (1) the creation of a twenty-two bed Neuromedicine Inpatient Unit; and (2) the enhancement and expansion of the space, equipment, and technology used for Perioperative Services.

(j) Bonds Payable – OCLDC Series 2010

Pursuant to an agreement with a University related entity (F. F. Thompson Health Systems, Inc. and Ontario County Local Development Corp. (OCLDC)), OCLDC issued and sold \$29,700 of bonds known as Series 2010 Revenue Bonds.

Series 2010 bonds were issued to finance the Frederick Ferris Thompson Hospital expansion and renovation project.

The bond issue is collateralized by an interest in certain buildings and a guaranty agreement where the related entity is jointly and severally responsible for payment of the bonds.

(k) Bonds Payable – MCIDC Series 2011

Pursuant to an agreement between the University and Monroe County Industrial Development Corporation (MCIDC) dated September 1, 2011, MCIDC issued and sold \$161,660 of bonds known as the University of Rochester Tax-Exempt Revenue Bonds, Series 2011, consisting of \$122,340 Series 2011A bonds and \$39,320 Series 2011B bonds. The Series 2011 bonds were issued at a premium of \$14,088 resulting in proceeds of \$175,748.

Series 2011A bonds were issued to finance (1) the renovation of Danforth Dining Center; (2) the construction of the Ronald Rettner Hall for Media Arts and Innovation to house the University's digital media center and fabrication lab; (3) renovations to laboratories and offices throughout the River Campus and Medical Center campuses; (4) various renovations for Fauver Stadium; (5) various deferred maintenance and renovation projects at the Eastman School of Music and related residential halls; (6) the construction of O'Brien Hall to house undergraduate students; (7) the renovation of various undergraduate and graduate residential facilities; (8) construction of the Raymond F. LeChase Hall to house the University's Warner School of Education; (9) improvements and expansion of the central utilities plant; (10) renovation and modernization of the Medical Center storm sewer infrastructure, and (11) a portion of the James P. Wilmot Cancer Center Vertical Expansion improvements. A portion of Series 2011A was also used to refinance all of the outstanding bonds for Series 2001A. Additionally, a portion of the Series 2011A bonds was refinanced under Series 2013C during fiscal year 2014.

Series 2011B bonds were issued to finance (1) a portion of the James P. Wilmot Cancer Center Vertical Expansion improvements; (2) the relocation of the Bone Marrow Transplant Unit; (3) the replacement of the air handler equipment within Strong Memorial Hospital, and (4) replacement of certain existing angiographic equipment.

During fiscal year 2017, portions of the outstanding bonds for Series 2011A and 2011B were refinanced under Series 2017. A loss on extinguishment due to bond refinancing of \$7,904 was recognized.

The loan agreement and the obligation of the University to make payments under the loan agreement are general obligations of the University.

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(l) Bonds Payable – DASNY Series 2012

Pursuant to a loan agreement between a University related entity (F. F. Thompson Health System, Inc. and affiliates) and DASNY dated September 12, 2012; DASNY issued and sold \$14,680 of bonds known as F.F.T. Senior Communities, Inc. Revenue Bonds, Series 2012. Series 2012 bonds were issued to refinance the remaining outstanding bonds for Series 2000B.

In November 2015, the related entity executed interest rate swaps with third-parties. The related entity entered into interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Under the agreement, the counterparty pays the related entity a variable interest rate equal to 67% of the one-month LIBOR. The related entity will pay the counterparty a fixed interest rate of 1.62%. These rates are subject to change based upon certain conditions as stated in the swap agreement. The contractual relationship under this agreement will last until November 2025.

The related entity has a letter of credit in place in the amount of \$13,322 with HSBC Bank USA, which expires in September 2021, at which time the letter of credit is subject to annual renewal and approval.

The proceeds from the Series 2012 bonds and all funds and accounts established, including the mortgage, gross receipts security agreement and the assignment of rents and leases are pledged as security for the payment of the principal, sinking fund installments and interest on the bonds. The obligations of the related entity under the loan agreement are secured by a mortgage on the property and a security interest in the fixtures, furnishings and equipment of the related entity.

(m) Bonds Payable – MCIDC Series 2013

Pursuant to an agreement between the University and Monroe County Industrial Development Corporation (MCIDC) dated September 19, 2013, MCIDC issued and sold \$264,490 of bonds known as the University of Rochester Revenue Bonds, Series 2013, consisting of \$118,855 Series 2013A bonds, \$74,905 Series 2013B bonds, and \$70,730 Series 2013C bonds. The Series 2013 bonds were issued at a premium of \$5,125 resulting in proceeds of \$269,615.

Series 2013A bonds were issued to finance (1) renovations and waterproofing of Rush Rhees Library; (2) improvements to the Data Center B-Side electrical system; (3) renovations to laboratories and offices throughout the River Campus and Medical Center campuses; (4) various renovations for Fauver Stadium; (5) various deferred maintenance and renovation projects at the Eastman School of Music and related residential halls; (6) modernization of the Laboratory for Laser Energetics consisting of the acquisition of new chillers and necessary infrastructure upgrades; (7) the renovation of various undergraduate and graduate residential facilities; (8) construction of the College Town parking garage; (9) improvements to the central utilities plant and infrastructure; (10) renovation and modernization of the Hospital electrical transformers; (11) renovations to the Security Building; (12) renovations to the Middle Campus chiller plant and necessary infrastructure upgrades; (13) construction of the Southside parking lot; and (14) modernization of the Eastman Institute of Oral Health Prosthodontics Program. A portion of Series 2013A was used to refinance a portion of the outstanding bonds for Series 2004A.

Series 2013B bonds were issued to finance (1) construction of the Golisano Children's Hospital at Strong; (2) the relocation of the Hospital Pharmacy; and (3) the acquisition of the former Lakeside Health System (Strong West) campus.

Series 2013C bonds were issued to finance (1) the purchase of the Women's Health Center building; (2) renovations and expansion of the Second Data Center; (3) construction of the new Barnes & Noble bookstore located at College Town; (4) construction of office space located within College Town; (5) the replacement of the University's legacy financial records system; and (6) various deferred maintenance and renovation projects at the Eastman School of Music and related residential

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halls. A portion of Series 2013C was used to refinance (1) all of the outstanding 2003 Direct Note Obligation notes; (2) all of the outstanding 2004 COMIDA bonds; (3) a portion of the outstanding bonds for Series 2007C; (4) a portion of the outstanding bonds for Series 2009B; (5) a portion of the outstanding bonds for Series 2009E; and (6) a portion of the outstanding bonds for Series 2011A. A portion of Series 2013C was used to reimburse the University for all or a portion of the amounts paid to bondholders on July 1, 2013 for amounts owed under Series 2007C, 2009B, 2009A, and 2011A.

(n) Bonds Payable – MCIDC Series 2015

Pursuant to an agreement between the University and Monroe County Industrial Development Corporation (MCIDC) dated June 24, 2015, MCIDC issued and sold \$296,320 of bonds known as the University of Rochester Revenue Bonds, Series 2015, consisting of \$174,665 Series 2015A bonds, \$48,120 Series 2015B bonds, and \$73,535 Series 2015C bonds. The Series 2015 bonds were issued at a premium of \$25,773 resulting in proceeds of \$322,093.

Series 2015A bonds were issued to finance (1) renovation and modernization of the Engineering Quadrangle; (2) renovation and relocation of the engineering departments throughout the River Campus and the replacement of the Hopeman Engineering building emergency generator; (3) renovations to Frederick Douglass Dining and Student Center; (4) modernization of the Digital Humanities Center within Rush Rhees Library; (5) improvements to the central utilities plant and infrastructure; (6) renovation of various offices, classrooms, and laboratories throughout the River Campus, Memorial Art Gallery and the Eastman School of Music; (7) replacement of the University Public Safety dispatch system; (8) construction of research space for the Aab Cardiovascular Research Institute; and (9) modernization of the Eastman Dental Center and office space at the Eastman Institute for Oral Health. A portion of Series 2015A was used to refinance (1) all of the outstanding bonds for Series 2004A; (2) all of the outstanding bonds for Series 2007A-1; and (3) a portion of the outstanding bonds for Series 2007A-2.

Series 2015B bonds were issued to finance (1) construction of the Imaging Sciences Building on the South Campus; (2) renovation and modernization of the sterile processing department; and (3) construction for the neonatal intensive care unit within Strong Memorial Hospital. A portion of Series 2015B was used to refinance a portion of the outstanding bonds for Series 2007B.

Series 2015C bonds were issued to finance (1) the renovation and modernization of various off-site leasehold improvements; (2) construction of Wegmans Hall, which includes the Goergen Institute for Data Science; (3) renovation of the boat storage facility and student space facilities at Brooks Crossing; (4) installation and acquisition of telephones and security cameras within College Town; and (5) various unit renovation projects within Strong Memorial Hospital. A portion of Series 2015C was used to reimburse the University for amounts owed under the ordinary bank loan to JP Morgan Chase, which was a component of the New Market Tax Credit financing structure.

(o) Bonds Payable - MCIDC Series 2015

Pursuant to an agreement with a University related entity (Highland Hospital and affiliates) and MCIDC dated September 1, 2016; MCIDC issued and sold \$38,645 of bonds known as Tax-Exempt Revenue Bonds, Series 2015. The Series 2015 bonds were issued at a net premium of \$1,825 resulting in proceeds of \$40,470.

Series 2015 bonds were issued to finance the following: (1) the construction and equipping of an approximately 38,500 square foot expansion of the hospital facility; (2) the construction of various areas in the operating and post-anesthesia care units; (3) construction of future space for a possible additional interventional radiology room and a platform for a possible replacement of the existing MRI machine within the hospital; and (4) acquisition of various equipment and fixtures for the hospital. A portion of Series 2015 refinanced the outstanding bonds for the Series 2004 COMIDA bonds.

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(p) Bonds Payable – MCIDC Series 2017

Pursuant to an agreement between the University and Monroe County Industrial Development Corporation (MCIDC) dated April 5, 2017, MCIDC issued and sold \$255,610 of bonds known as the University of Rochester Tax-Exempt Revenue Bonds, Series 2017, consisting of \$159,485 Series 2017A bonds and \$96,125 Series 2017B bonds. The Series 2017 bonds were issued at a premium of \$33,830 resulting in proceeds of \$289,440.

Series 2017A bonds were issued to finance (1) construction of Genesee Hall, which will house residential students and provide athletic space, along with ancillary and related site improvements; (2) renovation of various office, classroom, athletic, and laboratory facilities for the River Campus; (3) renovation and modernization of the concourse, press box, and fencing of Fauver Stadium, along with ancillary and related site improvements; (4) design of a two to four story addition to Hutchison Hall; (5) renovation and modernization of various classroom facilities at Rush Rhees Library relating to the writing, speaking and argument program; (6) renovation and modernization of various classroom facilities for the audio and music engineering program; (7) renovation and modernization of various office and classrooms at the Simon Business School; (8) deferred maintenance, replacement, renovation, and modernization of replacement windows and elevators throughout River Campus; (9) central utility infrastructure improvements; and (10) deferred maintenance renovations for the Eastman School of Music. A portion of Series 2017A was used to refinance (1) all of the outstanding bonds for Series 2007A-2 due on or after July 1, 2017; and (2) a portion of the outstanding bonds for Series 2009A, Series 2009B, Series 2009E, and Series 2011A.

Series 2017B bonds were issued to finance (1) renovation and modernization of various clinic and office renovations for the Eastman School of Oral Health; (2) renovation and modernization of the pediatric intensive care unit and operating rooms within the Golisano Children's Hospital; (3) renovation, equipping, and modernization of various facilities throughout Strong Memorial Hospital. A portion of Series 2017B was used to refinance (1) all of the outstanding bonds for Series 2007C due on or after July 1, 2017; and (2) a portion of the outstanding bonds for Series 2009C, and Series 2011B.

(q) Urban Development Corporation Loan

In March 1992, the New York State Urban Development Corporation (UDC) entered into an agreement with the University to partially fund the construction of the University's Center for Optoelectronics and Imaging (COI) with a loan of \$5,000. The agreement requires the University to pay an amount equal to the debt service on the \$6,320 tax-exempt bond issued by which UDC financed the loan and the associated reserve funds and costs of issuance. The loan is collateralized by a mortgage on the property.

Pursuant to an agreement authorized by statute, the State of New York leases the COI from the University for the 30 year term of the loan, paying, as rent, an amount sufficient to cover the University's obligations to UDC. These rents have been assigned to UDC as further collateral for the loan. The University retains possession of the property under a sub-lease from the State at an annual rent equivalent to one-thirtieth of the sum of the loan principal and the cost of issuance of the UDC bonds.

(r) Notes Payable – Eastman Theatre Renovation

In December 2009, the University entered into a financing arrangement for the renovation of the Eastman Theatre enhanced by qualified investors in the New Markets Tax Credit (NMTC) program. This transaction resulted in \$53,782 in new external consolidated debt and \$28,482 in new external notes receivable to the University.

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Several loans were created through the NMTC financing structure. The first was an ordinary bank loan from JPMorgan Chase for \$15,482 at a cost of LIBOR plus 2.5% for a seven-year term. The remaining loans were specialized NMTC notes payable totaling \$38,300 at a cost of 0.74% for forty years, maturing on December 18, 2049. The University was required to pay interest only on these promissory notes for the first seven years. The lenders of the notes payable were a group of Community Development Entities that received significant tax credits as a result of this loan.

The University loaned \$28,482 to an investment fund as a part of the setup of the community development entities. The external note receivable was scheduled to mature December 18, 2049.

In December 2016, when the seven-year compliance period ended, an exit agreement was executed between all parties that resulted in a reduction of long-term debt of \$38,300, a reduction of related notes receivable of \$28,482 and a non-operating gain of \$9,818.

(s) Notes Payable – Manufacturers and Traders Trust Bank

Pursuant to an agreement between the University and the Manufacturers and Traders (M & T) Bank dated June 5, 2012, M & T Bank issued \$9,000 of term notes. The note was issued to partially finance the purchase of the Lac de Ville facility. The University is repaying the indebtedness at a fixed rate of 3.28%, maturing April 2026.

The M & T Bank term notes are general, unsecured obligations of the University.

(t) Notes Payable – NYL Series 2017A

Pursuant to an agreement between the University and University and New York Life Investors, LLC (NYL) dated April 6, 2017, NYL issued and sold \$49,307 of notes known as the University of Rochester Series A Senior Notes. The University is repaying the indebtedness at a fixed rate of 3.56%, maturing July 2047.

The Series 2017A Senior Notes are general, unsecured obligations of the University.

Series 2017A notes were issued to finance (1) replacement of the University's legacy student system; (2) expansion of existing laboratories located at Bailey Road; (3) building improvements and renovations for the Bailey Road Building; (4) renovations for various off-site leasehold improvements; (5) renovations for Messinger Hall located within the Eastman School of Music; (6) renovations for academic program space for the River Campus; (7) construction of a new residence hall on River Campus; and (8) capitalized interest borrowed for the interest payment due July 2017.

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(u) Required Principal Payments

Required composite principal payments for long-term debt, net of unamortized discount or premium, for each of the years in the five-year period ending June 30, 2022 and thereafter are as follows:

	Principal portions of lease payments		Principal portions of debt		Total
2018	\$	1,176	\$	61,043	\$ 62,219
2019		854		63,536	64,390
2020		242		63,725	63,967
2021		90		65,828	65,918
Thereafter		50		999,379	999,429
Total	\$	2,412	\$	1,253,511	\$ 1,255,923

The University incurred \$44,384 and \$45,072 of interest expense for the years ended June 30, 2017 and 2016, respectively, net of interest capitalization of \$1,931 and \$5,092 for the years ended June 30, 2017 and 2016, respectively.

The University has letter of credit agreements with various financial institutions to purchase the University's variable rate demand bonds in the event they cannot be remarketed. In the event that the bonds covered by these agreements are not remarketable and the agreements are not otherwise renewed, the principal amounts (including variable rate demand bonds not subject to a liquidity facility) would be as follows:

	Principal portions of lease payments		Principal portions of debt		Total
2018	\$	1,176	\$	119,945	\$ 121,121
2019		854		79,086	79,940
2020		242		79,210	79,452
2021		90		63,044	63,134
Thereafter		50		912,226	912,276
Total	\$	2,412	\$	1,253,511	\$ 1,255,923

(9) Benefits Plans

(a) Self-insurance Plans – University

The University is self-insured for workers' compensation. Based on estimates provided by actuaries, liabilities for asserted and unasserted claims under the workers' compensation program at June 30, 2017 were discounted by 2.3% and amounted to \$53,642 (1.5% and \$54,718 in 2016). These liabilities are offset by receivables for the expected insurance direct payments against these claims of \$14,203 at June 30, 2017 (\$14,289 at June 30, 2016). The liabilities are included in accrued pension, post-retirement, and post-employment liabilities, and the receivables are included in other assets on the consolidated balance sheet. The University has a surety bond with Liberty Mutual Insurance Company to cover potential liabilities under the University's self-insured workers' compensation program.

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The University is self-insured for health care benefits. Based on estimates provided by actuaries, the University's obligation for incurred but not reported claims was \$12,623 and \$11,668 as of June 30, 2017 and 2016, respectively. These amounts are included in accounts payable and accrued expenses on the consolidated balance sheet and have not been discounted.

(b) Self-insurance Plans – Highland Hospital and Affiliates

Highland Hospital is self-insured for workers' compensation claim losses and expenses. A letter of credit in the amount of \$8,884 is maintained as security for workers compensation claims. Included in accrued pension, post-retirement, and post-employment at June 30, 2017 and 2016 are accruals of approximately \$8,610 and \$10,854, respectively, for specific incidents to the extent that they have been asserted or are probable of assertion and can be reasonably estimated. These liabilities are offset by a receivable for the expected insurance direct payments against these claims of \$4,684 and \$3,055 at June 30, 2017 and 2016, respectively. This liability has been discounted by 2.25% and 1.25% at June 30, 2017 and 2016, respectively.

(c) Post-employment Benefits – University

The University's accrued post-employment benefits, inclusive mostly of workers compensation and disability benefits, amounted to \$65,424 and \$73,471 at June 30, 2017 and 2016, respectively, and are recorded in accrued pension, post-retirement and post-employment on the consolidated balance sheet.

(d) Post-retirement Benefit Plan – University

The University's post-retirement benefit plan includes basic medical, major medical, dental coverage, and life insurance. Benefit levels differ for current retirees, current employees eligible to retire, and current employees not eligible to retire.

The University incurred post-retirement plan expense of \$23,256 and \$17,385 for the years ended June 30, 2017 and 2016, respectively, which is recorded in fringe benefits expense on the consolidated statement of activities.

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Benefit expense for this plan for the years ended June 30, 2017 and 2016 includes the following components:

	2017	2016			
Change in benefit obligation:					
Benefit obligation at beginning of year	\$ 213,595	\$ 159,213			
Service cost	9,066	6,082			
Interest cost	8,191	7,560			
Plan participants' contributions	3,792	3,189			
Actuarial (gain)/loss	15,185	48,917			
Benefits paid	(13,432)	(11,962)			
Medicare Part D prescription drug federal subsidy	551	596			
Benefit obligation at end of year	\$ 236,948	\$ 213,595			
Change in plan assets:					
Fair value of plan assets at beginning of year	\$ -	\$ -			
Employer contributions	9,089	8,177			
Plan participants' contributions	3,792	3,189			
Medicare Part D prescription drug federal subsidy	551	596			
Benefits paid	(13,432)	(11,962)			
Fair value of plan assets at end of year	\$ -	\$ -			
Components of accrued benefit:					
Funded status	\$ (236,948)	\$ (213,595)			
Net actuarial loss	84,175	74,264			
Prior service cost	1,483	2,208			
Accrued benefits	\$ (151,290)	\$ (137,123)			
Amounts recognized in the consolidated balance sheets consist of:					
Accrued post-retirement benefit cost	\$ (137,123)	\$ (127,915)			
Net post-retirement benefit expense	(23,256)	(17,385)			
Employer contributions	9,089	8,177			
Accrued benefits	\$ (151,290)	\$ (137,123)			
Amount recorded in unrestricted net assets	(85,658)	(76,472)			
Net amount recognized in the consolidated balance sheet	\$ (236,948)	\$ (213,595)			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black; width: 20%;">2017</th> <th style="text-align: right; border-bottom: 1px solid black; width: 20%;">2016</th> </tr> </thead> </table>				2017	2016
	2017	2016			
Components of net periodic benefit cost:					
Service cost	\$ 9,066	\$ 6,082			
Interest cost	8,191	7,560			
Amortization of prior service cost	724	724			
Amortization of net actuarial loss	5,275	3,019			
Net periodic benefit cost	\$ 23,256	\$ 17,385			
Amounts recorded in unrestricted net assets:					
Net loss during period	\$ 15,185	\$ 48,917			
Amortization recognition	(5,275)	(3,019)			
Prior service cost/(credit)	(724)	(724)			
Total amount recognized in other non-operating expense	\$ 9,186	\$ 45,174			

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The estimated net actuarial loss and prior service cost for the defined benefit plan that will be amortized from unrestricted net assets into net periodic benefit (income)/cost in fiscal 2018 are \$4.2 and \$0.6 million, respectively. Estimated future contributions, benefit payments, and prescription subsidy payments are as follows:

	<u>Estimated Contributions / Benefit Payments</u>	<u>Estimated Rx Subsidy Payments</u>
2018	\$ 11,847	\$ 562
2019	12,425	592
2020	13,010	621
2021	13,517	654
2022	13,998	688
2023 to 2027	74,878	3,858

Benefits are valued based upon the projected unit cost method. The weighted average assumptions used at the measurement date, June 30, are as follows:

	<u>2017</u>	<u>2016</u>
Discount rate for obligation	3.75%	3.50%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate -		
Initial pre age 65	7.25%	7.50%
Initial post age 65	5.70%	6.00%
Initial prescription drug	10.50%	10.50%
Health care cost trend rate - Final	3.9%	3.9%
Year final trend rate is reached	2075	2075

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage-point change in the health care cost trend rate would have the following effects:

	<u>One Percentage Point Increase</u>	<u>One Percentage Point Decrease</u>
Effect on total of service and interest cost components	\$ 2,418	\$ (1,977)
Effect on post-retirement benefit obligation	\$ 23,037	\$ (19,211)

The Medicare Prescription Drug Improvement and Modernization Act of 2003 provides for a direct government subsidy for employers who continue to offer a retiree drug program that is deemed to be actuarially equivalent in the government plan. The University qualified for the Medicare Part D prescription drug federal subsidy.

Employers are required to recognize the over-funded or under-funded status of defined benefit pension and post-retirement plans as assets or liabilities in its consolidated balance sheet and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. In addition, employers are required to measure the funded status of the plan as of the consolidated balance sheet date.

(e) Retirement Plan – University

The University provides a 403(b) defined contribution retirement plan to its employees. The University of Rochester's Retirement Program is administered and record kept by TIAA-CREF. Under this plan, the University made contributions of \$93,215 and \$89,401 in 2017 and 2016, respectively, which were vested for the benefit of the participants.

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(f) Retirement Plans – Highland Hospital and Affiliates

The defined benefit retirement plan of Highland Hospital covers all employees who have completed two years of continuous employment. The benefits for this plan are based primarily on years of service and employees' pay near retirement. The funding policy is to contribute, annually, an amount consistent with the requirement of the Employee Retirement Income Security Act. Effective August 3, 2010, participation in the plan was frozen.

Retirement plan expense of \$16,998 and \$10,806 was incurred for the fiscal years ended June 30, 2017 and 2016, respectively, and is recorded in fringe benefits in the consolidated statements of activities. In addition, a pension related benefit (charge) other than net periodic pension cost of \$32,657 and (\$39,107) for the fiscal years ended June 30, 2017 and 2016, respectively, was recorded in other changes on the consolidated statement of activities.

The following tables present the changes in the plan benefit obligation and the fair value of the plan assets for the years ended June 30, 2017 and 2016 and the funded status of the plan at June 30, 2017 and 2016.

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Change in benefit obligation:	<u>2017</u>	<u>2016</u>
Benefit obligation at beginning of year	\$ 241,357	\$ 202,659
Service cost	5,755	5,249
Interest cost	8,600	8,747
Actuarial (gain)/loss	(9,766)	8,049
(Gain)/loss due to change in discount rate	(7,687)	22,771
Benefits paid	(9,254)	(6,118)
Benefit obligation at end of year	<u>\$ 229,005</u>	<u>\$ 241,357</u>
Accumulated benefit obligation	<u>\$ 216,661</u>	<u>\$ 225,194</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 122,827	\$ 124,821
Actual return on plan assets	12,561	(5,096)
Employer contribution	10,580	9,221
Benefits and expenses paid	(9,254)	(6,118)
Fair value of plan assets at end of year	<u>\$ 136,714</u>	<u>\$ 122,828</u>
Amounts recognized in the balance sheet consists of:		
Accrued benefit cost	\$ (16,478)	\$ (10,060)
Amount recognized in unrestricted net assets (other non-operating expense)	(75,813)	(108,470)
Funded Status	<u>\$ (92,291)</u>	<u>\$ (118,530)</u>
Components of net periodic benefit cost:		
Service cost	\$ 5,755	\$ 5,249
Interest cost	8,600	8,747
Expected return on plan assets	(9,457)	(9,550)
Amortization of unrecognized loss	12,100	6,360
Net periodic benefit cost	<u>\$ 16,998</u>	<u>\$ 10,806</u>

Benefits are valued based upon the projected unit credit cost method. The assumptions used for the plan at the measurement date are as follows:

	<u>2017</u>	<u>2016</u>
Discount rate for obligation	3.83%	3.61%
Discount rate for pension expense	3.61%	4.38%
Future compensation increase rate	3.60%	3.60%
Long-term rate of return on plan assets	7.50%	7.50%

Discount rates are established based on Moody's spot rates from the Citigroup above median curve that, if the pension benefit obligation was settled at the measurement date, would provide the necessary future cash flows to pay the benefit obligation when due.

The Plan funds are allocated to two money managers, each with a balanced portfolio. These money managers monitor financial market funds and adjust strategy accordingly.

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The weighted average asset allocation for the Plan as of June 30 by asset categories is as follows:

Asset category:	<u>2017</u>	<u>2016</u>
Equity securities	60%	58%
Fixed income securities	21%	20%
Cash and other investments	19%	22%
Total	<u>100%</u>	<u>100%</u>

Scheduled estimated future benefit payments are as follows:

	Pension Benefits
2018	\$ 7,005
2019	7,777
2020	8,578
2021	9,472
2022	10,357
2023 to 2027	61,694
Total estimated future payments	\$ <u>104,883</u>

Highland Hospital expects to contribute \$11,730 to the Plan in 2018. The plan assets for Highland Hospital are invested with an outside trustee for the sole benefit of the plan participants. Investments are directed by the Hospital or by investment managers appointed by the Highland Hospital. They are managed to maximize total return while maintaining a prudent level of risk.

The Plan's asset allocation policy states the assets should be allocated as follows:

Asset category:	<u>2017</u>	<u>2016</u>
Equity securities	57%	57%
Fixed income securities	38%	38%
Cash and other investments	5%	5%
Total	<u>100%</u>	<u>100%</u>

In addition, the total equity commitment should not exceed 75% of assets. The asset allocation ranges established by this investment policy represent a long-term perspective, and as such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. These divergences should be of a short-term nature.

Inflows and disbursements should be allocated such that the assets are rebalanced toward the target allocation.

Risk mitigation is achieved by diversifying investments across multiple asset classes, by investment in high quality securities and by permitting flexibility in the balance of investments in the permitted asset classes. Market risk inheres in any portfolio but the investment policies and strategies are designed to avoid concentration of risk in one entity, industry, country or commodity.

The expected return on assets was derived based on long-term expected yields of the plan's assets which reflect the composition of the portfolio. In particular, we assume an estimated 60%/40% equity/fixed income allocation, expected

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inflation of 2.35%, a risk free rate of return of 2.0%, long-term and risk premiums of 4% - 6% for equities and 1.5% - 2.5% for fixed income, for an expected range of 7.35% - 8.95%. This supports the assumption of 7.5% as the long-term rate of return on assets.

The following assets were recorded at fair value within the pension assets of the Hospital as of June 30, 2017 and 2016:

		2017				
Description	Level 1	Level 2	Level 3	NAV	Total Fair Value	
Cash	\$ 3,045	\$ -	\$ -	\$ -	\$ 3,045	
Mutual fund – Global Asset Allocation	65,751	-	-	-	65,751	
Mutual fund – Multi Asset	-	-	-	67,918	67,918	
Total	\$ 68,796	\$ -	\$ -	\$ 67,918	\$ 136,714	

		2016				
Description	Level 1	Level 2	Level 3	NAV	Total Fair Value	
Cash	\$ 3,338	\$ -	\$ -	\$ -	\$ 3,338	
Mutual fund – Global Asset Allocation	58,865	-	-	-	58,865	
Mutual fund – Multi Asset	-	-	-	60,625	60,625	
Total	\$ 62,203	\$ -	\$ -	\$ 60,625	\$ 122,828	

Fair value for Level 1 is based upon quoted market prices. Level 2 may be based on quoted prices for similar assets and/or inputs other than quoted prices that are observable for the asset or liability.

In addition, Highland Hospital has a 403(b) plan and the cost was \$1,290 and \$1,286 in 2017 and 2016, respectively, and is recorded in benefits expense on the consolidated statement of activities.

(g) Retirement Plan – F.F. Thompson Health System, Inc.

F.F. Thompson Health System, Inc. sponsors a noncontributory defined benefit pension plan, the Thompson Health Pension Plan (the Plan), covering all eligible employees. Benefits under the Plan are based on each participant's years of service and compensation, as defined by the Plan document. The annual measurement date for the Plan is December 31. The funded status of this plan as of December 31, 2016 and 2015 was \$(16,434) and \$(16,504), respectively.

(h) Retirement Plan – Visiting Nurse Service of Rochester and Monroe County, Inc.

VNS has a noncontributory defined benefit cash balance pension plan covering many of its employees, past and present. This plan was frozen in December 2002. There will be no new participants and no new annual contributions for existing

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participants. Accounts for existing participants will continue to be credited annually for interest earned. VNS will have an ongoing requirement for funding of the plan.

The annual measurement date for the Plan is December 31. The funded status of this plan as of December 31, 2016 and 2015 was \$(4,249) and \$(3,818), respectively.

(i) Retirement Plan – The Memorial Hospital of William F. and Gertrude F. Jones, Inc.

The Hospital sponsors a noncontributory defined benefit pension plan (plan) covering all eligible employees. The plan was amended to state that Hospital employees hired after December 31, 2006 were no longer eligible to participate in the plan. Additionally, the plan was amended to freeze benefit accruals effective March 31, 2011 for all participants. The annual measurement date for the Plan is December 31. The funded status of this plan as of December 31, 2016 and 2015 was \$(10,233) and \$(11,029), respectively.

(j) Retirement Plan – Livingston Health Care System, Inc. D/B/A Noyes Health

The System has a noncontributory defined benefit pension plan that covers all eligible employees as of November 30, 2002. Effective November 2002, the Plan was amended to freeze participation and benefit accruals. The System's policy is to contribute amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Security Act of 1974. The annual measurement date for the Plan is December 31. The funded status of this plan as of December 31, 2016 and 2015 was \$(4,233) and \$(3,608), respectively.

(10) Investment in Captive Insurance Company

The University, together with other universities and teaching hospitals, has formed a captive insurance company (captive) to insure the professional liability risks of the shareholders. The Hospital's investment in the captive represents 20% of the voting rights; however, the dissolution provisions of the captive agreement indicate that the Hospital's financial participation (based on percentage of premiums paid) is approximately 7% of the financial results of the captive. Due to the Hospital's significant influence in the captive, the investment in the captive has been recorded under the equity method in investments held for long-term purposes.

The University's premiums are based on its professional liability experience and a shared risk factor with the other participants. Premiums are subject to retrospective adjustment based on, among other things, actual loss experience of the University.

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The most recent audited financial information for the captive is summarized below for the periods ended December 31:

Results of operations	<u>2016</u>	<u>2015</u>
Net earned premiums	\$ 289,251	\$ 230,160
Expenses	(322,145)	(303,913)
Investment income and realized gains on sales of marketable securities	51,973	112,008
Net income	<u>19,079</u>	<u>38,255</u>
Other comprehensive income /(loss)	25,023	(93,057)
Comprehensive income /(loss)	44,102	(54,802)
Net capital contributions (distributions) to shareholders	9,830	(21,965)
Change in shareholders' equity	<u>\$ 53,932</u>	<u>\$ (76,767)</u>
Financial position	<u>2016</u>	<u>2015</u>
Total assets	\$ 1,697,175	\$ 1,652,310
Total liabilities	(1,143,669)	(1,152,734)
Shareholders' equity	<u>\$ 553,506</u>	<u>\$ 499,576</u>

(11) Professional Liability Claims

The University's coverage for professional liability insurance is provided under insurance policies obtained jointly with other universities and teaching hospitals. The primary layer of coverage, as well as the buffer and self-insured layers of excess insurance, were written by MCIC Vermont, Inc. (a Risk Retention Group) formed and directed by the participating insured institutions. Multiple layers of excess insurance were purchased from several different insurance companies. The maximum coverage for the Medical Center is \$271,000 per claim. The per claim coverage amount at each of the five participating institutions has been tailored to their own experience and exposures.

The insurance claims receivable, as calculated by the actuaries, was approximately \$41,812 and \$39,678 as of June 30, 2017 and 2016, respectively, and has been included in other accounts receivable as shown in note 3. A corresponding increase to the accrued professional liability cost has been included in accounts payable and accrued expenses.

Based on estimates provided by the actuaries retained by MCIC Vermont, Inc., the University's obligations for incurred but not reported claims were \$32,014 and \$30,914 as of June 30, 2017 and 2016, respectively. These amounts have not been discounted and are included in accounts payable and accrued expenses on the consolidated balance sheet.

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(12) Fair Value of Financial Instruments

The following tables present the fair value of the financial instruments recorded on the consolidated balance sheet as of June 30:

	<u>Quoted Market Prices (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>NAV as Practical Expedient (NAV)</u>	<u>2017 Total Fair Value</u>
Assets					
Total cash and cash equivalents	\$ 25,277	\$ -	\$ -	\$ -	\$ 25,277
Operating and long-term investments:					
Cash and cash equivalents	271,112	1,559	-	-	272,671
Debt securities					
Asset backed securities	-	21,132	-	-	21,132
Bank loans	-	14,314	-	-	14,314
Bond funds	68,339	6,680	-	-	75,019
Corporate bonds	1,683	194,416	-	-	196,099
Government bonds & securities	5,118	28,375	-	-	33,493
Other	7,853	9,043	-	-	16,896
Common, mutual fund & preferred stock					
Common stock	266,382	-	-	200	266,582
Equity exchange traded funds	2,654	-	-	-	2,654
Mutual funds (domestic)	13,282	66,727	-	-	80,009
Mutual funds (international)	66,763	324,105	-	-	390,868
Real assets	323	-	-	259,070	259,393
Private equity	-	-	-	446,284	446,284
Hedge funds	-	49,257	-	732,382	781,639
Other	28,358	8,963	-	40,439	77,760
Total operating and long-term investments:	\$ 731,867	\$ 724,571	\$ -	\$ 1,478,375	\$ 2,934,813
Interest in net assets of foundations	-	-	17,740	-	17,740
Trusts held by others	-	-	59,462	-	59,462
Total assets at fair value	\$ 757,144	\$ 724,571	\$ 77,202	\$ 1,478,375	\$ 3,037,292
Liabilities					
Interest rate swap payable	-	15,558	-	-	15,558
Total liabilities at fair value	\$ -	\$ 15,558	\$ -	\$ -	\$ 15,558

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	Quoted Market Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)	2016 Total Fair Value
Assets					
Total cash and cash equivalents	\$ 123,124	\$ -	\$ -	\$ -	\$ 123,124
Short and long-term investments:					
Cash and cash equivalents	212,962	15,817	-	-	228,779
Debt securities					
Asset backed securities	-	24,408	-	-	24,408
Bank loans	-	19,964	-	-	19,964
Bond funds	76,901	10,147	-	-	87,048
Corporate bonds	-	128,725	-	-	128,725
Government bonds & securities	805	73,490	-	-	74,295
Other	10,720	24,645	-	-	35,365
Common, mutual fund & preferred stock					
Common stock	284,950	-	-	200	285,150
Equity exchange traded funds	1,025	-	-	-	1,025
Mutual funds (domestic)	11,531	74,811	-	-	86,342
Mutual funds (international)	67,557	259,806	-	-	327,363
Real assets	-	-	-	239,236	239,236
Private equity	-	-	-	422,372	422,372
Hedge funds	-	70,445	-	621,750	692,195
Other	24,861	9,472	-	48,439	82,772
Total short and long-term investments	\$ 691,312	\$ 711,730	\$ -	\$ 1,331,997	\$ 2,735,039
Interest in net assets of foundations	-	-	16,473	-	16,473
Trusts held by others	-	-	52,306	-	52,306
Total assets at fair value	\$ 814,436	\$ 711,730	\$ 68,779	\$ 1,331,997	\$ 2,926,942
Liabilities					
Interest rate swap payable	\$ -	\$ 23,789	\$ -	\$ -	\$ 23,789
Total liabilities at fair value	\$ -	\$ 23,789	\$ -	\$ -	\$ 23,789

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(a) Fair Value Level 1

Level 1 investments consist of cash and cash equivalents, equity, and fixed-income securities with observable market prices. Fair value for Level 1 is based upon quoted market prices in active markets.

(b) Fair Value Level 2

Investments that are classified as Level 2 include domestic and foreign equities, as well as fixed income securities that trade in markets that are not considered to be active. Fair value is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for non-performance risk, and correlations of such inputs. The University's interest rate swap arrangements have inputs which can generally be corroborated by market data and are therefore classified within Level 2. The notional amount of the University's interest rate swaps was \$152,845. The effects of the interest rate swaps included in non-operating net appreciation/(depreciation) on the consolidated statements of activities were \$8,341 and (\$1,682) for the years ended June 30, 2017 and 2016, respectively. Activity related to interest rate swaps affect unrestricted net assets and, in the consolidated statement of cash flows, are included in changes in accounts payable and accrued expenses in the operating activities section.

(c) Fair Value Level 3

Level 3 investments have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the University's interest in net assets of foundations and trusts held by others as discussed in Note 1. Changes to the fair values using unobservable inputs as of June 30, 2017 and 2016 are included in the table below. All net realized and unrealized gains/(losses) are reflected in net appreciation/(depreciation) of long-term investment activities in the accompanying statement of activities.

	Interest in net assets of foundations		Investments in perpetual trusts held by others		Total fair value
Balance June 30, 2015	\$ 17,567	\$	56,233	\$	73,800
Net appreciation/(depreciation)	(1,094)		(3,927)		(5,021)
Balance June 30, 2016	16,473		52,306		68,779
Net appreciation/(depreciation)	1,267		7,156		8,423
Balance June 30, 2017	\$ 17,740	\$	59,462	\$	77,202

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(d) Net Asset Value

For the fiscal year ended June 30, 2016, the University adopted the disclosure changes required by Accounting Standards Update (ASU) 2015-07 - Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). As a result of the adoption, investments reported at net asset value (NAV), as a practical expedient, are no longer included within 1, 2, or 3 in the fair value hierarchy.

The net asset value (NAV) column above represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value, and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The NAV of these investments is determined by the general partner and is based upon appraisal or other estimates that require judgment. If no public market exists for the investment securities, the general partner will take into consideration, among other things, prices of recent significant transactions of similar securities, and subsequent developments concerning the companies to which the securities relate. The University has performed significant due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30.

The following tables provide additional information about alternative investments.

Strategy	<u>2017 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Hedge funds:				
Long/short	\$ 280,657	\$ -	Quarterly, Annually, 1 & 3 Year Rolling Lock-ups	45 - 90 Days
Multi-strategy	258,411	36,000	Quarterly, Annually, 1 & 2 Year Rolling Lock-ups	45 - 90 Days
Private equity:				
Buyouts	229,074	154,385	1 to 10 years	1 to 7 years
Venture capital	167,461	40,210	1 to 12 years	1 to 6 years
Distressed	49,076	43,569	1 to 5 years	1 to 3 years
Real assets:				
Real estate	127,559	49,043	1 to 10 years	1 to 5 years
Natural resources	131,511	79,229	1 to 12 years	1 to 5 years
Total alternative partnerships	\$ 1,243,749	\$ 402,436		
Other Alternative Investments:				
Commingled funds of public equities	650,480	-	Monthly	15 - 60 Days
Commingled funds of fixed income	673	-	NA - held to maturity	NA
Total other alternative investments	651,153	\$ -		
Total alternative investments	\$ 1,894,902	\$ 402,436		

**UNIVERSITY OF ROCHESTER
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Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

Strategy	<u>2016 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Hedge funds:				
Long/short	\$ 249,675	\$ -	Quarterly, annually, 1 & 3 year rolling lock-ups	45 - 90 days
Multi-strategy	215,530	38,500	Quarterly, annually, 1 & 2 year rolling lock-ups	45 - 90 days
			<u>Remaining Fund Life</u>	<u>Drawdown Period</u>
Private equity:				
Buyouts	221,903	130,674	1 to 10 years	1 to 7 years
Venture capital	154,742	54,007	1 to 12 years	1 to 6 years
Distressed	45,344	46,897	1 to 5 years	1 to 3 years
Real assets:				
Real estate	141,686	67,467	1 to 10 years	1 to 5 years
Natural resources	97,550	134,773	1 to 12 years	1 to 5 years
Total alternative partnerships	\$ 1,126,430	\$ 472,318		
Other Alternative Investments:				
Commingled funds of public equities	558,297	-	Monthly	15 - 60 days
Commingled funds of fixed income	382	-	NA – held to maturity	NA
Total other alternative investments	\$ 558,679	\$ -		
Total alternative investments	\$ 1,685,109	\$ 472,318		

(13) Lines of Credit

The University had a \$50,000 committed line of credit agreement with Northern Trust Company that is subject to annual credit review and renewal. This line of credit expired in March 2017 and was not renewed. Under this agreement, no amounts were outstanding at June 30, 2016.

The University has a \$75,000 committed line of credit agreement with JPMorgan Chase Bank, N.A. that is subject to annual credit review and renewal. Under this agreement, \$7,800 was outstanding at June 30, 2017 and \$0 was outstanding at June 30, 2016.

The University has a \$50,000 committed line of credit agreement with U.S. Bank, N.A. that is subject to annual credit review and renewal. Under this agreement, no amounts were outstanding at June 30, 2017 and 2016, respectively.

The University has \$534 in standby letters of credit with JPMorgan Chase Bank, N.A. to cover potential liabilities of other financial obligations. Under this agreement, no amounts were outstanding at June 30, 2017 and 2016, respectively.

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

The University has \$1,887 in standby letters of credit with JP Morgan Chase Bank, N. A. that is subject to annual credit review and renewal to cover potential liabilities related to the construction of the Imaging Science Building. Under this agreement, no amounts were outstanding at June 30, 2017 and 2016, respectively.

During fiscal year 2017, the University entered into a \$50,000 committed line of credit agreement with KeyBank, N.A. that is subject to annual credit review and renewal. Under this agreement, no amounts were outstanding at June 30, 2017.

(14) Commitments and Contingencies

In the ordinary course of operations, the University is named as a defendant in various lawsuits, or events occur which could lead to litigation, claims, or assessments. Although the outcome of such matters cannot be predicted with certainty, management believes that insurance coverage is sufficient to cover current or potential claims, or that the final outcomes of such matters will not have a material adverse effect on the consolidated financial position.

At June 30, 2017, the University has entered into construction contracts and commitments aggregating \$1,032,950 (\$984,597 at June 30, 2016) of which \$959,141 (\$771,774 at June 30, 2016) had been fulfilled.

(15) Leases

The University leases research laboratories, office space, and equipment under operating leases expiring through January 2032. Rental expense for the years ended June 30, 2017 and 2016 totaling \$49,367 and \$46,909, respectively, is included in the accompanying consolidated statements of activities.

Future minimum payments by year and in the aggregate, under non-cancelable operating leases, with initial or remaining terms of one year or more are as follows:

	<u>University</u>	<u>Related Entities</u>
2018	\$ 42,845	\$ 3,750
2019	35,138	3,871
2020	21,302	2,152
2021	17,339	2,020
2022	15,742	1,829
Thereafter	51,126	7,440
Total minimum lease Payments	\$ 183,492	\$ 21,062

(16) Scholarships, Grants, and Fellowships

The University awarded a total of \$212,589 and \$205,254 in scholarships, grants, and fellowships during fiscal years 2017 and 2016, respectively. In addition, the University awarded \$7,450 and \$8,256, respectively, of scholarships, grants, and fellowships as compensation to the recipients. Of this amount, \$7,294 and \$7,613, respectively, of the total scholarships, grants, and fellowships awarded were specifically funded by federal, state, or private gifts or grants, or by investment income and gains earned on investments held for endowment and similar purposes and utilized under the University's total return spending policy.

**UNIVERSITY OF ROCHESTER
AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2017 and 2016
(dollars in thousands)

(17) Uncompensated Care

The University's policy is to treat patients in need of medical services without regard to their ability to pay for such services. The University maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. In addition to charity care, the University also provides services at rates significantly below the cost of rendering those services. The estimated difference between the cost of services provided to Medicaid patients and the reimbursement from NYS for this patient care is also monitored.

Effective January 1, 2007, the New York State Public Health Law required all hospitals to implement financial aid policies and procedures. The law also required hospitals to develop a summary of its financial aid policies and procedures that must be made publicly available. All standards set forth in the law are minimum standards.

In order to qualify for charity care, patients are expected to submit financial information demonstrating need. In many cases, patients may be unable or unwilling to provide that data. In those cases, the uncompensated care is classified as bad debt expense unless the University is able to obtain information that would indicate the patient appears to be eligible for charity care assistance. In those cases, the uncompensated care is recorded as charity care.

The estimated costs of providing charity services is based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The University received funding from NYS to help defray some of the costs of indigent care in the amount of \$26,989 and \$23,550 in 2017 and 2016, respectively.

During the years ended June 30, 2017 and 2016, the following levels of uncompensated care were provided:

	<u>2017</u>	<u>2016</u>
Charity care at cost	\$ 28,141	\$ 25,775
Excess of cost over reimbursement for services provided to Medicaid patients	116,821	107,310
Bad debts expense	43,096	35,197
	<u>\$ 159,917</u>	<u>\$ 142,507</u>

(18) Functional Expenses

The University also records expenses according to major classes of programs or functions. Functional expenses for the years ended June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Instruction	\$ 364,293	\$ 371,819
Research	288,409	294,145
Public service	17,880	17,616
Libraries and other academic support	62,006	60,059
Student services	66,649	64,431
Institutional support	135,636	125,101
Hospital and faculty practice patient care	2,832,804	2,585,635
Auxiliary enterprises	121,239	115,741
Total functional expenses	<u>\$ 3,888,916</u>	<u>\$ 3,634,547</u>

**UNIVERSITY OF ROCHESTER
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Notes to Consolidated Financial Statements

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The expenses for operations and maintenance of facilities and depreciation related to property, plant and equipment are allocated to functional categories based on square footage. Interest expense is allocated based on the assignment of the functional category assigned to the capital project. The amounts allocated for operations and maintenance were approximately \$69,005 and \$72,010 for the fiscal years ended June 30, 2017 and 2016, respectively.

Student financial assistance is shown as a component of instruction expense unless the assistance is for tuition and mandatory fees. If the assistance is for tuition and mandatory fees, the amounts are recorded as scholarship allowance, which reduces tuition revenue.

(19) Subsequent Events

The University has performed an evaluation of subsequent events through October 18, 2017, the date on which the financial statements were issued.

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
<u>Student Financial Assistance Cluster:</u>				
Department of Education Awards				
Direct Awards				
84.007	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS		\$ 817,287	\$ -
84.033	FEDERAL WORK-STUDY PROGRAM		1,280,852	-
	FEDERAL PERKINS LOAN PROGRAM			
84.038	Outstanding loans as of July 1, 2016		17,236,939	-
84.038	New loans issued during 2017		2,537,471	-
	Total Federal Perkins Loan Program		19,774,410	-
84.063	FEDERAL PELL GRANT PROGRAM		5,297,229	-
84.268	FEDERAL DIRECT STUDENT LOANS		53,805,175	-
	Total Department of Education Direct Awards		80,974,953	-
Department of Health and Human Services Awards				
Direct Awards				
	NURSING STUDENT LOANS			
93.364	Outstanding loans as of July 1, 2016		498,579	-
93.364	New loans issued during 2017		149,584	-
	Total Department of Health and Human Services Direct Awards		648,163	-
Total Student Financial Assistance Cluster			81,623,116	-
<u>Research and Development Program Cluster:</u>				
Department of Agriculture Awards				
Direct Awards				
Economic Research Service				
10.250	AGRICULTURAL AND RURAL ECONOMIC RESEARCH, COOPERATIVE AGREEMENTS AND COLLABORATIONS		7,000	-
The Office of the Chief Economist				
10.290	AGRICULTURAL MARKET AND ECONOMIC RESEARCH		365	-
	Total Department of Agriculture Direct Awards		7,365	-
Pass-Through Awards				
10.310	CORNELL UNIVERSITY	64824-9857	59	-
	Total Department of Agriculture Pass-Through Awards		59	-
	Total Department of Agriculture Awards		7,424	-
Department of Commerce Awards				
Direct Awards				
National Institute Of Standards And Technology (NIST)				
11.609	MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS		38,802	38,625
11.620	SCIENCE, TECHNOLOGY, BUSINESS AND/OR EDUCATION OUTREACH		9,486	-
	Total Department of Commerce Direct Awards		48,288	38,625
Department of Defense Awards				
Direct Awards				
12.RD	CONTRACT - HR0011-10-C-0111		40,251	5,600
12.RD	CONTRACT - W81XWH-14-1-0242		2,826	-
12.RD	CONTRACT - W911NF-12-1-0263		55,805	-
12.RD	CONTRACT - W81XWH-14-1-0454		98,215	-
12.RD	CONTRACT - W81XWH-13-1-0439		(37,270)	-
Department of the Navy, Office of the Chief of Naval Research				
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH		1,307,201	376,368

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
U.S. Army Medical Command 12.420	MILITARY MEDICAL RESEARCH AND DEVELOPMENT		2,021,978	331,960
U.S. Army Materiel Command 12.431	BASIC SCIENTIFIC RESEARCH		1,130,903	-
National Security Agency 12.901	MATHEMATICAL SCIENCES GRANTS		85,382	-
Department of the Air Force, Materiel Command 12.800	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM		324,198	-
Advanced Research Projects Agency 12.910	RESEARCH AND TECHNOLOGY DEVELOPMENT		157,203	-
	Total Department of Defense Direct Awards		5,186,692	713,928
Pass-Through Awards				
12.RD	OPTICAL SCIENCE CO	N/A	5,190	-
12.RD	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	MP# 62052267	(1,560)	-
12.RD	THE BOEING COMPANY	1055512	1,373	-
12.RD	SUNY POLYTECHNIC INSTITUTE	AIM Photonics	328,444	-
12.RD	THE BOEING COMPANY	1291050	84,062	-
12.RD	BRAINSCOPE	04-2015 Sports	55,981	-
12.RD	GENERAL DYNAMICS LAND SYSTEMS INC	40230228	8,396	-
12.RD	GENERAL DYNAMICS LAND SYSTEMS INC	40252035	57,208	-
12.RD	ALCHLIGHT INC	UR001	64,145	-
12.RD	GENERAL DYNAMICS LAND SYSTEMS INC	40263585	45,876	-
12.RD	UNIVERSITY OF SOUTHERN CALIFORNIA	70042978	10,054	-
12.300	JOHNS HOPKINS UNIVERSITY	2001278954	(359)	-
12.351	UNIVERSITY OF MICHIGAN	HDTRA1-13-1-0013	113,226	-
12.420	MT SINAI SCHOOL OF MEDICINE	0258-0771-4609	13,602	-
12.420	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	ADC-044	(2,752)	-
12.420	GEORGETOWN UNIVERSITY	RX 4222-413-UR	(484)	-
12.431	UNIVERSITY OF CALIFORNIA AT BERKELEY	8984	303,258	-
12.431	UNIVERSITY OF CALIFORNIA TECHNICAL INSTITUTE	67N-1092096	(3,001)	-
12.431	UNIVERSITY OF CENTRAL FLORIDA	244194	79,600	-
12.431	UNIVERSITY OF ILLINOIS AT URBANA	2013-04517-01	25,609	-
12.750	HM JACKSON FOUNDATION	3433 / PO# 882201	69,525	-
12.750	HM JACKSON FOUNDATION	PO 795166	283,647	39,213
12.910	FLORIDA INSTITUTE FOR HUMAN AND MACHINE COGNITION	W911NF-15-1-0542-1	610,363	-
12.910	BBN TECH	14400	308,081	-
	Total Department of Defense Pass-Through Awards		2,459,484	39,213
	Total Department of Defense Awards		7,646,176	753,141
Department of Justice Direct Awards				
Direct Awards				
National Institute Of Justice 16.560	NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS		9,237	-
	Total Department of Justice Direct Awards		9,237	-
Pass-Through Awards				
16.RD	MONROE COUNTY DEPARTMENT OF HEALTH	Resolution #284	2,470	-
	Total Department of Justice Pass-Through Awards		2,470	-
	Total Department of Justice Awards		11,707	-
National Aeronautics and Space Administration Awards				
Direct Awards				
43.RD	NASA GRANTS		82,366	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
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Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
43.RD	CONTRACT - NNX17AH93A		3,409	-
43.001	SCIENCE		789,124	-
43.003	EXPLORATION		710,666	-
43.009	CROSS AGENCY SUPPORT		48,114	-
43.012	SPACE TECHNOLOGY		85,250	-
	Total National Aeronautics and Space Administration Direct Awards		1,718,929	-
Pass-Through Awards				
43.RD	JET PROPULSION LAB	RSA No. 1524207	89,216	-
43.RD	JET PROPULSION LAB	PO# 1477502	111,276	-
43.RD	JET PROPULSION LAB	RSA NO 1460307	1,775	-
43.RD	SPACE TELESCOPE SCIENCE INSTITUTE	HST-AR-14563.001-A	7,136	-
43.001	ARIZONA STATE UNIVERSITY	15-719	56,822	-
43.001	JET PROPULSION LAB	RSA No. 1572587	9,786	-
43.001	JET PROPULSION LAB	1573311	12,012	-
43.008	CORNELL UNIVERSITY	76156-10493	10,131	-
	Total National Aeronautics and Space Administration Pass-Through Awards		298,154	-
	Total National Aeronautics and Space Administration Awards		2,017,083	-
National Science Foundation Awards				
Direct Awards				
47.041	ENGINEERING GRANTS		3,493,216	582,200
47.049	MATHEMATICAL AND PHYSICAL SCIENCES		2,647,583	-
47.050	GEOSCIENCES		1,305,256	-
47.070	COMPUTER AND INFORMATIONAL SCIENCE AND ENGINEERING		1,762,858	77,544
47.074	BIOLOGICAL SCIENCES		1,760,367	60,625
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES		677,967	46,247
47.076	EDUCATION AND HUMAN RESOURCES		2,556,622	136,244
47.078	POLAR PROGRAMS		259,272	-
47.083	OFFICE OF INTEGRATIVE ACTIVITIES		397,461	232,134
	Total National Science Foundation Direct Awards		14,860,602	1,134,994
Pass-Through Awards				
47.RD	NOTRE DAME UNIVERSITY	N/A	4,700	-
47.RD	LIGHTOPTTECH CORP	N/A	74,488	-
47.RD	CLERIO VISION INC	N/A	96,238	-
47.RD	CORNELL UNIVERSITY	79546-10790	97,136	-
47.041	SIMPORE INC	1521373 UR	(4,218)	-
47.041	UNIVERSITY OF PENNSYLVANIA	PO #3684727	119,988	-
47.049	NOTRE DAME UNIVERSITY	N/A	700	-
47.049	UNIVERSITY OF WASHINGTON	744902	498,399	-
47.050	DES MOINES UNIVERSITY	01-14-03 sub 2	10,121	-
47.050	DUKE UNIVERSITY	14-NSF-1029	111,506	-
47.070	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	5710003860	67,487	-
47.074	CORNELL UNIVERSITY	67587-9998	48,903	-
47.074	PENNSYLVANIA STATE UNIVERSITY	5036-UR-NSF-9282	128,211	-
47.076	ROCHESTER INSTITUTE OF TECHNOLOGY	31487-01	103,440	-
47.076	UNIVERSITY OF WISCONSIN	490K792	104,008	-
	Total National Science Foundation Pass-Through Awards		1,461,107	-
	Total National Science Foundation Awards		16,321,709	1,134,994

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
Environmental Protection Agency Awards				
Direct Awards				
Office of Research and Development (ORD)				
66.510	SURVEYS-STUDIES-INVESTIGATIONS AND SPEC PURP GRANTS IN THE OFF OF R AND D		3,000	-
	Total Environmental Protection Agency Direct Awards		<u>3,000</u>	<u>-</u>
Pass-Through Awards				
66.RD	HEALTH EFFECTS INSTITUTE	4904-RFA10	102,541	-
	Total Environmental Protection Agency Pass-Through Awards		<u>102,541</u>	<u>-</u>
	Total Environmental Protection Agency Awards		<u>105,541</u>	<u>-</u>
Department of Energy Awards				
Direct Awards				
81.049	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM		3,432,461	153,470
81.089	FOSSIL ENERGY RESEARCH AND DEVELOPMENT		58,329	-
81.112	STEWARDSHIP SCIENCE GRANT PROGRAM		68,222,092	1,595,988
81.135	ADVANCED RESEARCH PROJECTS AGENCY - ENERGY		1,211,141	62,839
	Total Department of Energy Direct Awards		<u>72,924,023</u>	<u>1,812,297</u>
Pass-Through Awards				
81.RD	AUBURN UNIVERSITY	15-PHYS-211628-UR	16,185	-
81.RD	FERMI NATIONAL ACCELERATOR LAB	621912	9,157	-
81.RD	LAWRENCE BERKELEY NATIONAL LAB	7272447	213,004	-
81.RD	LOGOS TECHNOLOGIES LLC	SUB-370-LLE	743,912	-
81.RD	LOS ALAMOS NATIONAL LAB	319185	53,112	-
81.RD	LOS ALAMOS NATIONAL LAB	243838-1	2,122	-
81.RD	MT SINAI SCHOOL OF MEDICINE	0258-3258-4609	(157)	-
81.RD	ROBERT BOSCH LLC	DE-AR0000775-01	29,889	-
81.RD	WASHINGTON STATE UNIVERSITY	DCS Target	1,259,096	-
81.049	OLEDWORKS LLC	TADF DE-SC0015086	10,414	-
81.049	RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK AT BUFFALO	R1039934	22,771	-
81.049	UNIVERSITY OF NEVADA	UNR 17-20	5,033	-
81.135	UNIVERSITY OF MICHIGAN	3004176087	57,586	-
81.327	OHIO STATE UNIVERSITY	60036894	22,332	-
	Total Department of Energy Pass-Through Awards		<u>2,444,456</u>	<u>-</u>
	Total Department of Energy Awards		<u>75,368,479</u>	<u>1,812,297</u>
Department of Education Awards				
Direct Awards				
Institute Of Education Sciences				
84.305	EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION		205,671	37,639
84.324	RESEARCH IN SPECIAL EDUCATION		450,909	272,084
	Total Department of Education Direct Awards		<u>656,580</u>	<u>309,723</u>
Pass-Through Awards				
84.324	CANISIUS COLLEGE	N/A	12,593	-
84.326	RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK	46297-A	(113)	-
	Total Department of Education Pass-Through Awards		<u>12,480</u>	<u>-</u>
	Total Department of Education Awards		<u>669,060</u>	<u>309,723</u>
Department of Health and Human Services Awards				
Direct Awards				
Department of Health and Human Services, Other				
93.RD	CONTRACT - HHSN272201400005C		4,148,544	1,445,561
93.RD	CONTRACT - HHSF223201400191C		44,953	38,302

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.RD	CONTRACT - 200-2016-90659		206,134	-
93.RD	CONTRACT - HHSN264200582274C		223	-
93.RD	CONTRACT - HHSN266200700008C		1,462	-
93.RD	CONTRACT - HHSN272200900026C		795,912	80,506
93.RD	CONTRACT - HHSN272201200005C		6,664,031	1,433,315
93.250	GERIATRIC ACADEMIC CAREER AWARDS		7	-
93.849	KIDNEY DISEASES, UROLOGY AND HEMATOLOGY RESEARCH		(175)	-
	Department of Health and Human Services, Other Subtotal		11,861,091	2,997,684
Administration for Community Living				
93.631	DEVELOPMENTAL DISABILITIES PROJECTS OF NATIONAL SIGNIFICANCE		445,063	-
93.632	UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOP DISABILITIES, EDUCATION, RES AND SERVICE		510,642	14,055
	Administration for Community Living Subtotal		955,705	14,055
Agency for Healthcare Research and Quality				
93.225	NATIONAL RESEARCH SERVICE AWARDS_HEALTH SERVICES RESEARCH TRAINING		179	-
93.226	RESEARCH ON HEALTHCARE COSTS, QUALITY AND OUTCOMES		778,159	213,470
	Agency for Healthcare Research and Quality Subtotal		778,338	213,470
Centers for Disease Control and Prevention				
93.135	CENTER FOR RESEARCH AND DEMONSTRATION FOR HEALTH PROMOTION AND DISEASE PREVENTION		1,001,655	109,912
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS		794,870	355,658
93.185	IMMUNIZATION RESEARCH, DEMONSTRATION, PUBLIC INFO AND EDUCATION TRAINING		414,414	57,297
93.262	OCCUPATIONAL SAFETY AND HEALTH PROGRAM		(1,050)	-
93.533	PREV AND PUBLIC HEALTH FUND (ACA): ENHANCED SURVEILLANCE FOR NEW VACCINE PREV DISEASES		529,771	(10,295)
93.542	HEALTH PROMOTION AND DISEASE PREVENTION RESEARCH CENTERS		44,833	3,602
93.939	HIV PREVENTION ACTIVITIES, NON-GOVERNMENTAL ORGANIZATION BASED		(142)	-
	Centers for Disease Control and Prevention Subtotal		2,784,351	516,174
Food and Drug Administration				
93.103	FOOD AND DRUG ADMINISTRATION RESEARCH		408,362	88,661
Health Resources and Services Administration				
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS		880,534	154,253
93.117	PREV MED AND PUB HEALTH RESIDENCY TRAINING PROG, INT MEDICINE PROG, AND NAT CTR FOR INTEGRA		396,804	-
93.156	GERIATRIC TRAINING FOR PHYSICIANS, DENTISTS, BEHAVIORAL/MENTAL HEALTH PROFESSIONALS		(4,423)	-
93.186	NATIONAL RESEARCH SERVICE AWARD IN PRIMARY CARE MEDICINE		54,741	-
93.191	GRADUATE PSYCHOLOGY EDU PROGRAM AND PATIENT NAVIGATOR AND CHRONIC DIS PREVENT PROGRAM		200,191	-
93.884	GRANTS FOR TRAINING IN PRIMARY CARE MEDICINE AND DENTISTRY		1,029,066	231,098
93.924	RYAN WHITE HIV/AIDS DENTAL REIMBURSEMENT AND COMMUNITY BASED DENTAL PARTNERSHIP GRANTS		9,419	-
93.969	PPHF GERIATRIC EDUCATION CENTERS		1,067	-
	Health Resources and Services Administration Subtotal		2,567,399	385,351
National Institutes of Health				
93.077	FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT REGULATORY RESEARCH		610,932	44,014
93.113	BIOLOGICAL RESPONSE TO ENVIRONMENTAL HEALTH HAZARDS		6,993,997	841,221
93.121	ORAL DISEASES AND DISORDERS RESEARCH		4,229,045	482,407
93.172	HUMAN GENOME RESEARCH		351,727	-
93.173	RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS		3,166,884	43
93.213	RESEARCH AND TRAINING IN COMPLEMENTARY AND ALTERNATIVE MEDICINE		1,284,918	402,496
93.242	MENTAL HEALTH RESEARCH GRANTS		9,578,034	3,254,658
93.273	ALCOHOL RESEARCH PROGRAMS		226,735	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
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CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.279	DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS		1,851,039	59,544
93.282	MENTAL HEALTH NATIONAL RESEARCH SERVICE AWARDS FOR RESEARCH TRAINING		(23)	-
93.286	DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH		1,383,995	32,039
93.307	MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH		240,692	59,135
93.310	TRANS-NIH RESEARCH SUPPORT		1,274,390	50,893
93.350	NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES		4,849,130	47,035
93.351	RESEARCH INFRASTRUCTURE PROGRAMS		854,804	36,021
93.361	NURSING RESEARCH		954,148	352,979
93.393	CANCER CAUSE AND PREVENTION RESEARCH		1,620,992	406,716
93.394	CANCER DETECTION AND DIAGNOSIS RESEARCH		183,609	24,082
93.395	CANCER TREATMENT RESEARCH		7,585,070	818,416
93.396	CANCER BIOLOGY RESEARCH		2,770,263	11,333
93.398	CANCER RESEARCH MANPOWER		1,606,190	111,527
93.701	TRANS-NIH RECOVERY ACT RESEARCH SUPPORT - ARRA		(7)	-
93.837	CARDIOVASCULAR DISEASES RESEARCH		12,957,496	2,803,968
93.838	LUNG DISEASES RESEARCH		6,597,074	394,376
93.839	BLOOD DISEASES AND RESOURCES RESEARCH		1,616,933	189,771
93.846	ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES EXTRAMURAL RESEARCH		5,571,425	363,947
93.847	DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH		1,769,368	49,860
93.853	EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCE AND NEUROLOGICAL DISORDERS		13,160,041	1,020,101
93.855	ALLERGY, IMMUNOLOGY, AND TRANSPLANTATION RESEARCH		14,937,586	995,089
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING		11,606,209	629,091
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH		3,545,917	331,433
93.866	AGING RESEARCH		7,371,462	1,564,260
93.867	VISION RESEARCH		6,891,183	408,289
93.879	MEDICAL LIBRARY ASSISTANCE		20,775	16,532
93.989	SENIOR INTERNATIONAL FELLOWSHIPS		206,623	-
	National Institutes of Health Subtotal		137,868,656	15,801,276
Office of Population Affairs				
93.217	FAMILY PLANNING SERVICES		92,929	-
Substance Abuse and Mental Health Services Administration				
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SVCS-PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE		457,711	38,349
	Total Department of Health and Human Services Direct Awards		157,774,542	20,055,020
Pass-Through Awards				
93.RD	HEALTH RESEARCH INC (HRI)	4353-03	(66)	-
93.RD	UNIVERSITY OF CALIFORNIA AT DAVIS	201502936-02	16,750	-
93.RD	L2 DIAGNOSTICS LLC	N/A	11,482	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	0004128-38-024	(61,848)	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	NN 104	56,659	-
93.RD	PERINATAL NETWORK OF MONROE COUNTY	H49MC00118	44,076	-
93.RD	CHILDRENS HOSPITAL OF PHILADELPHIA	N/A	113,084	-
93.RD	MEMORIAL SLOAN-KETTERING CANCER CENTER	224268	468	-
93.RD	JAEB CENTER	PROTOCOL T	13,835	-
93.RD	JAEB CENTER	PROTOCOL S	17,097	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	N/A	80,899	-
93.RD	NEW ENGLAND RESEARCH INSTITUTE	N/A	15,579	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

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CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.RD	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	ISCHEMIA	27,324	-
93.RD	JAN BIOTECH INC	N/A	686	-
93.RD	DUKE UNIVERSITY	RSN-G	(469)	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	NN105-STAIR	13,750	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	NN106	3,158	-
93.RD	GREAT LAKES NEUROTECHNOLOGIES INC	N/A	2,454	-
93.RD	GREAT LAKES NEUROTECHNOLOGIES INC	N/A	(1,284)	-
93.RD	OREGON HEALTH & SCIENCE UNIVERSITY	N/A	516,910	-
93.RD	ALTARUM INSTITUTE	SC-12-030	1,770	-
93.RD	DYSTONIA COALITION	N/A	(6,732)	-
93.RD	EMMES CORP	PO134A	41,563	-
93.RD	GREAT LAKES NEUROTECHNOLOGIES INC	N/A	(24,674)	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	NN102	55,867	-
93.RD	MASSACHUSETTS GENERAL HOSPITAL	NN103	37,423	-
93.RD	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	HHSN272201000020C	22,032	-
93.RD	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	HHSN272201000020C	5,037	-
93.RD	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	HHSN272201000020C	(376)	-
93.RD	OYAGEN INC	N/A	(2,095)	-
93.RD	POLGENIX	N/A	(481)	-
93.RD	ROMARK LABORATORIES LC	RM 083002	(7,883)	-
93.RD	STATE UNIVERSITY OF NEW YORK AT STONY BROOK	1118975-2-68627	(25)	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	0000406268-006	12,627	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000406257-006	(261)	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000406190-006	6,936	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	406291-005	9,310	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	N/A	8,655	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000406190-005	(32)	-
93.RD	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000406291-005	43,497	-
93.RD	UNIVERSITY OF WISCONSIN	525K206	7,851	-
93.RD	WESTAT INC	8530-S040	(36,959)	-
93.070	HEALTH RESEARCH INC (HRI)	5145-01	6,761	-
93.070	SOUTHERN NEVADA HEALTH DISTRICT	SNHD-2-FOOD-SA-16-086	43,654	-
93.070	SOUTHERN NEVADA HEALTH DISTRICT	SNHD-2-FOOD-SA-17-037	25,826	-
93.103	DUKE UNIVERSITY	203-8219	5,731	-
93.103	DUKE UNIVERSITY	203-8316	30,010	-
93.103	DUKE UNIVERSITY	207574/215728	9,485	-
93.103	UNIVERSITY OF KANSAS MEDICAL CENTER	ZAD00000	34,657	-
93.103	UNIVERSITY OF KANSAS MEDICAL CENTER	QB859730	57,207	-
93.110	MASSACHUSETTS GENERAL HOSPITAL	226858	28,818	-
93.110	MASSACHUSETTS GENERAL HOSPITAL	227146	41,680	-
93.110	UNIVERSITY OF CALIFORNIA AT LOS ANGELES	200 G TC249 Unit #: 4-441587-29857	410,687	-
93.113	CONCAWE	N/A	6,104	-
93.113	MT SINAI SCHOOL OF MEDICINE	0255-8271-4609	92,757	-
93.113	UNIVERSITY OF MONTANA	PG16-64556-01	39,185	-
93.121	CEDARS SINAI MEDICAL CENTER	0001174239	39,365	-
93.121	DUKE UNIVERSITY	203-2499	228,025	-
93.121	JAN BIOTECH INC	JB1-UR-NIDCR-01-15	1,627	-
93.121	LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER	SOD-16-136-002	5,701	-
93.121	TEMPLE UNIVERSITY	256530 UR PO# 340341	26,970	-
93.121	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000412838-036	(13,262)	-
93.121	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000412838-050	588,419	-
93.121	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000412838-071	77,973	-

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93.121	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000412838-072	161,715	-
93.121	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000412838-006	(252)	-
93.121	UNIVERSITY OF PENNSYLVANIA	PO# 3687078	47,381	-
93.121	UNIVERSITY OF PENNSYLVANIA	PO# 3712242	53,499	-
93.136	UNIVERSITY OF FLORIDA	UFDSP00011614	23,226	-
93.172	UNIVERSITY OF CALIFORNIA AT SANTA CRUZ	S0183875	(97)	-
93.173	BAYLOR UNIVERSITY	PO# 5601124635	7,445	-
93.173	ROCHESTER GENERAL HOSPITAL	14.243092-001	31,663	-
93.184	AUCD	CONTRACT #414	(1,084)	-
93.213	MASSACHUSETTS GENERAL HOSPITAL	224322	(9,166)	-
93.226	WOMEN & INFANTS HOSPITAL OF RHODE ISLAND	N/A	16,655	-
93.242	AMERICAN ACADEMY OF PEDIATRICS	770-102-UROC	148,924	-
93.242	BROWN UNIVERSITY	00000680	45,072	-
93.242	CALIFIA BIO INC	R44MH93270-13070	(1,637)	-
93.242	INDIANA UNIVERSITY	BL-4632908-UR	42,160	-
93.242	MIRIAM HOSPITAL	710-9927	41,590	-
93.242	RESEARCH FOUNDATION FOR MENTAL HYGIENE	1013071/26439 (PO #130167)	46,477	-
93.242	UNIVERSITY OF WASHINGTON	UWSC8565	576	-
93.242	UNIVERSITY OF WISCONSIN	399K722	1,649	-
93.242	UNIVERSITY OF WISCONSIN AT MADISON	663K773	31,877	-
93.243	RESEARCH FOUNDATION FOR MENTAL HYGIENE	25223	(13,564)	-
93.273	PORTLAND STATE UNIVERSITY	201KAP313	(2,682)	-
93.279	JOHNS HOPKINS UNIVERSITY	2002914003	65,060	-
93.279	JOHNS HOPKINS UNIVERSITY	2001060007	(3,225)	-
93.279	TEMPLE UNIVERSITY	361040-08110-7343-02	32,154	-
93.283	HEALTH RESEARCH INC (HRI)	4353-02	724	-
93.283	HEALTH RESEARCH INC (HRI)	3376-07	759,732	-
93.283	HEALTH RESEARCH INC (HRI)	4732-02	28,156	-
93.283	UNIVERSITY OF SOUTH CAROLINA	2000029934	161,028	-
93.286	MICHIGAN STATE UNIVERSITY	RC104170UR	98,825	-
93.286	ROCHESTER INSTITUTE OF TECHNOLOGY	31531-01	39,941	-
93.286	ROCHESTER INSTITUTE OF TECHNOLOGY	31718-01	16,186	-
93.307	THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON	0008663AE	10,946	-
93.310	ALBERT EINSTEIN COLLEGE OF MEDICINE	PO# 617687	33,309	-
93.310	NEW YORK UNIVERSITY	PO# iB000066397	50,757	-
93.310	UNIVERSITY OF SOUTHERN CALIFORNIA	CTAFYN027	37,592	-
93.310	UNIVERSITY OF WASHINGTON	UWSC9401 BPO18354	2,644	-
93.310	XAVIER UNIVERSITY OF LOUISIANA	OSP-15-21173-01E	(366)	-
93.315	HEALTH RESEARCH INC (HRI)	4880-02	13,052	-
93.317	HEALTH RESEARCH INC (HRI)	3376-08	258,290	-
93.317	HEALTH RESEARCH INC (HRI)	5199-01 Amendment 4	326,928	-
93.317	HEALTH RESEARCH INC (HRI)	4123-05	30,549	-
93.393	CATASSAYS	A0001	(5,083)	-
93.393	INDIANA UNIVERSITY	N/A	13	-
93.393	INDIANA UNIVERSITY IUPUI	PO# 1923480	181,496	-
93.393	MASSACHUSETTS GENERAL HOSPITAL	228174	13,521	-
93.393	MAYO CLINIC	PO# 65321919	159,756	-
93.393	PURDUE UNIVERSITY	4102-41069	74,599	-
93.393	UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO	7148SC	10,341	-
93.394	BOSTON UNIVERSITY	4500002267	25,062	-
93.394	BOSTON UNIVERSITY	4500001257	5,299	-

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CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.394	ROCHESTER INSTITUTE OF TECHNOLOGY	31500-01	12,778	-
93.395	DARTMOUTH COLLEGE	R879	34,115	-
93.395	DUKE UNIVERSITY	Z0190	(2,580)	-
93.395	HEALTH RESEARCH INC (HRI)	23-02	78,496	-
93.395	ROSWELL PARK CANCER CENTER	199-01	34,101	-
93.395	STANFORD UNIVERSITY	60929024-112086	42,794	-
93.397	WASHINGTON UNIVERSITY AT SAINT LOUIS	WU-17-177 (PO 2928335C)	92,681	-
93.397	WASHINGTON UNIVERSITY AT SAINT LOUIS	WU-17-223	37,553	-
93.397	WASHINGTON UNIVERSITY AT SAINT LOUIS	WU-17-347	49,322	-
93.521	HEALTH RESEARCH INC (HRI)	5199-01	308,292	-
93.521	HEALTH RESEARCH INC (HRI)	4123-07	41,254	-
93.837	ALBERT EINSTEIN COLLEGE OF MEDICINE	PO# 606950	19,297	-
93.837	ALBERT EINSTEIN COLLEGE OF MEDICINE	PO# 600851	24,165	-
93.837	BRIGHAM & WOMENS HOSPITAL	113047	43,950	-
93.837	CHILDRENS HOSPITAL OF PHILADELPHIA	3200430517/PO# 962295-RSUB	361,131	-
93.837	CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER	109363	25,631	-
93.837	MT SINAI SCHOOL OF MEDICINE	0255-3106-4609	(174)	-
93.837	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	#16-A0-00-006568-01	82,279	-
93.837	NORTHWESTERN UNIVERSITY	60014185UR	781	-
93.837	OREGON HEALTH & SCIENCE UNIVERSITY	1002459-URMC	58,540	-
93.837	STATE UNIVERSITY OF NEW YORK AT BUFFALO	PO# R1017980	65,100	-
93.837	UNIVERSITY OF ARIZONA	Y600193	1,389	-
93.837	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	76597142	18,020	-
93.837	UNIVERSITY OF CINCINNATI	3100479982	478,842	-
93.837	UNIVERSITY OF CINCINNATI	131950	(80)	-
93.837	UNIVERSITY OF MARYLAND	18011-Q26320001	28,710	-
93.837	UNIVERSITY OF MICHIGAN	3003772911	6,034	-
93.837	UNIVERSITY OF MINNESOTA	N005406702	18,823	-
93.837	YALE UNIVERSITY	M15A12118 (A10207)	52,328	-
93.837	YALE UNIVERSITY	M16A12280 (A10804)	27,836	-
93.838	COLUMBIA UNIVERSITY	1(GG012760-01) (PO: G11795)	1,242	-
93.838	DUKE UNIVERSITY	128355	12,184	-
93.838	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000438960-003	8,413	-
93.838	UNIVERSITY OF COLORADO DENVER	FY16.784.003	65,425	-
93.838	UNIVERSITY OF PENNSYLVANIA	564378 PO# 3743316	27,369	-
93.838	UNIVERSITY OF PENNSYLVANIA	561374	(9)	-
93.839	RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY	PO# 821367	6	-
93.839	WASHINGTON UNIVERSITY AT SAINT LOUIS	WU-14-187	50,034	-
93.846	BAYLOR COLLEGE OF MEDICINE	7000000047	263,090	-
93.846	BAYLOR COLLEGE OF MEDICINE	5600091738	(20,680)	-
93.846	DUKE UNIVERSITY	2033987	421	-
93.846	SUNY UPSTATE MEDICAL UNIVERSITY	1135964-76437	15,762	-
93.846	THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA	GB10207 150178	210,439	-
93.846	UNIVERSITY OF CONNECTICUT	UCHC6-80671791 PO# P0310738	61,400	-
93.846	UNIVERSITY OF CONNECTICUT	UCHC6-53172462-A2	7,524	-
93.846	UNIVERSITY OF MINNESOTA	N000188519	5,788	-
93.846	UNIVERSITY OF WASHINGTON	725286	242,407	-
93.846	UNIVERSITY OF WASHINGTON	760330	(3,156)	-
93.846	UNIVERSITY OF WASHINGTON	UWSC7559	463	-

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93.847	CHILDRENS HOSPITAL OF PHILADELPHIA	950683RSUB	12,305	-
93.847	CHILDRENS HOSPITAL OF PHILADELPHIA	950683RSUB	265	-
93.847	NATIONWIDE CHILDREN'S HOSPITAL	82050015	15,954	-
93.847	NORTHWESTERN UNIVERSITY	60046388 UR	1,717	-
93.847	SEATTLE CHILDRENS HOSPITAL	10342SUB	40,456	-
93.847	UNIVERSITY OF CALIFORNIA AT LOS ANGELES	1640 G TA906 FAU 4-441380-XS-29695	(6,054)	-
93.847	UNIVERSITY OF NEVADA	UNR-13-14	17,977	-
93.847	UNIVERSITY OF PENNSYLVANIA	559221 PO #2487638	(1,000)	-
93.847	UNIVERSITY OF PITTSBURGH	0018244	1,034	-
93.847	WAYNE STATE UNIVERSITY	WSU12015	(2,067)	-
93.847	WAYNE STATE UNIVERSITY	P0498276	1,362	-
93.853	CALIFIA BIO INC	R44NS092137-150827	(6,752)	-
93.853	CASE WESTERN RESERVE UNIVERSITY	RES510250	199,300	-
93.853	CASE WESTERN RESERVE UNIVERSITY	RES510851/RES511838	4,339	-
93.853	EMORY UNIVERSITY	T335547	3,279	-
93.853	FRED HUTCHINSON CANCER RESEARCH CENTER	0000885246	176,664	-
93.853	FRED HUTCHINSON CANCER RESEARCH CENTER	0000848413	70,574	-
93.853	KENNEDY KRIEGER INSTITUTE	N/A	10,558	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	226396	5,885	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	224675	30,389	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	224957	60,846	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	223072	87,501	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	219714	184,204	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	228384	45,012	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	206117	(2,315)	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	226396	2,863	-
93.853	MEDICAL COLLEGE OF WISCONSIN	1577897	12,258	-
93.853	MICHIGAN STATE UNIVERSITY	RC106387UR	32,542	-
93.853	MICHIGAN STATE UNIVERSITY	RC100128UR	(2,988)	-
93.853	NORTHWESTERN UNIVERSITY	60036745UR	63,690	-
93.853	THE SCRIPPS RESEARCH INSTITUTE	5-52424	104,425	-
93.853	UNIVERSITY OF ALABAMA AT BIRMINGHAM	N/A	(38)	-
93.853	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000377209-046	2,699	-
93.853	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000377209-046	273	-
93.853	UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO	5815SC	59,798	-
93.853	UNIVERSITY OF IOWA	W000421899	(2)	-
93.853	UNIVERSITY OF IOWA	1 11775 00	(598)	-
93.853	UNIVERSITY OF IOWA	1 117750 00 05	2,061	-
93.853	UNIVERSITY OF IOWA	PO# 1001688843	132,859	-
93.853	UNIVERSITY OF MICHIGAN	3002530335	76,157	-
93.853	UNIVERSITY OF MICHIGAN	3001142021	(96)	-
93.853	UNIVERSITY OF MINNESOTA	N001257707	(1,915)	-
93.853	UNIVERSITY OF SOUTHERN CALIFORNIA	65337519	1,293	-
93.853	UNIVERSITY OF TEXAS AT AUSTIN	UTA15-001146	112,810	-
93.854	MASSACHUSETTS GENERAL HOSPITAL	223370	98,938	-
93.854	RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY	N/A	2,614	-
93.855	BRIGHAM & WOMENS HOSPITAL	110007	(861)	-
93.855	BRIGHAM & WOMENS HOSPITAL	N/A	43	-
93.855	BRIGHAM & WOMENS HOSPITAL	110014	(570)	-
93.855	BRIGHAM & WOMENS HOSPITAL	N/A	207,115	-
93.855	BRIGHAM & WOMENS HOSPITAL	N/A	372,620	-

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CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.855	CHILDRENS HOSPITAL OF HARVARD	N/A	(620)	-
93.855	COLUMBIA UNIVERSITY	PO# G11409	111,738	-
93.855	DUKE UNIVERSITY	2032959	7,497	-
93.855	DUKE UNIVERSITY	2032948	15,877	-
93.855	DUKE UNIVERSITY	20330006	2,360	-
93.855	DUKE UNIVERSITY	2033037	1,269	-
93.855	DUKE UNIVERSITY	2032972	312	-
93.855	EMORY UNIVERSITY	S920254	(515)	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000888133	79,914	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000877052	60,780	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000887602	13,078	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000824311	(2,902)	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000803261	7,157	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000852936	151,209	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	000085397	203,248	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	898432	35,372	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	0000888679	324,427	-
93.855	FRED HUTCHINSON CANCER RESEARCH CENTER	888300	16,525	-
93.855	JAN BIOTECH INC	JBI-UR-NIAID-01-16	3,959	-
93.855	JOHNS HOPKINS UNIVERSITY	2002438802	6,646	-
93.855	JOHNS HOPKINS UNIVERSITY	PO #2003244333	10,348	-
93.855	JOHNS HOPKINS UNIVERSITY	2003173928	40,237	-
93.855	JOHNS HOPKINS UNIVERSITY	2002150101	(2,892)	-
93.855	JOHNS HOPKINS UNIVERSITY	2002598763	18,600	-
93.855	KARYOPHARM THERAPEUTICS INC	UofR-R43A1124949-01	78,235	-
93.855	MASSACHUSETTS GENERAL HOSPITAL	228429	14,780	-
93.855	MICHIGAN STATE UNIVERSITY	RC106925B	3,152	-
93.855	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	20096502	120,007	-
93.855	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	20096901	284,925	-
93.855	NATIONAL JEWISH MEDICAL AND RESEARCH NETWORK	20097902	87,272	-
93.855	ROCHESTER GENERAL HOSPITAL	14245007-01	16,097	-
93.855	RUTGERS, THE STATE UNIVERSITY	Rut # 438549/PO 2231068	88,976	-
93.855	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000438982-001	11,620	-
93.855	UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO	9307SC	33,319	-
93.855	UNIVERSITY OF COLORADO DENVER	FY17.206.004_AMD2	30,106	-
93.855	UNIVERSITY OF DELAWARE	38794	14	-
93.855	UNIVERSITY OF SOUTHERN CALIFORNIA	72729238 PO #50418631	26,759	-
93.855	UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON	15-061 PO #000001349	104,236	-
93.855	WAKE FOREST UNIVERSITY HEALTH SCIENCES	WFUHS 554377	12,161	-
93.855	WASHINGTON UNIVERSITY AT SAINT LOUIS	WU-15-302 (PO2922996Y)	48,323	-
93.855	ZALGEN LABS LLC	N/A	1,752	-
93.859	DANA FARBER CANCER INSTITUTE	1286001	18,292	-
93.859	HAUPTMAN WOODWARD MEDICAL RESEARCH INSTITUTE	6203-5	221	-
93.859	SIMPORE INC	0002016SI	75,535	-
93.859	THE RESEARCH FOUNDATION FOR SUNY BINGHAMTON	47499	3,307	-
93.859	THE RESEARCH FOUNDATION FOR SUNY BINGHAMTON	2R01GM071461-SUB	55,925	-
93.865	PENNSYLVANIA STATE UNIVERSITY	URMCHD038992	86,815	-
93.865	ROCHESTER BUFFALO NEONATAL RESEARCH GROUP	N/A	342,117	125,026
93.865	STATE UNIVERSITY OF NEW YORK AT BUFFALO	R902445	51,757	-
93.865	THE MEDICAL COLLEGE OF WISCONSIN INC	N/A	95,915	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.865	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000504713-007	43,101	-
93.865	UNIVERSITY OF CALIFORNIA AT LOS ANGELES	2000GQG860	450,187	-
93.865	UNIVERSITY OF FLORIDA	UFDSP00011407	32,355	-
93.865	UNIVERSITY OF MICHIGAN	3003539097	28,445	-
93.865	UNIVERSITY OF PENNSYLVANIA	4446-UR-DHHS-725	1,260	-
93.865	UNIVERSITY OF TEXAS AT AUSTIN	UTA-15000988	98,197	-
93.865	UNIVERSITY OF WISCONSIN	632K170	22,239	-
93.865	UNIVERSITY OF WISCONSIN	NA	(11,257)	-
93.865	UNIVERSITY OF WISCONSIN AT MADISON	701K864	227,024	-
93.865	VIRGINIA COMMONWEALTH UNIVERSITY	PT110467-SC105870	19,427	-
93.865	YALE UNIVERSITY	A-10541	14,313	-
93.866	BROWN UNIVERSITY	975	213,187	-
93.866	BROWN UNIVERSITY	976	331,254	-
93.866	BROWN UNIVERSITY	00000708	(207)	-
93.866	CITY OF HOPE	23030.914940.669	87,810	-
93.866	CITY OF HOPE	22643.914992.6690	2,644	-
93.866	JOHNS HOPKINS UNIVERSITY	N/A	335	-
93.866	MEDICAL UNIVERSITY OF SOUTH CAROLINA	MUSC14-080	70,217	-
93.866	MT SINAI SCHOOL OF MEDICINE	0254-3567-4609	57,198	-
93.866	STATE UNIVERSITY OF NEW YORK AT STONY BROOK	75957-1134908-2	34,586	-
93.866	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	59503173	(1,888)	-
93.866	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	45889290	2,110	-
93.866	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	46177888	(19,296)	-
93.866	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	ADNI-024	(14,635)	-
93.866	UNIVERSITY OF CALIFORNIA AT SAN DIEGO	WFUHS110656	(21,402)	-
93.866	UNIVERSITY OF MICHIGAN	3002987313	(4,450)	-
93.866	UNIVERSITY OF SOUTHERN CALIFORNIA	CTAADNI027	88,758	-
93.866	UNIVERSITY OF SOUTHERN CALIFORNIA	75682223	58,793	-
93.866	UNIVERSITY OF SOUTHERN CALIFORNIA	79634921	35,065	-
93.866	UNIVERSITY OF WISCONSIN	629K871	208,086	-
93.867	ALDENEX VISION LLC	N/A	31,955	-
93.867	JAEB CENTER	N/A	(223)	-
93.867	JAEB CENTER	PROTOCOL M	6,485	-
93.867	JAEB CENTER	N/A	(6)	-
93.867	JAEB CENTER	PROTOCOL U	(27,721)	-
93.867	JAEB CENTER	IXT2	1,012	-
93.867	JAEB CENTER	PROTOCOL HTS1	(11,302)	-
93.867	JAEB CENTER	N/A	11,407	-
93.867	JAEB CENTER	ATS17	(291)	-
93.867	JAEB CENTER	C02	5,582	-
93.867	PENNSYLVANIA STATE UNIVERSITY	URF023533	5,191	-
93.867	ST LUKES ROOSEVELT	N/A	553	-
93.867	ST LUKES ROOSEVELT	5U10EY017281-05	(6,030)	-
93.867	TEXAS A&M UNIVERSITY	SUBCON #0004359	(3)	-
93.867	UNIVERSITY OF CALIFORNIA AT BERKELEY	9038	50,895	-
93.867	UNIVERSITY OF PENNSYLVANIA	564824	49,592	-
93.873	UNIVERSITY OF ARIZONA	Y600219	3,545	-
93.940	HEALTH RESEARCH INC (HRI)	4813-02	75,445	-
Total Department of Health and Human Services Pass-Through Awards			16,193,424	125,026
Total Department of Health and Human Services Awards			173,967,966	20,180,046
Total Research and Development Program Cluster			276,163,433	24,228,826

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
Highway Safety Cluster:				
Department of Transportation Awards				
Pass-Through Awards				
20.600	NEW YORK STATE GOVERNOR'S TRAFFIC	CPS-2016-00023-(028)	1,124	-
20.616	NEW YORK STATE GOVERNOR'S TRAFFIC	CPS-2017-UR	1,717	-
Total Department of Transportation Pass-Through Awards			<u>2,841</u>	<u>-</u>
Total Highway Safety Cluster			<u>2,841</u>	<u>-</u>
Trio Cluster:				
Department of Education Awards				
Direct Awards				
84.044	TRIO - TALENT SEARCH		152,749	-
84.047	TRIO - UPWARD BOUND		585,574	-
84.217	TRIO - MCNAIR POST BACCALAUREATE ACHIEVEMENT		191,060	-
Total Department of Education Direct Awards			<u>929,383</u>	<u>-</u>
Total Trio Cluster			<u>929,383</u>	<u>-</u>
Agging Cluster:				
Department of Health and Human Services Awards				
Direct Awards				
93.045	PROGRAMS FOR THE AGING - TITLE III, PART C - NUTRITION SERVICES		474,297	-
Total Department of Health and Human Services Direct Awards			<u>474,297</u>	<u>-</u>
Pass-Through Awards				
93.053	MONROE COUNTY OFFICE OF THE AGING	N/A	17,092	-
Total Department of Health and Human Services Pass-Through Awards			<u>17,092</u>	<u>-</u>
Total Department of Health and Human Services Awards			<u>491,389</u>	<u>-</u>
Total Agging Cluster			<u>491,389</u>	<u>-</u>
Other Awards:				
Department of Agriculture Awards				
Direct Awards				
10.558	CHILD AND ADULT CARE FOOD PROGRAM		16,096	-
Total Department of Agriculture Direct Awards			<u>16,096</u>	<u>-</u>
Department of Commerce Awards				
Direct Awards				
11.303	ECONOMIC DEVELOPMENT TECHNICAL ASSISTANCE		30,314	-
Total Department of Commerce Direct Awards			<u>30,314</u>	<u>-</u>
Department of Housing and Urban Development Awards				
Direct Awards				
14.128	SECTION 242 - MORTGAGE INSURANCE FOR HOSPITALS Outstanding loans as of July 1, 2016		3,132,148	-
Total Department of Housing and Urban Development Direct Awards			<u>3,132,148</u>	<u>-</u>
Department of Labor Awards				
Direct Awards				
17.268	H-1B JOB TRAINING GRANT		58,632	28,607
Total Department of Labor Direct Awards			<u>58,632</u>	<u>28,607</u>
National Foundation on the Arts and Humanities Awards				
Direct Awards				
45.024	PROMOTION OF THE ARTS, GRANTS TO ORGANIZATIONS AND INDIVIDUALS		24,150	-
45.161	PROMOTION OF THE HUMANITIES - RESEARCH		46,187	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
45.163	PROMOTION OF THE HUMANITIES PROFESSIONAL DEVELOPMENT		30,950	-
45.301	MUSEUMS FOR AMERICA		86,206	-
	Total National Foundation on the Arts and Humanities Direct Awards		187,493	-
Department of Energy Awards				
Pass-Through Awards				
81.U01	FERMI NATIONAL ACCELERATOR LAB	565314	(229)	-
81.U02	LAWRENCE BERKELEY NATIONAL LAB	7104515	(24)	-
81.U03	LAWRENCE LIVERMORE NATIONAL LAB	B603004	12,693	-
81.U04	FERMI NATIONAL ACCELERATOR LAB	PO# 622659	53,262	-
81.U05	LAWRENCE LIVERMORE NATIONAL LAB	B614208	133,481	-
81.U06	FERMI NATIONAL ACCELERATOR LAB	PO# 627186	155,786	-
81.U07	FERMI NATIONAL ACCELERATOR LAB	PO# 633376	40,824	-
81.U08	FERMI NATIONAL ACCELERATOR LAB	PO# 634926	10,157	-
	Total Department of Energy Pass-Through Awards		405,950	-
Department of Education Awards				
Direct Awards				
84.200	GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED		695,422	-
84.325	COMBINED PRIORITY FOR PERSONNEL DEVELOPMENT		280,101	-
84.365	WESTERN NEW YORK COLLABORATION FOR ELL SUCCESS		363,607	-
84.367	SUPPORTING EFFECTIVE INSTRUCTION STATE GRANT		14,185	-
84.407	TRANSITION PROGRAMS FOR STUDENTS WITH INTELLECTUAL DISABILITIES INTO HIGHER EDUCATION		581,768	358,902
	Total Department of Education Direct Awards		1,935,083	358,902
Pass-Through Awards				
84.367B	NEW YORK STATE DEPARTMENT OF EDUCATION GRANTS FINANCE	C402698	348,924	-
	Total Department of Education Pass-Through Awards		348,924	-
	Total Department of Education Awards		2,284,007	358,902
National Archives and Records Administration Awards				
Direct Awards				
89.003	NATIONAL HISTORICAL PUBLICATIONS AND RECORDS GRANTS		17,415	-
	Total National Archives and Records Administration Direct Awards		17,415	-
Department of Health and Human Services Awards				
Direct Awards				
93.U01	CONTRACT - HHSN271201500055C		59,399	35,906
93.U02	CENTER FOR DISEASE CONTROL AND PREVENTION (CDC)		4,311	-
93.059	TRAINING IN GENERAL, PEDIATRIC, AND PUBLIC HEALTH DENTISTRY		24,297	-
93.525	STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT (ACA)'S EXCHANGES		168,210	-
93.631	DEVELOPMENTAL DISABILITIES PROJECTS OF NATIONAL SIGNIFICANCE		223,258	15,451
93.847	DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH		(607)	-
93.853	EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS		5,182	-
93.939	HIV PREVENTION ACTIVITIES, NON-GOVERNMENTAL ORGANIZATION BASED		1,102,913	-
93.969	PPHF GERIATRIC EDUCATION CENTERS		846,996	326,095
93.989	INTERNATIONAL RESEARCH AND RESEARCH TRAINING		132,032	51,672
	Total Department of Health and Human Services Direct Awards		2,565,991	429,124
Pass-Through Awards				
93.U03	ACADEMIC PEDIATRIC ASSOCIATION	1H23IP000950-02	29,484	-
93.U04	ACADEMIC PEDIATRIC ASSOCIATION	1H23IP000850-01	21,854	-
93.U05	AMERICAN PEDIATRIC ASSOCIATION	6NH23IP000950-03-01	44,352	-
93.U06	ASSOCIATION OF PREVENTITIVE TEACHING	15-08-PE	(1,319)	-
93.U07	BRIGHAM & WOMENS HOSPITAL	110009	2,769	-
93.U08	CITY OF ROCHESTER	126971	(602)	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.U09	HEALTH RESEARCH INC (HRI)	4915-02	21,507	-
93.U10	ICF INCORPORATED LLC	14TWSK0100	34,403	-
93.U11	NEW YORK ALLIANCE FOR DONATIONS	N/A	50	-
93.U12	NEW YORK ALLIANCE FOR DONATIONS	N/A	5,000	-
93.U13	NEW YORK STATE	CMS	204,785	-
93.U14	ORGANIZATION OF TERATOLOGY INFORMATION SPECIALISTS	N/A	71,748	-
93.U15	RESEARCH FOUNDATION FOR MENTAL HYGIENE	26006	43,008	-
93.U16	WOMEN & INFANTS HOSPITAL OF RHODE ISLAND	9830	1,025	-
93.069	MONROE COUNTY DEPARTMENT OF HEALTH	NA	(1,365)	-
93.074	HEALTH RESEARCH INC (HRI)	NA	27,000	-
93.074	HEALTH RESEARCH INC (HRI)	4864-01	197,523	-
			<u>224,523</u>	-
93.093	ACTION FOR A BETTER COMMUNITY	HPOG 2015-01	73,930	-
93.093	ACTION FOR A BETTER COMMUNITY	N/A	61,890	-
			<u>135,820</u>	-
93.145	ALBANY MEDICAL COLLEGE	428627-UOR	1,031	-
93.235	NEW YORK STATE	C028572	178,773	145,945
93.243	GEORGIA DEPARTMENT OF BEHAVIORAL HEALTH	44100-026-0000056717	1,630	-
93.243	GEORGIA DEPARTMENT OF BEHAVIORAL HEALTH	44100	4,509	-
93.243	RESEARCH FOUNDATION FOR MENTAL HYGIENE	25223	(50,638)	-
93.243	RUTGERS, THE STATE UNIVERSITY	8176	34,135	-
			<u>(10,364)</u>	-
93.283	HEALTH RESEARCH INC (HRI)	3060-06	(774)	-
93.283	HEALTH RESEARCH INC (HRI)	4709-04	68,476	-
93.283	HEALTH RESEARCH INC (HRI)	4709-01	(35)	-
93.283	HEALTH RESEARCH INC (HRI)	3376-06	(10,294)	-
			<u>57,373</u>	-
93.310	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	M170019451	4,354	-
93.315	HEALTH RESEARCH INC (HRI)	4880-03	31,327	-
93.350	DYSTONIA COALITION	N/A	53,257	-
93.395	OREGON HEALTH & SCIENCE UNIVERSITY	9009627	66,382	-
93.752	HEALTH RESEARCH INC (HRI)	4709-02	14,449	-
93.846	UNIVERSITY OF MICHIGAN	3002095786	116	-
93.847	UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO	9795SC	10,998	-
93.847	BENAROYA RESEARCH INSTITUTE	FY14106102	(2,889)	-
93.847	CHILDRENS HOSPITAL OF PHILADELPHIA	PO# 961685RSUB	18,226	-
			<u>26,335</u>	-
93.853	UNIVERSITY OF IOWA	PO# 1001591617	18,555	-
93.853	MASSACHUSETTS GENERAL HOSPITAL	228758	13,749	-
			<u>32,304</u>	-
93.889	HEALTH RESEARCH INC	N/A	100,500	-
93.917	HEALTH RESEARCH INC	5107-01	191,582	-
93.940	HEALTH RESEARCH INC	4360-03	(618)	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

CFDA No.	Description	Pass-Through Entity Award Numbers	Federal Expenditures	Subcontract Expenditures
93.994	CORNELL UNIVERSITY	67613-10072	69,669	-
93.994	NEW YORK STATE DEPARTMENT OF HEALTH DIVISION OF FAMILY HEALTH	C029410	219,682	-
	Total Department of Health and Human Services Pass-Through Awards		<u>289,351</u>	<u>-</u>
	Total Department of Health and Human Services Awards		<u>1,873,194</u>	<u>145,945</u>
			<u>4,439,185</u>	<u>575,069</u>
Corporation for National and Community Service Awards				
Direct Awards				
94.013	VOLUNTEERS IN SERVICE TO AMERICA		225,450	-
	Total Corporation for National and Community Service Direct Awards		<u>225,450</u>	<u>-</u>
	Total Other Awards		<u>10,796,690</u>	<u>962,578</u>
Total Federal Award Expenditures			<u>\$ 370,006,852</u>	<u>\$ 25,191,404</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

University of Rochester

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of the University of Rochester (the "University") under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented on the accrual basis of accounting, which is in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only the federal award activity of the University, it is not intended to and does not present the financial position, changes in net assets and cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government and all sub-awards to the University by non-federal organizations pursuant to federal grants, contracts and similar agreements.

Negative numbers in the Schedule represent adjustments to amounts reported in prior years in the normal course of business. CFDA numbers and pass-through numbers are provided when available.

2. Loan Programs

The Federal Perkins Loan Program and the Federal Nursing Student Loan Program are administered directly by the University and balances and transactions relating to these programs are included in the University's consolidated financial statements. The amount of Federal Perkins loans and Federal Nursing Student loans outstanding at June 30, 2017 totaled \$16,246,261 and \$538,581, respectively. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

The Memorial Hospital of William F. and Gertrude F. Jones, Inc. (Jones) has a loan insured by the U.S. Department of Housing and Urban Development (HUD) under Section 242 of the National Housing Act. Refer to Note 8 within the accompanying financial statements for further detail. The loan balance as of July 1, 2016 is included in the federal expenditures presented in the schedule. Jones received no additional loans during the year ended June 30, 2017 and the balance of the loan outstanding at June 30, 2017 is \$2,119,014.

3. Facilities and Administrative Cost Rates

The University had predetermined facilities and administrative cost rates for the year ended June 30, 2017, under a rate agreement with the Department of Health and Human Services ("HHS"), the University's federal cognizant agency. The base rate for on-campus research was 53.5% for fiscal 2017. The base rate for off-campus research was 27.0% for fiscal 2017. The University does not utilize the 10% de minimis cost rate described in section 200.414 of Uniform Guidance.



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

To the Board of Trustees
University of Rochester

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the University of Rochester and its related entities (the "University"), which comprise the consolidated balance sheet as of June 30, 2017 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PricewaterhouseCoopers LLP

Rochester, New York
October 18, 2017



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees
University of Rochester

Report on Compliance for Each Major Federal Program

We have audited the University of Rochester's (the "University") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2017. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance finding identified in our audit is described in the accompanying management's views and corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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



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

PricewaterhouseCoopers LLP

Rochester, New York
March 9, 2018

University of Rochester
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
Various	Research and Development Cluster
93.969	U.S. Department of Health and Human Services – PPHF Geriatric Education Centers

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

Auditee qualified as low-risk auditee? X Yes _____ No

University of Rochester
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section II – Financial Statement Findings

None noted in the current year.

University of Rochester

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section III - Federal Award Findings and Questioned Costs

2017-001 – Non-Compliance with Subrecipient Monitoring

Grantor: U.S. Department of Health and Human Services

Program Name: Other Awards

Award Name: PPHF Geriatric Education Centers

Award Year: 7/1/2015 – 6/30/2018

Award Number: U1QHP28738

CFDA Number: 93.969

Subawardee: Ithaca College

Subaward Number: 416754G

Criteria:

In accordance with 2 CFR 25.110 and Appendix A to 2 CFR 25, all pass-through entities must provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award.

Condition:

In performing our testing, we noted the University includes required subaward information, inclusive of the DUNS number, within signed agreements prior to conducting business with each entity. We examined all three subcontracts with expenditures during the fiscal year for the PPHF Geriatric Education Centers award. Of the three, one subcontract with Ithaca College, had an incorrect DUNS number included within the executed agreement.

Questioned Costs:

None

Cause:

The required subaward information was included incorrectly due to human error that was not identified through review by the University's preaward department.

Effect:

Inaccurate DUNS numbers may cause the subrecipient to be out of compliance with CFR requirements.

Recommendation:

We recommend the University enforce their formal controls to ensure all subrecipient agreements accurately include required subaward information.

Management's Views and Corrective Action Plan:

Management's views and corrective action plan is included at the end of this report.

University of Rochester
Schedule of Status of Prior Audit Findings
Year Ended June 30, 2017

2016-001 Subrecipient Monitoring

Research and Development Cluster

CFDA 81.112 Stewardship Science Grant Program, Award Number DE-NA0001944, Fiscal Year 2016

CFDA 93.351 Research Infrastructure Programs, Award Number 1R25OD010494, Fiscal Year 2016

CFDA 93.847 Diabetes, Digestive, and Kidney Diseases Extramural Research, Award Number 5U01DK060990, Pass-through Entity University of Pennsylvania, Pass-through Award Number 559221, Fiscal Year 2016

Condition:

In performing testing, PwC noted the University includes required subaward information within signed agreements prior to conducting business with each entity. PwC examined 60 subcontracts for evidence of the required subaward information included within the executed agreement. Of the 60, PwC noted 2 did not include the CFDA number and 1 had an incorrect CFDA number within the executed agreements.

Status:

University personnel responsible for obtaining the information prior to executing subrecipient agreements were reminded of the University's policy over subrecipient contract execution policies. Based on testing performed by PwC in the current year, no reportable findings were noted related to missing or incorrect CFDA numbers.

2016-002 Non-Compliance with Timely and Accurate Student Enrollment Change Submissions to the National Student Loan Data System (NSLDS)

Department of Education Student Financial Aid Cluster

CFDA 84.007 Federal Supplemental Educational Opportunity Grants

CFDA 84.038 Federal Perkins Loan Program

CFDA 84.063 Federal Pell Grant Program

CFDA 84.268 Federal Direct Loan Program

Condition:

PwC reviewed a sample of 60 students who graduated or withdrew from the University either prior to or after the student began attendance. Of the 60 students requiring notification of the enrollment change to NSLDS, twenty-eight students were reported to NSLDS either inaccurately or untimely. Of the twenty-eight students, nine students were input using incorrect effective dates of withdrawal which resulted in students not being reported to NSLDS within the required timeframe. One student was reported using an incorrect effective date and status as half-time when the student had withdrawn. Seventeen students which had accurate effective dates were not reported to NSLDS within the required timeframe. In addition, one student was never reported as withdrawn to NSLDS. The reporting occurred from 69 to 258 days after the University's determination date.

University of Rochester
Schedule of Status of Prior Audit Findings
Year Ended June 30, 2017

Status:

The University developed centralized policies and procedures that are compliant with 34 CFR 668.22(a)(1). The Registrar, Bursar and Director of Financial Aid conducted training on implementation of the new policies and procedures at both University-wide Registrar's meeting and individually with staff at each school. However, testing performed by the Office of University Audit on 2017 withdrawals and leaves of absences for all schools indicate additional exceptions within the 2017 fiscal year. As a result, management plans to continue training individuals involved in the process on the new policies and procedures implemented during the 2017 fiscal year to ensure compliance with NSLDS reporting going forward. PwC did not test the Student Financial Assistance Cluster as a major program during the fiscal year. As such, there were no current year findings reported.

2016-003 Non-Compliance with Procurement Requirements

Research & Development Cluster

U.S. Department of Health and Human Services

CFDA 93.395 Cancer Treatment Research, Award Number UG1CA189961, Fiscal Year 2016

Condition:

PwC reviewed a sample of 25 procurement transactions greater than the University's threshold to ensure each transaction is supported by the required procurement records. One of the transactions with a purchase price of \$35,000 did not have any evidence of the basis for contractor selection or justification for lack of competition in accordance with University policy

Status:

University personnel within the department responsible for maintaining the documentation necessary for purchases of services or materials in excess of the University's threshold of \$25,000 were reminded of the University's existing policies and procedures that are in accordance with 2 CFR 215.46. Based on testing performed by PwC in the current year, no reportable findings were noted.



**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**


Section III – Management’s View and Correction Action Plans:

2017-001 Subrecipient Monitoring

We agree with this observation.

The failure to include an accurate DUNS number in a subrecipient agreement was an oversight. The Office conducts ongoing formal training for personnel who are responsible for subcontract agreements. This training includes the purpose for providing required, accurate, and complete information in subcontract agreements as well as the outcome to users of such reports when the data is inaccurate. The Office will reiterate the importance of the accuracy of information and provide oversight to personnel in this area to ensure future compliance.

Responsible Area: University Office of Research and Project Administration

Signed: _____

Elizabeth A. Milavec
Associate Vice President for Financial Operations and University Controller