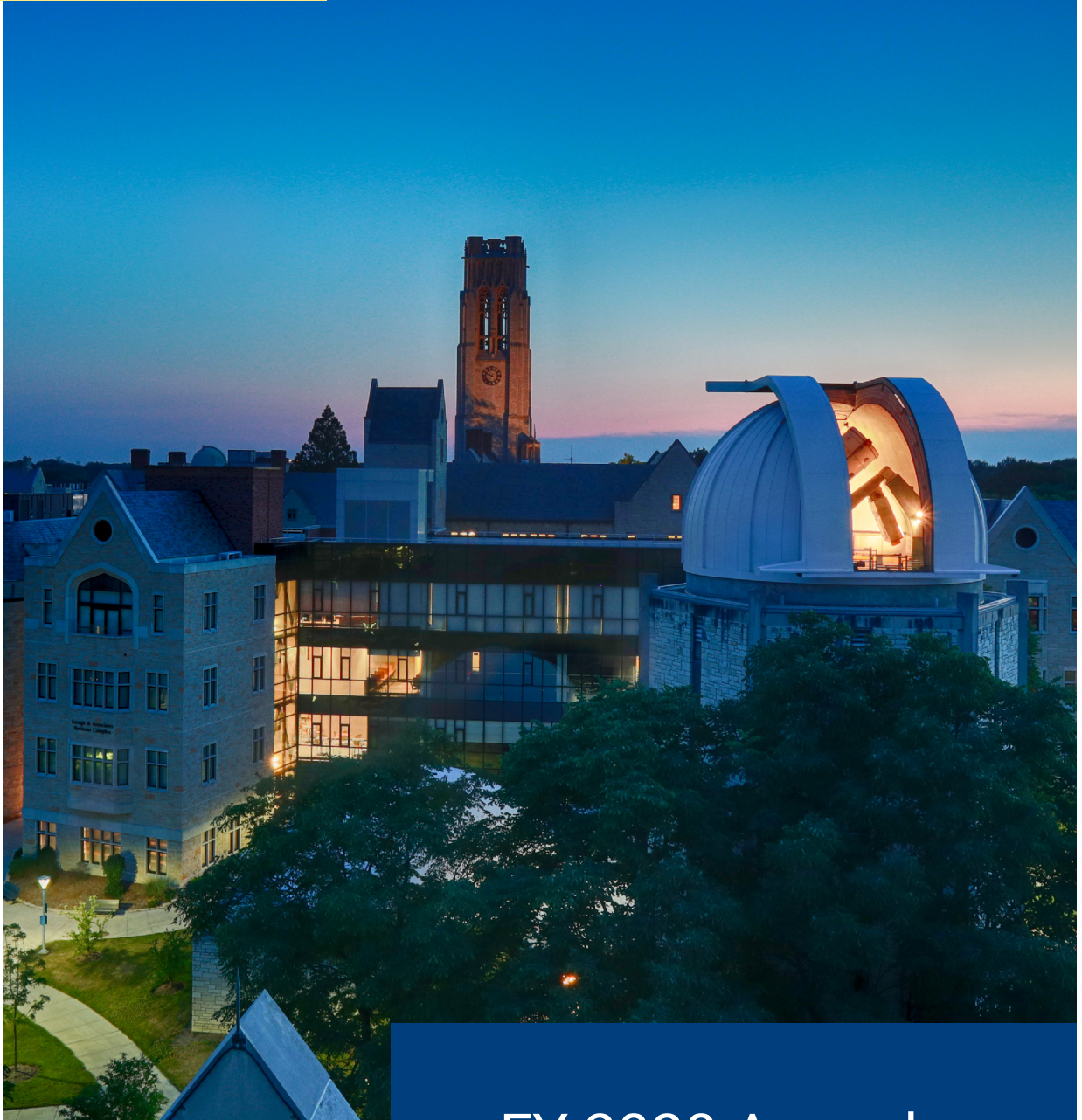




THE UNIVERSITY OF
TOLEDO



FY 2020 Annual **Financial Report**

FUELING **TOMORROWS**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
University of Toledo
2801 W. Bancroft Street
Toledo, Ohio 43606

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by CliftonLarsonAllen LLP, for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

Ohio Rev. Code § 102.03(D) states "No public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties. **Ohio Rev. Code § 2921.42(A)(1)** states "No public official shall knowingly authorize, or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest." **Ohio Rev. Code § 2921.42(H)** states "any public contract in which a public official, a member of the public official's family, or any of the public official's business associates has an interest in violation of this section is void and unenforceable." Additionally, **University of Toledo Policy #3364-25-50** states "a conflict of interest exists if financial interests or other opportunities for personal benefit may exert an improper or substantial influence upon an employee's professional judgment in exercising any university duty or responsibility. Employees shall not use their positions to secure anything of value, financial gain, or personal benefit that would not ordinarily accrue to them in the performance of their official duties."

University of Toledo Purchasing Card (P-Card) Policy #3364-40-16(A) states "The University approved purchasing card (P-Card) is a University credit card issued in the name of authorized, trained individuals to purchase certain eligible goods and services in support of the University of Toledo. Personal purchases are strictly prohibited."

During the review period May 1, 2012 through January 31, 2017, we noted several instances of noncompliance with the above mentioned statutes/policies perpetrated by Dr. Mary Kay Smith, former Associate Professor and Director, Department of Psychiatry, as follows:

- In March 2012, Dr. Smith became the principal investigator on the MedTapp grant awarded to the University. Dr. Smith approved and/or authorized sixteen payments totaling \$243,700 to The University Church. Dr. Smith's husband, Dr. Julian Davies, is the founding pastor of the church

and is listed on the grant as the church's sub awardee principal investigator, creating a conflict of interest for Dr. Smith.

- Dr. Smith made seven personal purchases using her University issued p-card in the amount of \$4,497, for such items including her son's tuition fees, a leather bag, shoes, and a slushie machine.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public property converted or misappropriated totaling \$248,197 is hereby issued against Dr. Mary Kay Smith in favor of the University of Toledo Research Incentive Fund for \$4,396, UT Interprofessional Health Care Provider Development Fund for \$91,963 and MedTapp Fund for \$151,838.

Finding for Recovery - Athletics

University of Toledo Petty Cash and Change Funds Policy #3364-40-21(C)(2) states "Petty cash funds and change funds may not be placed in a bank account or otherwise commingled with other funds." This policy was to be followed for cash advances by the Athletics department.

University of Toledo Receipt of Cash Policy #3364-40-22(A) states "all cash equivalents must be deposited by the appropriate office no later than the business day following the day of receipt (within twenty-four hours), unless, at the end of a business day, the amount to deposit is less than one thousand dollars (\$1,000) and the funds are appropriately secured.

Former Associate Athletics Director Finance, Anthony Zaworski, was responsible for managing the day to day business operations for the department of Intercollegiate Athletics, which included obtaining petty cash funds for game day parking, athletic event marketing promotions, other various athletic department activities, and depositing parking receipts collected after each athletic event.

There were three cash advances requested by Mr. Zaworski totaling \$18,280 between January 29, 2015 and December 15, 2015 which were deposited into his personal bank account contrary to University policy.

The University performed an internal audit over athletics for the time period September 26, 2015 through February 2, 2016, which discovered athletic event parking cash receipts of \$10,480 were not deposited, which Mr. Zaworski was responsible for depositing.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended totaling \$18,280 and a finding for recovery for public money collected but not accounted for totaling \$10,480 is hereby issued against Anthony Zaworski in favor of the University of Toledo Athletic fund.

Board of Trustees
University of Toledo
2801 W. Bancroft Street
Toledo, Ohio 43606
Page 3

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The University of Toledo is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2021

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**THE UNIVERSITY OF TOLEDO
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The University of Toledo (the University), a component unit of the State of Ohio, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Toledo as of June 30, 2020 and 2019, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14, schedule of pension funding, and schedule of pension contributions on page 80, and schedule of OPEB funding, and schedule of OPEB contributions on page 81, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2020

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Toledo for the year ended June 30, 2020 with comparative information for the years ended June 30, 2019 and 2018. The MD&A complements the accompanying audited financial statements and footnotes.

ABOUT THE UNIVERSITY OF TOLEDO

The University is a leading research institution in the state of Ohio with nearly 20,000 students, 1,500+ instructional faculty, and 3,900+ staff members. The University is comprised of 13 colleges: Arts and Letters, Business and Innovation, Education, Engineering, Graduate Studies, Health and Human Services, Honors, Law, Medicine and Life Sciences, Natural Sciences and Mathematics, Nursing, Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 300 undergraduate, graduate, and professional programs leading to degrees in over 60 instructional departments. The University operates The University of Toledo Medical Center (UTMC), which includes 319 registered beds and, during the most recent fiscal year, provided services to 9,143 admitted patients, 188,973 outpatient clinic patients and 29,388 emergency visit patients. In addition, UTMC performed 7,316 surgical cases and, on average, cared for over 700 patients per day in both an inpatient and outpatient setting. UTMC specializes in kidney transplantation, cardiology, behavioral health, family medicine, orthopedic surgery and cancer treatment.

The Board of Trustees (BOT) governs the University and is responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The Governor, with the advice and consent of the State Senate, appoints the BOT members for staggered nine-year terms. Three national and two student trustees, all non-voting members, also serve on the Board and are appointed for two-year terms.

The following financial statements reflect all assets, deferred inflows/outflows, liabilities, and net position of the University and the University of Toledo Foundation (Foundation), the University's discretely presented component unit. The University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), and Rocket Innovations meet the criteria under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and are therefore shown in a blended presentation. UTP-CF provides administrative support, billing, and collection services for physician services at the University. Rocket Innovations supports the University through investment in public and private economic development projects and promotes the interests of the University.

The Foundation is a legally separate entity with a primary function of fund-raising to supplement the resources that are available to the University in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the University. Nearly all the assets of the Foundation are restricted by donors to activities of the University. The University does not control the timing or amount of receipts from the Foundation.

The University is a component unit of the state of Ohio and is included in the state of Ohio's Comprehensive Annual Financial Report (CAFR).

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

ABOUT THE FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In addition to this MD&A section, the audited financial statements include Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amends GASB Statement No. 14; the Foundation is discretely presented. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

The **Statement of Net Position** is the University's balance sheet. It reflects the total assets, liabilities, deferred inflows/outflows, and net position (equity) of the University. Liabilities with maturities less than one year and assets available to pay those liabilities are classified as current. Other assets and liabilities with maturities greater than one year are classified as non-current. Investment assets are carried at market value. Capital assets, which include the University's land, buildings, improvements, and equipment, are presented net of depreciation. Net position is displayed in the following categories:

- Net investment in capital assets (presents the University's equity in capital assets)
- Restricted– non-expendable (available for investment purposes only and cannot be expended)
- Restricted – expendable (available for use based on externally imposed restrictions)
- Unrestricted (available to the University for any lawful purpose of the institution)

The **Statement of Revenues, Expenses and Changes in Net Position** is the University's income statement. It reports the detailed revenues and expenses presented in a net revenue (expense) format. Revenues and expenses are classified as operating, non-operating, and other changes, and subtotals are presented for net operating income (loss), income (loss) before other changes, and increase (decrease) in net position. Tuition revenue is shown net of financial aid, hospital patient services revenue is shown net of contractual allowances and bad debt, and depreciation is provided for capital assets.

In accordance with GASB Statement No. 35, appropriations received from the state of Ohio and certain federal and state grants and contracts are presented as non-operating revenue; whereas operating expenses include virtually all expenses except interest on long-term debt. Therefore, the University will typically reflect a net operating loss, though universities and other public institutions have traditionally relied on non-operating revenue to support functional operations of the institution.

The **Statement of Cash Flows** presents the sources and uses of cash during the year. It breaks out the sources and uses of cash in the following categories:

- Operating activities
- Non-capital financing activities
- Capital and related financing activities
- Investing activities

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Cash flows associated with the University's expendable net position appear in the operating and non-capital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The *Notes to the Financial Statements* follow the financial statements of the University. The Notes provide additional information and details to supplement the financial statements.

Impact of GASB Statements No. 68 and No. 75

GASB Statements 68 and 75, which require the University to recognize its share of the unfunded liability in the State retirement system's pension and OPEB plans, continue to have a detrimental impact on the University's net position. The net position associated with GASB 68 is negative \$434.8 million as of June 30, 2020, and the net position associated with GASB 75 is negative \$176.0 million. Total unrestricted net position as of June 30, 2020 is negative \$456.7 million.

The University has a restricted expendable net position of \$90.0 million and a restricted non-expendable net position of \$12.8 million as of June 30, 2020. Net investment in capital is \$245.7 million. The following sections provide additional details on the University's 2020 financial position and results and a look ahead at significant economic conditions expected to affect the University in the future

Effects of the COVID-19 Pandemic on the University

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. During March 2020, the University discontinued in-person classes and most campus operations and shifted to remote academic delivery for the remainder of the semester. Because of the decision to close housing and dining facilities, the University chose to refund a portion of room and board in the aggregate amount of \$4.1 million.

The University received funding from the Higher Education Emergency Relief Fund (HEERF) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$13.5 million. Half the funding is restricted to direct aid for students and half is available to assist with various expenses related to the disruption caused by the pandemic. The funding is reflected in nonoperating revenue federal grants and contracts in the accompanying statement of revenues, expenses and other changes in net position. In addition, UTMC received advance payments from the Centers for Medicare and Medicaid Services and stimulus payments from the Department of Health and Human Services. The total received was \$33.8 million, of which \$5.7 million is reflected in the financial statements as nonoperating federal grant revenue.

In response to the adverse impact of the pandemic, the University curtailed almost all discretionary spending and travel, and instituted temporary salary reductions and furloughs for staff. As this pandemic was late in in the academic year, the impact to revenue was rather small and with the University-implemented cost savings referenced above, FY20 results weren't far off from budget. The real impact will be felt in FY21 and beyond, with declining enrollment, lower housing occupancy rates, less meal plans and parking passes sold and potentially lower State support. The University has taken a conservative approach to the FY21 budget, but there are many variables and uncertain outcomes.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL HIGHLIGHTS AND KEY TRENDS

STATEMENTS OF NET POSITION

Impact of GASB 68 and 75 – Significant liability and negative net position related to pensions and other post-employment benefits (OPEB)

University maintains prudent levels of debt and sufficient liquidity

Summary Statements of Net Position (in thousands)			
	2020	2019	2018
Assets			
Cash and cash equivalents	\$ 119,594	\$ 52,775	\$ 40,815
Receivables, inventories, and other current assets	102,826	115,599	136,835
Total current assets	222,420	168,374	177,650
Restricted cash	1,344	2,231	986
Endowment and loan investments	55,734	58,756	62,309
Long-term investments	175,977	183,509	181,135
Capital assets, net of accumulated depreciation	521,024	541,857	572,529
Net pension asset	3,584	1,717	2,319
Net OPEB asset	13,503	13,251	-
Other non-current assets	15,235	42,034	48,887
Total non-current assets	786,401	843,355	868,165
Total assets	\$ 1,008,821	\$ 1,011,729	\$ 1,045,815
Deferred outflows of resources			
Deferred outflows of resources - pension and OPEB	\$ 122,516	\$ 149,223	\$ 119,684
Deferred outflows of resources - other	29,539	23,121	17,651
Total deferred outflows of resources	\$ 152,055	\$ 172,344	\$ 137,335
Liabilities			
Accounts payable and accrued expenses	\$ 80,520	\$ 76,944	\$ 78,530
Other current liabilities	103,117	70,302	72,965
Total current liabilities	183,637	147,246	151,495
Bonds, notes, and leases	274,240	277,062	288,939
Net OPEB liability	181,519	156,522	175,944
Net pension liability	438,665	507,499	409,277
Other long-term liabilities	61,138	56,567	36,221
Total non-current liabilities	955,562	997,650	910,381
Total liabilities	\$ 1,139,199	\$ 1,144,896	\$ 1,061,876
Deferred inflows of resources			
Deferred inflows of resources - pension and OPEB	\$ 130,220	\$ 77,003	\$ 89,420
Deferred inflows of resources - other	108	225	343
Total deferred inflows of resources	\$ 130,328	\$ 77,228	\$ 89,763
Net position			
Net investment in capital assets	\$ 245,711	\$ 264,446	\$ 296,834
Restricted – non-expendable	12,807	12,798	13,137
Restricted – expendable	89,550	95,035	111,103
Unrestricted	(456,719)	(410,330)	(389,563)
Total net position	\$ (108,651)	\$ (38,051)	\$ 31,511

Current Assets

Current assets (\$222.4 million) increased \$54.0 million (32.1%) in 2020 with a significant increase in cash offset slightly by a reduction in receivables and other assets. Cash and cash equivalents (\$119.6 million) increased \$66.8 million due mainly to payments received by UPMC in response to the global pandemic plus dividend distributions from UTP-CF in support of operations. UPMC received \$17.4 million in advance payments from the Centers for Medicare and Medicaid Services and \$16.5 million in stimulus payments from the Department of Health and Human Services. Dividend distributions from UTP-CF totaled \$19.6 million for the year. In addition, spending was severely restricted across all categories in response to the pandemic in order to preserve as much cash as possible for the uncertainties ahead. Receivables decreased by \$15.9 million driven by volume reductions at UPMC associated with the ban on elective procedures during the first phase of the pandemic response. Other current assets increased \$4.2 million due to prepaid expenses associated with the ongoing telecommunications upgrade. The University's liquidity continues to provide a sufficient level of working capital. The **Statements of Cash Flows**, discussed later in more detail, will provide additional information regarding the sources and uses of cash.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Noncurrent Assets

The majority of the University's endowments and long-term investments are pooled with assets of the University of Toledo Foundation and Alumni Association. University endowments (\$55.7 million) decreased by \$3.0 million, or 5.1%, due to expenditures in support of the University as well as the effects of an unstable investment market. University long-term investments (\$176.0 million) decreased by \$7.5 million or 4.1% due to negative investment earnings coupled with draws from the investment pool in support of operations. Capital assets (\$521.0 million), including University land, buildings, infrastructure, improvements, and equipment decreased by \$20.8 million with depreciation expense continuing to outpace capital investment. Capital spending was predominantly focused on deferred maintenance and infrastructure projects funded by state appropriations, but also included the new public safety building, renovations to Driscoll Hall, and the telecommunications upgrade. Other non-current assets (\$15.2 million) decreased by \$26.8 million driven by activity in the insurance captive, which included liquidation of investments to facilitate a dividend distribution of \$19.6 million.

Deferred Outflows of Resources

Deferred outflows of resources (\$152.1 million) decreased \$20.3 million driven primarily by the University's share of actuarial activity in the State retirement systems. Deferred outflows on pensions and OPEB decreased by \$26.7 million while deferred outflows on debt refunding and derivatives increased by \$6.4 million.

Current Liabilities

Current liabilities (\$183.6 million) increased \$36.4 million due mainly to an influx of CARES Act funding received by UTMC that will be recognized in the following fiscal year. Unearned revenue increased \$32.0 million while accounts payable and accrued liabilities increased \$3.6 million.

Noncurrent Liabilities

Total non-current liabilities (\$955.6 million) continue to be significantly impacted by the University's share of unfunded liabilities in the State retirement systems. The University's share of the net pension liability (\$438.7 million) decreased \$68.8 million while its share of the net OPEB liability (\$181.5 million) increased \$25.0 million. The University is only obligated to pay contributions to the retirement systems and not the actual benefits themselves. Bonds, notes, and leases (\$274.2 million) decreased \$2.8 million based on scheduled debt payments offset by the new capital lease for the telecommunications upgrade. Other long-term liabilities (\$61.1 million) increased \$4.6 million, with an increase of \$8.0 million in the fair value of derivative instruments offset by a decrease of \$2.8 million in refundable federal student loans reflecting the current year return of Perkins loan program federal capital contributions (FCC) to the U.S. Department of Education (DOE). The University will continue to collect on outstanding Perkins loans and return the FCC to the DOE as it is collected.

Deferred Inflows of Resources

Deferred inflows of resources (\$130.3 million) increased by \$53.1 million due mainly to the University's share of actuarial activity in the State retirement plans. Deferred inflows related to pensions increased \$35.8 million and deferred inflows related to OPEB increased \$17.4 million.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Prior Years' Highlights

In 2019, the University had total assets of approximately \$1.012 billion, a reduction of \$34.1 million from the previous year driven mainly by decreases in capital assets (\$30.7 million) and receivables, inventory and other current assets (\$21.2 million) offset partially by the recognition of a net OPEB asset (\$13.2 million). The reduction in receivables was primarily tied to patient accounts at UPMC and the reduction in other current assets reflected the final spending of the 2017A bond proceeds. Deferred outflows increased \$35.0 million due to pension and derivative activities. Total liabilities were \$1.145 billion, an increase of \$83.0 million, with increases in net pension liability and other long-term liabilities offset partially by decreases in bonds payable and net OPEB liability. Net pension liability increased \$98.2 million and other long-term liabilities increased \$20.3 million due mostly to recognition of a \$15.2 million liability to the DOE associated with the terminated Perkins loan program. Bonds, notes, and leases decreased \$11.9 million due to scheduled debt payments, and net OPEB liability decreased \$19.4 million. Deferred inflows decreased \$12.5 million due to pension and OPEB activity. Net position was a deficit of \$38.1 million reflecting a decrease of \$69.6 million.

In 2018, the University had total assets of approximately \$1.046 billion, a reduction of \$22.2 million from the previous year driven mainly by decreases in capital assets (\$24.3 million) and investments held by bond trustee (\$13.6 million). This reflects the continuing spend of 2017A bond proceeds on various capital projects and deferred maintenance while still falling well below annual depreciation expense. Those reductions were partially offset by increases in accounts receivable (\$10.4 million) and long-term investments (\$10.2 million). Deferred outflows decreased \$48.4 million due to pension and derivative activities. Total liabilities were \$1.062 billion, a decrease of \$25.5 million, with a decrease in net pension liability of \$193.9 million partially offset by the \$175.9 million recognition of OPEB liability associated with the adoption of GASB 75. Bonds, notes, and leases decreased \$9.5 million which included three new bond issuances to replace previously existing obligations as well as scheduled principal payments. Deferred inflows increased \$77.3 million due to pension and OPEB activity. Net position was \$31.5 million reflecting a decrease of \$122.8 million.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Lower hospital and
tuition revenue

GASB 68/75
adjustment increases
benefit expense by
\$34.0 million
compared to \$24.2
million in 2019

Summary of Revenues, Expenses, and Changes in Net Position (in thousands)			
<i>(in thousands)</i>	2020	2019	2018
Operating revenues:			
Hospital, net	\$ 252,181	\$ 290,682	\$ 295,583
Tuition and fees, net	193,729	196,059	196,576
Grants and contracts	49,815	47,693	47,812
Auxiliary	57,695	63,339	59,431
Other patient services revenue	76,781	79,089	70,730
Other	81,920	69,837	46,639
Total operating revenue	712,121	746,699	716,771
Operating expenses:			
Salaries, wages, and benefits	621,932	611,893	496,924
Supplies	99,772	104,380	102,971
Outside purchased services	77,504	85,047	73,645
Depreciation	54,011	55,462	56,807
Other	92,021	91,881	96,966
Total operating expenses	945,240	948,663	827,313
Operating Loss	(233,119)	(201,964)	(110,542)
Non-operating revenues (expenses):			
State share of instruction and grants & contracts	159,473	148,400	148,534
Investment income	(3,923)	6,466	15,869
Interest on debt	(13,567)	(13,457)	(12,747)
Asset disposal	(193)	(342)	(946)
Other	2,433	577	304
Total non-operating revenues	144,223	141,644	151,014
Other changes			
Capital appropriations	16,272	4,591	14,610
Other	2,024	(13,833)	659
Total other changes	18,296	(9,242)	15,269
Increase/(decrease) in net position	(70,600)	(69,562)	55,741
Net position - beginning of the year	(38,051)	31,511	154,345
Change in accounting principle	-	-	(178,575)
Net position - end of the year	\$ (108,651)	\$ (38,051)	\$ 31,511

Operating Revenues

Operating revenues (\$712.1 million) decreased by \$34.6 million driven by a reduction of \$38.5 million in net patient revenue at UTMC. This reduction was partially attributable to the ban on elective procedures associated with the pandemic response. Tuition and fees (\$193.7 million) decreased \$2.3 million (1.2%) due to lower enrollment. Auxiliary revenue (\$57.7 million) decreased \$5.6 million (8.9%) driven by lower enrollment as well as refunds issued to students in response to the pandemic. Affiliation payments to the College of Medicine and Life Sciences increased \$6.6 million as scheduled in the agreement.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Operating Expenses

Total operating expenses (\$945.2 million) decreased \$3.4 million (0.4%). Salaries, wages and benefits (\$621.9 million) increased \$10.0 million (1.6%) with wages increasing \$4.4 million and benefits increasing \$5.6 million. GASB 68 and 75 adjustments caused a \$9.8 million increase while health care costs decreased by \$3.3 million. Outside purchased services (\$77.5 million) decreased \$7.5 million and supply expense decreased by \$4.6 million. Both reductions were partially the result of intentional constrictions in response to the pandemic.

Nonoperating Revenues and Expenses

Total non-operating revenues (\$144.2 million) increased by \$2.6 million with a \$12.7 million increase in federal grants offset by reductions of \$10.4 million in investment income and \$2.5 million in state support. The increase in federal grants was mainly attributable to funding from the CARES Act in response to the pandemic.

Other Changes

Total other changes (\$18.3 million) increased \$27.5 million with \$15.2 million attributable to the termination of the Perkins loan program recognized last year and \$11.7 million attributable to higher state capital appropriations.

Prior Years' Highlights

In 2019, the University experienced a decrease in net position of \$69.6 million. Operating revenues were \$746.7 million, an increase of \$29.9 million, driven by a \$12.0 million increase in affiliation payments as scheduled in the agreement as well as an \$8.4 million increase in physician service revenue and a \$3.9 million increase in Auxiliary revenue. Operating expenses were \$948.7 million, an increase of \$121.4 million, driven by a \$115.0 million increase in salaries, wages, and benefits and an \$11.4 million increase in outside purchased services. \$100.1 million of the increase in salaries, wages, and benefits was directly attributable to GASB 68 and 75 adjustments with the remainder attributable to pay increases required by the various collective bargaining agreements as well as non-union increases approved by the Board. Total non-operating revenue decreased \$9.4 million due to lower investment earnings. Total other changes (-\$9.2 million) decreased \$24.5 million with \$15.2 million attributable to the termination of the Perkins loan program and \$10.0 million attributable to lower state capital appropriations in the first year of the biennium.

In 2018, the University experienced an increase in net position of \$55.7 million. Operating revenues were \$716.8 million, a decrease of \$11.3 million, with reductions in patient revenue, grants, and tuition offset slightly by increases in Auxiliaries and other revenue. Other revenue included \$20.0 million for the College of Medicine and Life Sciences as part of the affiliation agreement, a \$7.5 million increase over the previous year. Operating expenses were \$827.3 million, a decrease of \$140.3 million. Salaries, wages, and benefits decreased \$133.5 million with \$127.5 million directly attributable to the GASB 68 pension adjustment and \$6.0 million attributable to the voluntary separation plan for faculty and staff. Total non-operating revenue decreased \$10.5 million due to lower investment earnings. Other changes of \$15.3 million were flat with an increase in state capital appropriations offset by a reduction in capital grants, gifts, and contracts.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

STATEMENTS OF CASH FLOWS

Summary of Cash Flows (in thousands)			
	2020	2019	2018
Net cash flows from operating activities	\$ (90,376)	\$ (116,846)	\$ (129,221)
Net cash flows from non-capital financing activities	158,417	153,086	149,332
Net cash flows from capital and related financing activities	(32,651)	(45,849)	(44,339)
Net cash flows from investing activities	30,542	22,814	20,304
Net increase/(decrease) in cash	<u>\$ 65,932</u>	<u>\$ 13,205</u>	<u>\$ (3,924)</u>

Cash and cash equivalents increased by \$65.9 million during 2020. The University had net cash used in operating activities of \$90.4 million, an increase of \$26.5 million driven primarily by expense reductions in response to the global pandemic as well as scheduled increases associated with the affiliation agreement. The University had net cash provided by non-capital financing of \$158.4 million, an increase of \$5.3 million from the previous year reflecting a \$2.5 million reduction in state support offset by an increase of \$13.6 million in non-operating grants related primarily to funding from the CARES Act. Net cash used in capital and related financing activities was \$32.7 million with capital asset purchases of \$33.4 million and debt service payments of \$25.4 million offset by state capital appropriations of \$16.3 million and capital lease proceeds of \$9.2 million. Net cash provided by investing activities was \$30.5 million driven by net investment activity and withdrawals from the investment pool (with proceeds from the liquidation of UTMAC investments used to bolster UTMAC operations).

Prior Years' Highlights

In 2019, cash and cash equivalents increased by \$13.2 million. The University had net cash used in operating activities of \$116.8 million, a decrease of \$12.4 million. The University had net cash provided by non-capital financing of \$153.1 million, an increase of \$3.8 million from the previous year. Net cash used in capital and related financing activities was \$45.8 million including capital asset purchases of \$25.0 million and debt service payments of 26.9 million. Net cash provided by investing activities was \$22.8 million driven by net investment activity and withdrawals from the investment pool.

In 2018, cash and cash equivalents decreased by \$3.9 million. The University had net cash used in operating activities of \$129.2 million, a decrease of \$16.9 million driven by lower patient receipts. The University had net cash provided by non-capital financing of \$149.3 million, which is a slight decrease from the prior year. Net cash used in capital and related financing activities was \$44.3 million including proceeds from debt issuance of \$73.2 million, principal paid on capital debt of \$87.7 million, and capital asset purchases of \$33.3 million. Net cash provided by investing activities was \$20.3 million driven by net investment activity.

Higher Education and the University

The United States Higher Education sector continues to be challenged as net tuition growth is not projected to be higher than operating cost growth, thus forcing continued cost containment efforts. The long-term outlook for higher education is challenged as well, with affordability and changing demographics among key factors. Rising labor costs, which are typically 65%-75% of the operating expenses of the organization, are the hardest to reduce. Constant need for investment in programs, technology and aging infrastructure continue to drive costs up and stretch resources. Also, there is uncertainty and concern regarding the continued growth in unfunded pension liabilities.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Overall, state funding has shown modest increases for higher education with significant variance from state-to-state. State funding models have transitioned to performance-based models that focus on accountability and evaluate universities on the number of degrees issued and courses completed. State funding is likely to see incremental increases, but is not expected to keep pace with the growth of operating expenses. Furthermore, State funding increases have been coupled with tuition limitations or even tuition freezes.

The state of Ohio implemented a performance-based funding model for State Share of Instruction (SSI) in fiscal year 2014. The revised methodology includes performance-based metrics such as course completion and degrees awarded, as well as consideration for at-risk students. The University did not receive an SSI increase for FY2019; in fact, it received a mid-year reduction due to a true-up in the funding model. The state of Ohio passed its biennium budget in July 2019 that allowed state universities to increase tuition and general fees up to 2% for non-guarantee students, and up to 3.5% for the fall 2019 incoming cohort. In addition to the tuition increases, SSI funding for the University in FY2020 was increased 2% for the first time since 2016. These actions by the state will help offset cost increases and enrollment declines.

On December 28, 2017, the Board of Trustees approved the adoption of The Toledo Tuition Guarantee Plan, a cohort-based, guaranteed undergraduate tuition program developed in accordance with Ohio Revised Code §3345.48. New, degree-seeking undergraduate students who enroll for the first time beginning summer or fall semester 2018 will be the first cohort to participate in the Plan. The Plan provides a fixed undergraduate tuition rate and fixed-rate fees for four years. Undergraduate students are guaranteed the fixed rate for four years, which includes 12 consecutive semesters, including intersessions. Students who take classes beyond their four-year guarantee period will pay the tuition rate set for the oldest unexpired cohort.

The University is positioning itself to address the formidable challenges it faces. The University completed several strategic planning initiatives over the past year. The five-year strategic plan completed with campus-wide collaboration identifies the key priorities of the University focusing on student success and academic excellence; research and scholarship; faculty, staff, and students; fiscal positioning and infrastructure; and reputation and engagement. The University also completed a strategic enrollment initiative, which resulted in the University reversing a trend of years of enrollment declines. The final strategic planning effort completed was the multiple campus master plan. The master plan focuses on improved utilization of space, prioritizes facility initiatives, and identifies funding sources.

The University continues to focus on efficiency and cost reduction strategies. The University has reduced administrative expenses over the last several years by managing resources more efficiently; establishing stronger budget and position controls; and implementing automation and re-engineering processes. The University continues its pursuit of reducing expenses wherever possible while still maintaining critical functions in support of the student experience and its mission. In fiscal year 2018, the University began realizing the benefits of the successful voluntary separation plan initiated in 2017, and eliminated a significant number of vacant positions.

**THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The University completed an affiliation agreement in fiscal year 2016 between the University's College of Medicine and Life Sciences and ProMedica Health System, a locally-owned health system in northwest Ohio and southeast Michigan with a network of hospitals, physicians, health care professionals, researchers, and specialty clinics and facilities. The partnership will ensure long-term strength and expansion of educational and financial opportunities for the University's College of Medicine and Life Sciences. ProMedica's Toledo Hospital and Toledo's Children's Hospital will become academic medical centers and University students and residents will train at the ProMedica facilities. ProMedica will provide the University with significant financial support for operations and capital investment.

The University recognizes the importance of adapting to technological advances and changes in student preferences for how education is delivered. The U.S. Department of Education reports that one-quarter of students are exclusively distance learners or use some form of online courses toward obtaining a degree. The University is continually looking for opportunities to expand its online education as well as use technology to create simulation to emulate real-world experiences. The University's Simulation Center facility creates new models for the education of healthcare professionals. The Center offers virtual reality, human patient simulators, and fresh tissues laboratories to facilitate team training, electronic learning, competency assessments, and outcome measurements.

Healthcare and the University

The healthcare industry, in which UTMC operates, is subject to strict regulation from several governmental agencies, including those which administer the Medicare and Medicaid programs; federal, state, and local agencies responsible for administration of health planning programs; and other federal, state, and local governmental agencies. Furthermore, federal, state, and local policies developed to regulate the manner in which health care is provided, administered, and paid for nationally and locally has an impact as well. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in governmental spending for such programs as well as changing health care policies.

The University of Toledo Medical Center is subject to the following: the statutes, regulations, and changes governing the Medicare and Medicaid programs; regulatory actions by the governmental agencies that administer and enforce the Medicare and Medicaid programs; changes in payment from non-governmental third-party payors, such as private insurance plans and managed care entities; and actions by, among others, the Medicare peer review organization, the Ohio Department of Health, the Joint Commission and other accreditation bodies, and federal, state, and local governmental authorities.

UTMC maintains over 300 patient beds. It is a Level Three Trauma Center, offering emergency health and trauma services 24 hours a day. UTMC's six Signature Programs have earned many accolades in the community and include Cardiology, Neurology, Orthopedics, Cancer, Surgery, and Kidney Transplantation.

During fiscal year 2020, UTMC continued to support the mission of the University "to improve the human condition" by providing patient-centered, university quality care. Seeing an overwhelming need in the Toledo community, UTMC answered the call and maintains an 18-bed Inpatient Recovery service, an 18-bed Adolescent service an 18-bed Senior Behavioral Health service along with an Outpatient Recovery service.

THE UNIVERSITY OF TOLEDO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

While UTMC is well positioned to maintain a viable financial position in the coming years, ongoing constraints on revenue are expected due to fiscal pressures from healthcare reform. The impact of insurance exchanges, managed care rates, and Medicaid expansion continues to cause uncertainty in the environment for hospitals nationwide. Management believes that much of the payment pressure facing UTMC can be offset by strengthening the partnership between the hospital and physician groups to improve clinical documentation, length of stay, re-admission rates and payment denials. This partnership is critical and will enhance not only the financial performance, but also the care provided to the communities the hospital serves.

UTMC is placing considerable focus on productivity and cost reduction and will effectively manage expenses as reimbursements come under pressure. An essential part of reducing unnecessary treatment and costs is length of stay reductions. UTMC administration and the Hospitalists who manage a large part of the inpatient population have teamed up to manage inpatient stays; promoting the optimal utilization of resources and pursuing quality outcomes. In addition, the hospital has, or will be initiating a number of new programs, i.e. Bariatric surgery, Adult Behavioral health, etc. to improve the financial position of the hospital and better serve the community.

Recently the hospital entered a relationship with the Veterans Administration to provide care locally to veterans who were previously traveling substantial distances to obtain needed medical treatment. This program was initiated in January 2020, and is anticipated to grow into a comprehensive service in the future.

The hospital has also initiated programs to improve labor costs. As an example, a committee has been established to review requests to replace and/or add new positions. Individuals requesting these positions must appear before this committee with documentation and metrics that fully support the need for addition labor. This process has helped to reduce staffing by over 12% in FY 2020.

While facing the challenges of an ever-changing healthcare environment, UTMC has developed process to improve productivity, billing and overall patient care to continue to be the provider of choice for the communities it serves.

Contacting Financial Management

This financial report is designed to provide our bondholders, customers, community members, and other interested parties with a general overview of the University of Toledo's finances and to demonstrate the University's accountability for the funds it receives.

If you have questions about this report or need additional information, contact the Finance and Administration department, at University Hall 3700, 2801 W. Bancroft St., Toledo, Ohio 43606-3390.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2020	2019	2020	2019
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 119,594	\$ 52,775	\$ 5,521	\$ 992
Investments held by bond trustee	-	12	-	-
Accounts receivable, net	82,060	97,951	838	1,309
Contributions receivable, net	-	-	8,024	5,505
Inventories	8,869	9,382	-	-
Notes receivable, net	2,103	2,652	-	-
Other	9,794	5,602	76	265
Total current assets	222,420	168,374	14,459	8,071
Noncurrent assets:				
Restricted cash	1,344	2,231	-	-
Endowment and loan investments	55,734	58,756	-	-
Notes receivable, net	5,965	7,302	-	-
Long-term investments	175,977	183,509	276,034	285,402
Investments held by insurance captive	6,671	30,547	-	-
Contributions receivable, net	-	-	3,740	7,592
Capital assets, net	521,024	541,857	45,052	46,098
Rocket Innovations	1,675	2,902	-	-
Charitable remainder trusts and annuity contracts	-	-	3,948	4,139
Cash surrender value of life insurance policies	-	-	1,286	1,327
Net pension asset	3,584	1,717	-	-
Net OPEB asset	13,503	13,251	-	-
Other	924	1,283	-	-
Total noncurrent assets	786,401	843,355	330,060	344,558
Total assets	\$ 1,008,821	\$ 1,011,729	\$ 344,519	\$ 352,629
Deferred outflows of resources:				
Deferred outflow of resources - derivatives	\$ 17,551	\$ 9,548	\$ -	\$ -
Deferred outflow of resources - OPEB	39,561	13,634	-	-
Deferred outflow of resources - pension	82,955	135,589	-	-
Deferred outflow of resources - refunding	11,988	13,573	-	-
Total deferred outflows of resources	\$ 152,055	\$ 172,344	\$ -	\$ -

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	University		UT Foundation	
	2020	2019	2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 24,527	\$ 32,917	\$ 607	\$ 1,446
Accrued liabilities	55,993	44,027	519	384
Unearned revenue	63,393	31,409	61	46
Deposits	2,659	2,586	-	-
Compensated absences - current portion	25,866	24,698	-	-
Long-term liabilities - current portion	11,199	11,609	1,225	305
Total current liabilities	183,637	147,246	2,412	2,181
Noncurrent liabilities:				
Refundable federal student loans	12,477	15,247	-	-
Compensated absences	8,036	8,740	-	-
Insurance captive reserve for losses	8,479	8,536	-	-
Fair value of derivative investment	17,551	9,548	-	-
Other	14,595	14,496	-	-
Net OPEB liability	181,519	156,522	-	-
Net pension liability	438,665	507,499	-	-
Long-term liabilities	271,946	274,424	15,209	15,554
Funds held for affiliates	-	-	1,315	1,194
Note payable to UT Foundation	2,294	2,638	-	-
Total noncurrent liabilities	955,562	997,650	16,524	16,748
Total liabilities	\$ 1,139,199	\$ 1,144,896	\$ 18,936	\$ 18,929
Deferred inflows of resources:				
Deferred inflow of resources - OPEB	\$ 47,507	\$ 30,064	\$ -	\$ -
Deferred inflow of resources - pension	82,713	46,939	-	-
Deferred inflow of resources - refunding	108	225	-	-
Total deferred inflows of resources	\$ 130,328	\$ 77,228	\$ -	\$ -
NET POSITION				
Net investment in capital assets	\$ 245,711	\$ 264,446	\$ 34,119	\$ 34,578
Restricted for:				
Nonexpendable	12,807	12,798	132,462	130,626
Expendable	89,550	95,035	140,139	146,226
Unrestricted	(456,719)	(410,330)	18,863	22,270
Total net position	\$ (108,651)	\$ (38,051)	\$ 325,583	\$ 333,700

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	<u>University</u>		<u>UT Foundation</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
REVENUES				
Operating revenues:				
Hospital patient service revenue, net of bad debt of \$8,677 and \$10,386 respectively	\$ 252,181	\$ 290,682	\$ -	\$ -
Student tuition and fees, net of student aid of \$82,686 and \$82,064 respectively	193,729	196,059	-	-
Federal grants and contracts	36,363	33,988	-	-
State grants and contracts	3,445	3,221	-	-
Local grants and contracts	576	527	-	-
Private grants and contracts	9,431	9,957	-	-
Sales and services	831	1,358	-	-
Auxiliary Enterprises, net of student aid of \$2,913 and \$2,961, respectively	57,695	63,339	-	-
Other patient services revenue	76,781	79,089	-	-
Contributions and support	-	-	14,356	16,676
Residency reimbursement	19,603	19,031	-	-
Academic Affiliation Investment	38,610	32,004	-	-
Other	22,876	17,444	8,527	8,742
Total operating revenues	712,121	746,699	22,883	25,418
EXPENSES				
Operating expenses:				
Salaries and wages	448,677	444,250	-	-
Benefits	173,255	167,643	-	-
Supplies	99,772	104,380	-	-
Travel and entertainment	9,063	13,550	-	-
Information and communication	16,044	16,015	-	-
Occupancy	24,246	25,388	-	-
Scholarship	30,923	27,982	-	-
Outside purchased services	77,504	85,047	-	-
Provision for doubtful accounts	421	1,448	-	-
Support to University	-	-	15,031	16,361
Fundraising and development	-	-	4,204	3,524
Management	-	-	4,779	4,816
Depreciation	54,011	55,462	1,100	819
Other	11,324	7,498	4,166	4,845
Total operating expenses	945,240	948,663	29,280	30,365
Operating income (loss)	\$ (233,119)	\$ (201,964)	\$ (6,397)	\$ (4,947)

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	<u>University</u>		<u>UT Foundation</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating income (loss)	\$ (233,119)	\$ (201,964)	\$ (6,397)	\$ (4,947)
NONOPERATING REVENUES (EXPENSES)				
State share of instruction	103,902	106,450	-	-
Loss after state share of instruction	(129,217)	(95,514)	(6,397)	(4,947)
Federal grants and contracts	38,985	26,301	-	-
State grants and contracts	11,417	10,538	-	-
Gifts	5,169	5,111	-	-
Investment income	(3,923)	6,466	(2,102)	7,586
Interest on debt	(13,567)	(13,457)	-	-
Asset disposal	(193)	(342)	-	-
Other	2,433	577	1,921	2,293
Total nonoperating revenues	40,321	35,194	(181)	9,879
Income (loss) before other changes	(88,896)	(60,320)	(6,578)	4,932
Other changes				
Capital appropriations	16,272	4,591	-	-
Capital grants, gifts, and contracts	476	1,395	-	-
Capital transfer	1,539	7	(1,539)	(7)
Addition to permanent endowment	9	12	-	-
Perkins loan program termination	-	(15,247)	-	-
Total other changes	18,296	(9,242)	(1,539)	(7)
Increase (decrease) in net position	(70,600)	(69,562)	(8,117)	4,925
NET POSITION				
Net position at beginning of year	(38,051)	31,511	333,700	328,775
Net position at end of year	<u>\$ (108,651)</u>	<u>\$ (38,051)</u>	<u>\$ 325,583</u>	<u>\$ 333,700</u>

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Tuition and fees	\$ 192,149	\$ 196,801
Grants and contracts	52,595	49,994
Patient revenues	390,488	386,748
Sales and services of educational activities	1,925	1,379
Payments to suppliers and outside purchased services	(301,044)	(312,741)
Payments to employees	(582,222)	(588,392)
Auxiliary Enterprise charges	57,397	62,854
Other	98,336	86,511
Net cash used in operating activities	<u>(90,376)</u>	<u>(116,846)</u>
Cash flows from non-capital financing activities		
State share of instruction	103,902	106,450
Student direct lending receipts	123,818	132,008
Student direct lending disbursements	(123,994)	(130,187)
Student loan repayments, net of loans issued	1,810	2,736
Return of Perkins capital to Federal government	(2,770)	-
Gifts, grants, and contracts	55,579	41,961
Agency transactions	72	118
Net cash provided by non-capital financing activities	<u>158,417</u>	<u>153,086</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(33,371)	(24,915)
Principal paid on capital debt	(12,705)	(13,953)
Capital appropriations	16,272	4,591
Proceeds from debt issuance	9,176	-
Capital grants and gifts	712	1,395
Interest paid on capital debt	(12,735)	(12,967)
Net cash used In capital and related financing activities	<u>(32,651)</u>	<u>(45,849)</u>
Cash flows from investing activities		
Proceeds from sales of investments	30,800	21,955
Purchases of investments	(6,551)	(6,514)
Investment income	1,293	2,373
Withdrawals from investment pool	5,000	5,000
Net cash provided by investing activities	<u>\$ 30,542</u>	<u>\$ 22,814</u>

See accompanying Notes to Financial Statements.

THE UNIVERSITY OF TOLEDO
STATEMENTS OF CASH FLOWS (CONTINUED)
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

	<u>2020</u>	<u>2019</u>
Net increase in cash	\$ 65,932	\$ 13,205
Cash and cash equivalents - beginning of year	55,006	41,801
Cash and cash equivalents - end of year	<u>\$ 120,938</u>	<u>\$ 55,006</u>

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (233,119)	\$ (201,964)
Adjustments to reconcile operating loss to		
Net cash used in operating activities:		
Depreciation	54,011	55,462
Provision for patient bad debt	6,705	1,448
(Increase) decrease in assets:		
Accounts receivable, net	15,891	9,155
Inventories	513	(713)
Other current assets	(4,192)	398
Increase (decrease) in liabilities:		
Accounts payable, accrued liabilities and other	3,576	(928)
Deferred revenue	31,984	(3,580)
Compensated absences	463	945
Medical profession liability accrual	(57)	(1,145)
Net pension liability and pension deferrals	33,849	24,076
Net cash used in operating activities	<u>\$ (90,376)</u>	<u>\$ (116,846)</u>

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Toledo (the University) is a leading research institution in the state of Ohio with nearly 20,000 students, 1,500+ instructional faculty and 3,900+ staff members. The University is comprised of thirteen colleges: Arts and Letters, Business and Innovation, Education, Engineering, Graduate Studies, Health and Human Services, Honors, Law, Medicine and Life Sciences, Natural Sciences and Mathematics, Nursing, Pharmacy and Pharmaceutical Sciences, and University College. The University offers more than 300 undergraduate, graduate and professional programs leading to degrees in over 60 instructional departments. The University operates The University of Toledo Medical Center (UTMC), which includes 319 registered beds and, during the most recent fiscal year, provided services to 9,143 admitted patients, 188,973 outpatient clinic patients and 29,388 emergency visit patients. In addition, UTMC performed 7,316 surgical cases and, on average, cared for over 700 patients per day in both an inpatient and outpatient setting. UTMC specializes in kidney transplantation, cardiology, behavioral health, family medicine, orthopedic surgery and cancer treatment.

Organization

The University of Toledo was founded in 1872 and is a component unit of the state of Ohio and discretely presented in the state's Comprehensive Annual Financial Report. The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore, exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The Board of Trustees (BOT) governs the University and is responsible for oversight of academic programs, budgets, general administration and employment of faculty and staff. The Governor, with the advice and consent of the State Senate, appoints the BOT members for staggered nine-year terms. Three national and two student trustees, all non-voting members, also serve on the Board and are appointed for two-year terms.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities, an amendment of GASB Statement No. 34*, the University presents management's discussion and analysis; statements of net position; statements of revenue, expenses, and changes in net position; statements of cash flows; and notes to financial statements.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Nonexchange transactions, in which the University receives value without directly giving equal value in return, include: federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the University must provide local resources to be used for a specific purpose, and expense requirements, in which the resources are provided to the University on a reimbursement basis.

The financial statements have been prepared in accordance with GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*. This standard requires examination of significant operational or financial relationships with the University and establishes criteria for identifying and presenting component units of the organization. Based on this examination and application of these criteria, the University has identified three component units: The University of Toledo Foundation, The University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF), and Rocket Innovations as described in the following paragraphs.

Component Units of the Organization

The University of Toledo Foundation

The University of Toledo Foundation is a legally separate, tax-exempt entity that acts primarily as a fundraising organization to supplement the resources available to the University in support of its programs. The Foundation transferred approximately \$15,031 and \$16,361 during fiscal years 2020 and 2019, respectively, to the University for both restricted and unrestricted purposes in support of its programs. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundation manages these funds and charges the University a management fee equal to 1.25% of the fair market value of the University's share of the pooled investments.

THE UNIVERSITY OF TOLEDO
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

The University of Toledo Foundation (Continued)

The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification 958-205, previously FASB Statement No. 117, and *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

In accordance with GASB Statement No. 61, the Foundation is reflected as a discretely presented component unit in the University's financial statements. A complete copy of the audited financial statements of the Foundation is available at the Foundation offices located near the campus of the University.

The University of Toledo Physicians, Clinical Faculty, Inc.

Effective July 1, 2011, The University became the sole member of the once self-perpetuating board of The University of Toledo Clinical Faculty, Inc. which subsequently changed to University of Toledo Physicians, Clinical Faculty, Inc. (UTP-CF). UTP-CF is the sole member of University of Toledo Physicians, LLC (UTP).

UTP-CF is a multi-specialty corporation that employs 246 physicians in Northwest Ohio and is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. The Organization provides physician services at The University of Toledo Medical Center and other local facilities in the following areas: anesthesia, medicine, neurology, obstetrics, orthopedics, pathology, pediatrics, psychiatry, radiology, radiation oncology, rehabilitation, surgery, urology, family medicine, and emergency medicine. UTP-CF also provides administrative support, billing and collection services for physician services at UTMTC. Total Operating Revenues for UTP-CF, net of provision for doubtful accounts, were \$112,690 and \$112,612 for the fiscal years ended June 30, 2020 and 2019, respectively.

UTP-CF uses enterprise fund accounting. Revenues and expenses are recognized on an accrual basis, using the economic resources measurement focus. Based on GASB Codification Topic 1600, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended.

The UTP-CF financial statements include the accounts of UTPCF, and its wholly owned subsidiaries; University of Toledo Physicians, LLC (UTP), UTP Pathology Services, LLC (PATH), University of Toledo Dentists, Inc., Associates of the Medical College of Ohio, Inc. (University of Toledo Dentists, Inc.), and the University of Toledo Medical Assurance Company, LLC (UTMAC). For presentation purposes, UTP and PATH are presented as blended component units, and UTMAC and University of Toledo Dentists, Inc. are discretely presented.

THE UNIVERSITY OF TOLEDO
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

The University of Toledo Physicians, Clinical Faculty, Inc. (Continued)

In accordance with GASB Statement No. 61, UTP-CF financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format. Separate audited financial statements for UTP-CF are available at the UTP-CF offices located near the campus of the University.

University of Toledo Physicians Clinical Faculty, Inc.

Condensed Statements of Net Position

	2020	2019
ASSETS		
Current assets	\$ 35,525	\$ 29,559
Due from University of Toledo	6,632	2,465
Capital assets	944	912
Investments held by insurance captive	18,565	40,784
Total assets	61,666	73,720
LIABILITIES		
Current liabilities	24,682	20,454
Due to University of Toledo	511	1,197
Total liabilities	25,193	21,651
NET POSITION		
Invested in Capital Assets	944	912
Unrestricted	35,529	51,157
Total net position	\$ 36,473	\$ 52,069

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position		
	2020	2019
OPERATING REVENUES		
Net patient service revenue	\$ 93,309	\$ 95,263
Contribution from the University of Toledo	19,381	17,349
Total operating revenues	<u>112,690</u>	<u>112,612</u>
OPERATING EXPENSES		
Salaries, wages, and benefits	93,485	89,581
Depreciation	223	269
Other	17,322	14,151
Total operating expenses	<u>111,030</u>	<u>104,001</u>
Operating income/(loss)	1,660	8,611
Total non-operating revenues	<u>(17,256)</u>	<u>(6,459)</u>
Increase in net position	(15,596)	2,152
Net position - beginning of the year	52,069	49,917
Net position - end of the year	<u>\$ 36,473</u>	<u>\$ 52,069</u>

Condensed Statements of Cash Flows

	2020	2019
Net cash flows from operating activities	\$ 2,765	\$ 8,341
Net cash flows from financing activities	(20,806)	(15,028)
Net cash flows from investing activities	22,206	7,185
Net increase in cash	<u>4,165</u>	<u>498</u>
Cash and cash equivalents - beginning of year	15,777	15,279
Cash and cash equivalents - end of year	<u>\$ 19,942</u>	<u>\$ 15,777</u>

Rocket Innovations

In February 2009, the University formed a nonprofit corporation called Science, Technology, and Innovation Enterprises, which filed an amendment in December 2014 to change its name to Rocket Innovations (the Corporation). The University is the sole member of the Corporation which has been organized for charitable, educational, and scientific purposes within the scope of Section 501(c) (3) of the Internal Revenue Code (IRC). The Corporation supports the University through investment in public and private economic development projects and promotes the interests of the University.

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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

The Corporation consists of equity investments (common stock, preferred stock, warrant options, and promissory notes) valued at approximately \$1,675 and \$2,902 as of June 30, 2020 and 2019, respectively. Total cash available to help fund future investments for the years ended June 30, 2020 and 2019 was approximately \$577 and \$608, respectively. In accordance with GASB Statement No. 61, the Corporation's financials are presented in a blended manner, reflected as a part of the University's financials, and are also shown below in condensed format as of and for the year ended June 30 of each respective year.

Rocket Innovations

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets	\$ 2,247	\$ 1,677
Other assets	1,675	2,902
Total assets	<u>3,922</u>	<u>4,579</u>
LIABILITIES		
Current liabilities	34	98
Total liabilities	<u>34</u>	<u>98</u>
NET POSITION		
Unrestricted	3,888	4,481
Total net position	<u>\$ 3,888</u>	<u>\$ 4,481</u>

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>
Total operating revenue	\$ 1,086	\$ 784
Total operating expenses	545	446
Operating income/(loss)	541	338
Investment income/(loss)	(1,134)	(539)
Increase/(decrease) in net position	(593)	(201)
Net position - beginning of the year	4,481	4,682
Net position - end of the year	<u>\$ 3,888</u>	<u>\$ 4,481</u>

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units of the Organization (Continued)

Rocket Innovations (Continued)

Condensed Statements of Cash Flows

	<u>2020</u>	<u>2019</u>
Net cash flows from operating activities	\$ 6,690	\$ 87
Cash and cash equivalents - beginning of year	1,510	1,423
Cash and cash equivalents - end of year	<u>\$ 8,200</u>	<u>\$ 1,510</u>

Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits with banks. Investments with original maturities less than 90 days are considered cash equivalents. Restricted cash consists of cash deposits segregated for the Federal Perkins Loan Program. For purposes of the statements of cash flows, "cash" is defined as the total of cash and cash equivalents and restricted cash.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis.

Patient Revenue and Accounts Receivable

Patient accounts receivable and revenue are recorded at net realizable value when patient services are performed. The University has agreements with third-party payors that provide for payments to the University at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare and Medicaid: The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient's diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.
- Other Payors: The University has also entered into payment agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

THE UNIVERSITY OF TOLEDO
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Patient Revenue and Accounts Receivable (Continued)

Provision is made in the financial statements for the differences between the University's standard rate charged for services rendered and third-party reimbursements and for estimated settlements based on third-party reimbursement contracts. Retroactive settlements resulting from third-party audits of filed cost reports are reflected in the financial statements in the year of settlement. These provisions and settlements are included in deductions from patient service revenue. There is at least a reasonable possibility that recorded estimates will change in the near-term. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The University believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services are provided under Medicaid and other welfare programs. Certain payments received under these programs are less than the cost of providing the service.

A summary of charity and uncompensated care, at cost, is as follows:

	Year Ended 6/30/2020	Year Ended 6/30/2019
Traditional charity care	\$ 508	\$ (288)
Unpaid costs of traditional Medicaid programs	7,519	6,431
Unpaid costs of other welfare programs	13,320	19,565
Total charity and uncompensated care	<u>\$ 21,347</u>	<u>\$ 25,708</u>

THE UNIVERSITY OF TOLEDO
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at historical cost or their acquisition value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with generally accepted accounting principles. The University has a rare book collection and manuscript collection in the library that is not capitalized since it represents historical works of art that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered by any means.

Deferred Outflows of Resources

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will, therefore, not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the University consist of accumulated changes in the fair value of hedging derivative instruments, deferred losses on refunding of debt, and applicable changes to net pension and OPEB liability (see Notes 8, 9, and 10).

Pensions and OPEB

For purposes of measuring the net pension and OPEB (other postemployment benefits) liability, net pension and OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and pension and OPEB expense, information about the fiduciary net position of the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS) Pension Plan and additions to/deductions from STRS' and OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS and OPERS. STRS and OPERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements.

Benefit payments (including refunds of employee contributions) are recognized as an expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue

Summer term tuition and fees, and corresponding expenses relating to various sessions falling in the fiscal year, are recognized in the fiscal year they occur. The portion of sessions falling into the next fiscal year are recorded as unearned revenue and prepaid expenses in the statement of net position and will be recognized in the following year.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Insurance Captive Reserve for Losses

The insurance captive reserve for losses represents a liability for estimated unpaid losses and loss adjustment expenses relating to healthcare professional liability. A provision is also recorded for incurred but not paid amounts related to claim run-out provisions on the medical stop-loss coverage.

Note Payable to Foundation

As described in Note 12, the University borrowed \$5,798 from the pooled investment portfolio during the year ended June 30, 2017 to fund various capital projects. The balance outstanding as of June 30, 2020 was \$3,997, of which \$1,702 represents the University's share and has therefore, been eliminated in the financial statements. The remaining \$2,295 represents the portion of the loan effectively owed to the Foundation. The balance outstanding as of June 30, 2019 was \$4,636, with \$1,988 eliminated as the University's share and \$2,638 effectively owed to the Foundation.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will therefore not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources for the University are attributable to collective changes in the net pension and OPEB liability and deferred gains on refunding of debt.

Net Position

Net position is classified into the three following categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets.

Restricted: Net position subject to externally imposed constraints that they may be maintained permanently by the University, or net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time. Restricted net position is classified further as nonexpendable or expendable. Nonexpendable restricted net position contains externally imposed restrictions that stipulate the resources be maintained permanently. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Net Position (Continued)

Nonexpendable restricted net position is categorized as shown below. Income from the underlying assets is available to support the activities within these categories.

Non-expendable restricted net position	2020	2019
Scholarships and fellowships	\$ 10,634	\$ 10,633
University purposes	2,173	2,165
Total	<u>\$ 12,807</u>	<u>\$ 12,798</u>

Expendable restricted net position is categorized as shown below:

Expendable restricted net position	2020	2019
Capital projects	\$ 23,116	\$ 25,189
Debt service	18,935	17,320
Research	891	1,062
Scholarships and fellowships	42,639	45,673
University purposes	3,969	5,791
Total	<u>\$ 89,550</u>	<u>\$ 95,035</u>

Unrestricted: Net position available to the University for any lawful purpose of the institution. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and postemployment benefits. In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the University's practice to use restricted first.

Compensatory Time

Compensatory time may be given in lieu of overtime pay to classified employees who work in excess of the regular schedule. The liability and expense for future payouts are recorded as earned.

THE UNIVERSITY OF TOLEDO
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Compensated Absences

University employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and some are paid for sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the statements of net position, and as a component of operating expenses in the statements of revenues, expenses, and changes in net position.

Grants and Contracts

The University receives grants and contracts from federal, state, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency. Federal funds are subject to an annual audit per regulations in the Office of Management and Budget (OMB) *Uniform Guidance* (2 CFR part 200, subpart F).

Operating and Nonoperating Revenue

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) patient service revenue; (3) sales and services of auxiliary enterprises, net of agency payments; and (4) most federal, state, and local grants and contracts.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis*.

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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

State Subsidies

The University receives student-based subsidy and other subsidies from the state. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Department of Higher Education.

In addition to subsidies, the state provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the state through issuance of state revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of state assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the University's statements of net position.

State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

Capitalized Interest

Interest on construction projects is capitalized until substantial completion of the project.

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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Endowments

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted by Ohio, permits the University and the Foundation to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's and the Foundation's Board of Trustees established an investment policy for the endowments and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently 4.0% of the three-year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of June 30, 2020 and 2019, net appreciation of \$42,639 and \$45,673, respectively, was available to be spent, of which \$33,723 and \$36,317, respectively, was restricted to specific purposes.

Interest Rate Swap Agreements

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's fiscal year 2010. This Statement requires derivative instruments (such as interest rate swap agreements) to be reported at fair value. In addition, for derivative instruments that qualify as effective hedges, changes in fair value will be reported as deferrals in the statement of net position, while changes in the fair value of the derivative instruments that do not qualify as effective hedges including investment derivative instruments, will be reported as nonoperating revenue (expense) as a component of investment income. See Note 8 for relevant disclosures.

Investments Held By Bond Trustee

Investments held by bond trustee represent funds held by a third-party to pay for capital additions and improvements.

Use of Estimates

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

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Perkins Loan Program Termination

The Federal Perkins Loan Program (Perkins program) was established in 1957 as a campus-based program serving students with financial need who qualified for lower interest loans than traditional Stafford loans issued through banks. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the U.S. Department of Education (DOE) and were supplemented with Institutional Capital Contributions (ICC). The two sources of funding are tracked and shown separately on the annual Fiscal Operations Report and Application to Participate (FISAP) report. Institutions originated loans to their students and are responsible for servicing the loans throughout the repayment term. As a revolving loan program, the dollars collected from former students are used to make new loans to current students.

The U.S. Congress did not renew the Perkins program after September 30, 2017 and consequently no disbursements were permitted after June 30, 2018. The DOE has given institutions the option of assigning existing Perkins loans back to the federal government or continuing to collect on them while returning the FCC as loans are repaid. The University has elected to continue to collect on Perkins loans. Historically, the balance of the Perkins loans was reported in Notes Receivable and Restricted Net Position (Expendable for Student Loans). Due to the impending repayment of the FCC portion as the loans are collected, an accrued liability was established effective June 30, 2019, for the amount of the remaining FCC due to the DOE.

Reclassifications

Certain items in the June 30, 2019 comparative information have been reclassified to correspond to the June 30, 2020 financial statement presentation.

THE UNIVERSITY OF TOLEDO
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NOTE 2 CASH AND CASH EQUIVALENTS

The carrying amount of the University's cash and cash equivalents for all funds was \$120,938 and \$55,006 as of June 30, 2020 and 2019, respectively, as compared to bank balances of \$129,335 and \$58,285, respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. The University had cash deposits with a single financial institution totaling \$13,537 and \$5,932 as of June 30, 2020 and 2019. \$250 of the cash deposits is insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2020 and 2019. The remaining amounts are collateralized with single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the University, per the Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to 105% of the total amount of all public deposits.

UTP-CF maintains the majority of its operating cash balances in three financial institutions. The balances at each institution are insured by the FDIC up to certain limits. At June 30, 2020 and 2019, the Organization had approximately \$23,291 and \$17,566 in excess of FDIC insured limits, respectively. Management reviews the financial institutions periodically to assess any custodial credit risk. During 2019, UTP-CF had additional collateral pledged by various financial institutions where deposits exceeded FDIC limits and at June 30, 2020, deposits in excess of FDIC and pledged collateral was approximately \$939.

NOTE 3 INVESTMENTS

University investments are categorized by the following: endowment and loan investments, long-term investments, and investments held by bond trustee. Endowment and loan investments include gifted endowment funds of the University held in an investment pool with gifted endowment funds of the Foundation. Long-term investments are considered institutional reserves emphasizing both capital preservation and long-term appreciation. Long-term investments consist of the University's equity in the Foundation's investment pool as well as fixed income instruments. Investments held by bond trustee include short-term and long term fixed income instruments available for approved capital projects.

The University's investment policy establishes investment objectives, strategies, and measures for evaluation. The policy complies with the state of Ohio regulations provided by legislation.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS (CONTINUED)

The University's investment policy authorizes the investment of Board Designated Reserves and endowed funds in the following investments:

- Obligations of the U.S. Treasury and other federal agencies
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Corporate bonds and stocks
- Mortgages and collateralized mortgage obligations
- Alternative investments

The carrying values of investments as of June 30, 2020, exclusive of accrued interest, consisted of the following:

	Endowment and Loan Investments	Long-Term Investments	Investments Held by Insurance Captive	Total
Certificates of deposit	\$ -	\$ 7,056	\$ -	\$ 7,056
Corporate bonds and notes	-	20,259	3,093	23,352
Corporate stock	-	-	-	-
Equity in internal investment pool	54,866	143,359	-	198,225
Money market	46	3,378	-	3,424
Mutual funds - equity	659	-	-	659
Mutual funds - fixed income	163	-	-	163
U.S. government and agencies	-	1,925	3,578	5,503
Total investments	\$ 55,734	\$ 175,977	\$ 6,671	\$ 238,382

The carrying values of investments as of June 30, 2019, exclusive of accrued interest, consisted of the following:

	Endowment and Loan Investments	Long-Term Investments	Investments Held by Insurance Captive	Total
Certificates of deposit	\$ -	\$ 5,659	\$ -	\$ 5,659
Corporate bonds and notes	-	17,466	3,988	21,454
Corporate stock	-	-	16,107	16,107
Equity in internal investment pool	57,885	151,785	-	209,670
Money market	30	3,378	-	3,408
Mutual funds - equity	684	-	-	684
Mutual funds - fixed income	157	-	-	157
U.S. government and agencies	-	5,221	10,452	15,673
Total investments	\$ 58,756	\$ 183,509	\$ 30,547	\$ 272,812

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NOTE 3 INVESTMENTS (CONTINUED)

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2020. At the present time, the University does not have formal policies addressing these types of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2020, the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. government and agencies	\$ 5,503	\$ -	\$ 3,094	\$ 486	\$ 1,923
Corporate bonds and notes	23,352	1,001	14,327	5,714	2,310
Mutual funds - fixed income	163	-	33	94	36
Total	\$ 29,018	\$ 1,001	\$ 17,454	\$ 6,294	\$ 4,269

As of June 30, 2019, the University had the following interest-bearing investments and maturities:

Investment Type	Fair Value	Investment Maturity (in Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. government and agencies	\$ 15,673	\$ 22	\$ 7,767	\$ 2,213	\$ 5,671
Corporate bonds and notes	21,454	9	17,098	3,720	627
Mutual funds - fixed income	157	-	57	88	12
Total	\$ 37,284	\$ 31	\$ 24,922	\$ 6,021	\$ 6,310

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSROs) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

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NOTE 3 INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The credit ratings of the University's interest-bearing investments as of June 30, 2020 are as follows:

Investment Type	Fair Value	Credit Rating (Moody's)			
		Aaa	Aa	A	Baa and less
U.S. government and agencies	\$ 5,503	\$ 5,503	\$ -	\$ -	\$ -
Corporate bonds and notes	23,352	146	362	8,839	14,005
Mutual funds - fixed income	163	-	44	-	119
Total	\$ 29,018	\$ 5,649	\$ 406	\$ 8,839	\$ 14,124

The credit ratings of the University's interest-bearing investments as of June 30, 2019 are as follows:

Investment Type	Fair Value	Credit Rating (Moody's)			
		Aaa	Aa	A	Baa and less
U.S. government and agencies	\$ 15,673	\$ 15,673	\$ -	\$ -	\$ -
Corporate bonds and notes	21,454	450	263	8,458	12,283
Mutual funds - fixed income	157	-	12	28	117
Total	\$ 37,284	\$ 16,123	\$ 275	\$ 8,486	\$ 12,400

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy requires investment pool direct placements to be sufficiently diversified and provides that no more than 7% of its equity holdings and 5% of its fixed income holdings can be invested in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 5% or more in 2020 or 2019.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Investments held by insurance captive included \$0 and \$3,754 of international equities as of June 30, 2020 and 2019, representing 0% and 12.2% of the captive investment portfolio, respectively.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University had no exposure to custodial credit risk for the years ended June 30, 2020 and 2019.

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NOTE 3 INVESTMENTS (CONTINUED)

The University of Toledo Foundation and Subsidiaries Investments

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

	2020		2019	
	Market	Cost	Market	Cost
Mutual funds, index funds and ETFs - equities	\$ 214,597	\$ 204,708	\$ 197,407	\$ 161,268
Mutual funds and ETFs - fixed income	52,119	51,314	56,695	55,995
Common stocks	52,381	46,460	82,133	73,012
Hedge funds	43,277	42,718	55,517	54,505
Partnerships	74,203	71,301	78,911	66,994
U.S. government and agency issues	12,484	12,106	14,094	13,952
Corporate bonds	3,061	2,856	1,575	1,502
Cash equivalents	15,240	15,240	2,772	2,772
Total pooled investments	<u>\$ 467,362</u>	<u>\$ 446,703</u>	<u>\$ 489,104</u>	<u>\$ 430,000</u>

The Foundation had the following sources of unrealized and realized gains and losses related to the pooled investments reported in their statement of activities for the years ended June 30:

	2020	2019
Unrealized gains:		
Ending balance	\$ 4,135	\$ 26,016
Beginning balance	26,016	29,133
Unrealized appreciation/(depreciation)	(21,881)	(3,117)
Realized appreciation/(depreciation)	14,850	5,672
Total realized and unrealized appreciation/(depreciation)	<u>\$ (7,031)</u>	<u>\$ 2,555</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

The University has the following recurring fair value measurements as of June 30, 2020, and 2019:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2020	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Certificates of deposit	\$ 7,056	\$ -	\$ 7,056	\$ -
Corporate bonds and notes	23,352	-	23,352	-
Corporate stock	-	-	-	-
Mutual funds - equity	659	659	-	-
Mutual funds - fixed income	163	163	-	-
U.S. Government and agencies	5,503	5,503	-	-
Total investments by fair value level	\$ 36,733	\$ 6,325	\$ 30,408	\$ -
Investments measured at the net asset value (NAV):				
Equity in internal investment pool	\$ 198,225			
Total investments measured at the NAV	\$ 198,225			
Total investments measured at fair value	\$ 234,958			
Derivative instruments by fair value level:				
Interest rate swap liability	\$ 17,551	\$ -	\$ 17,551	\$ -
Total derivative instruments by fair value level	\$ 17,551	\$ -	\$ 17,551	\$ -

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2019	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Certificates of deposit	\$ 5,659	\$ -	\$ 5,659	\$ -
Corporate bonds and notes	21,454	-	21,454	-
Corporate stock	16,107	16,107	-	-
Mutual funds - equity	684	684	-	-
Mutual funds - fixed income	157	1,357	-	-
U.S. Government and agencies	15,673	15,673.00	-	-
Total investments by fair value level	<u>\$ 59,734</u>	<u>\$ 33,821</u>	<u>\$ 27,113</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV):				
Equity in internal investment pool	\$ 209,670			
Total investments measured at the NAV	<u>\$ 209,670</u>			
Total investments measured at fair value	<u><u>\$ 269,404</u></u>			
Derivative instruments by fair value level:				
Interest rate swap liability	\$ 9,548	\$ -	\$ 9,458	\$ -
Total derivative instruments by fair value level	<u>\$ 9,548</u>	<u>\$ -</u>	<u>\$ 9,458</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The fair value of corporate bonds and issuances of the U.S. government and its agencies was determined primarily based on level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following section.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in Entities that Calculate Net Asset Value per Share

The University holds an equity interest in the investment pool of the Foundation. Fair value is measured on a recurring basis using the net asset value per share as a practical expedient. The fair value of the University's equity interest in the investment pool was \$198,225 and \$209,670 as of June 30, 2020 and 2019, respectively. There were no unfunded commitments and there is no redemption notice period or restriction on redemption frequency.

The primary investment strategy of the investment pool is capital preservation and long-term appreciation through a mix of fixed income instruments and equities.

NOTE 5 ACCOUNTS AND NOTES RECEIVABLE

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, 2020 and 2019, respectively, are summarized as follows:

	2020	2019
Accounts receivable:		
Tuition and fees	\$ 9,876	\$ 6,819
Patient services	43,586	62,020
Sales and services	9,132	9,010
Auxiliary services	1,799	1,371
Grants and contracts	17,667	18,731
Total accounts receivable - net of allowances	82,060	97,951
Notes receivable:		
Current	2,103	2,652
Non-current	5,965	7,302
Total notes receivable - net of allowances	8,068	9,954
Total accounts and notes receivable - net of allowances	\$ 90,128	\$ 107,905

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling \$12,257 and \$14,641 for fiscal years 2020 and 2019, respectively. Student notes receivable are recorded net of allowance for uncollectible accounts of \$760 and \$760 as of June 30, 2020 and 2019, respectively.

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NOTE 5 ACCOUNTS AND NOTES RECEIVABLE (CONTINUED)

The University of Toledo Foundation – Contributions Receivable

As of June 30, 2020 and 2019, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2020 and 2019 amounted to \$1,329 and \$2,221, respectively.

Contributions receivable as of June 30 are as follows:

	2020	2019
Within one year	\$ 8,388	\$ 6,083
Over one to five years	3,885	8,199
More than five years	295	408
Total	12,568	14,690
Risk premium	(784)	(1,135)
Present value discount	(20)	(458)
Net contributions receivable	<u>\$ 11,764</u>	<u>\$ 13,097</u>
Net due in one year	\$ 8,024	\$ 5,505
Net due in excess of one year	3,740	7,592
Total contributions receivable	<u>\$ 11,764</u>	<u>\$ 13,097</u>

In May 2006, the Foundation received a pledge of \$15 million to establish three endowed funds to support the University. The timing and amounts of the payments and the amounts allocated to the funds shall be determined by the donors. However, the donors agree to complete the pledge within 15 years. The Foundation has received payments of \$11.9 million on the aforementioned pledge, leaving a remaining balance of \$3.1 million as of June 30, 2020. The pledge balance due is recorded at fair value as a contribution receivable with a net present value of \$3.1 million and \$2.8 million as of June 30, 2020 and 2019, respectively.

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NOTE 6 CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets activity for the year ended June 30, 2020, consisted of the following:

	Balance 6/30/2019	Additions	Reallocation/ Reductions	Balance 6/30/2020
Capital assets, not being depreciated:				
Land and land improvements	\$ 25,349	\$ 977	\$ -	\$ 26,326
Construction in progress	8,811	16,896	(10,204)	15,503
Total capital assets, not being depreciated	34,160	17,873	(10,204)	41,829
Capital assets, being depreciated:				
Land improvements	16,646	1,001	-	17,647
Infrastructure	176,692	1,388	(118)	177,962
Buildings	1,100,365	-	10,204	1,110,569
Equipment	207,831	13,107	(5,140)	215,798
Total capital assets, being depreciated	1,501,534	15,496	4,946	1,521,976
Less accumulated depreciation:	993,837	54,011	(5,067)	1,042,781
Total capital assets, being depreciated, net	507,697	(38,515)	10,013	479,195
Capital assets, net	\$ 541,857	\$ (20,642)	\$ (191)	\$ 521,024

Capital assets activity for the year ended June 30, 2019, consisted of the following:

	Balance 6/30/2018	Additions	Reallocation/ Reductions	Balance 6/30/2019
Capital assets, not being depreciated:				
Land and land improvements	\$ 22,616	\$ 2,733	\$ -	\$ 25,349
Construction in progress	16,593	9,950	(17,732)	8,811
Total capital assets, not being depreciated	39,209	12,683	(17,732)	34,160
Capital assets, being depreciated:				
Land improvements	16,587	59	-	16,646
Infrastructure	172,337	4,445	(90)	176,692
Buildings	1,082,634	-	17,731	1,100,365
Equipment	206,795	7,927	(6,891)	207,831
Total capital assets, being depreciated	1,478,353	12,431	10,750	1,501,534
Less accumulated depreciation:	945,033	55,462	(6,658)	993,837
Total capital assets, being depreciated, net	533,320	(43,031)	17,408	507,697
Capital assets, net	\$ 572,529	\$ (30,348)	\$ (324)	\$ 541,857

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NOTE 6 CAPITAL ASSETS (CONTINUED)

Assets are classified as either for Academic or Hospital use. Academic assets are capitalized at a cost of \$50 or greater with the exception of equipment and computer software, which are capitalized at a cost of \$5 or greater. Academic asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	10 to 25 years
Buildings	40 years
Building additions	10 to 40 years
Equipment	5 - 10 years

Hospital assets are capitalized with a cost of \$5 or greater for equipment, buildings, and building additions based on increase of capacity, life, or operating efficiency of a capital asset. Hospital asset depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Classification	Life
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building additions	5 to 40 years
Equipment	3 to 20 years

NOTE 7 DEBT

On May 1, 2018, the University issued \$28,320 in General Receipts Bonds, Series 2018B. Proceeds from the Bonds were used to advance refund and defease the General Receipts Bonds Series 2010 totaling \$26,660 and to pay cost of issuance. The refunded bonds maturing June 1 of the years 2018 to 2020, inclusive, were paid on their respective due dates from the escrow fund. The refunded bonds maturing June 1, 2021 were called for redemption on June 1, 2020 at par plus accrued interest. The Series 2018B bonds bear interest at a fixed rate of 4.26%, and the net present value loss on the refunded bonds was \$7,885.

On May 1, 2018, the University issued \$9,175 in General Receipts Bonds, Series 2018A. Proceeds from the Bonds were used to advance refund and defease the remaining General Receipts Bonds Series 2008A totaling \$10,035 and to pay cost of issuance. The refunded bonds were called for redemption on June 1, 2018 at par plus accrued interest. The Series 2018A Bonds bear interest at a fixed rate of 5%, and the net present value savings of the refunded bonds was \$797.

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NOTE 7 DEBT (CONTINUED)

On December 28, 2017, the University issued \$35,655 in General Receipts Bonds, Series 2017B. Proceeds from the Bonds were used to advance refund and defease the portion of the General Receipts Bonds Series 2011B maturing on June 1 of the years 2022 to 2031, inclusive, totaling \$38,385 and to pay cost of issuance. The refunded bonds will be called for redemption on June 1, 2021 at par plus accrued interest. The Series 2017B Bonds bear interest at a fixed rate of 5%, and the net present value savings of the refunded Bonds was \$3,024.

On March 28, 2017, the University issued \$72,820 in General Receipts Premium Bonds, Series 2017A. Proceeds from the Bonds, together with available funds, were used to refund \$32,140 General Receipt Bonds Series 2007A, advance refund \$11,060 General Receipt Bonds Series 2008A, fund \$30,000 in capital projects to the University's Main Campus, and to pay cost of issuance. Capital improvements include the renovation of Parks Tower, improvements to various campus facilities, and electrical, lighting and HVAC upgrades. The Bonds have an average coupon of 4.39%, and the net present value savings of the refunded Bonds of \$3,311.

On June 27, 2013, the University issued \$15,610 in General Receipts Bonds, Series 2013D through a direct placement with U.S. Bank National Association. Proceeds of the Series 2013D were used to fund the purchase of \$15,050 of outstanding General Receipts Bonds, Series 2007B that were tendered for purchase, to redeem on July 16, 2013 the outstanding General Receipts Bonds, Series 2005, and to pay cost of issuance of the Series 2013D Bonds. The Series 2013D Bonds bear interest at 72% of the one month LIBOR plus 0.50%. On November 7, 2017, Huntington National Bank purchased the bonds at 72% of the sum of LIBOR plus 0.85% subject to a mandatory tender on July 7, 2023.

On June 27, 2013, the University issued \$34,180 in General Receipts Bonds, Series 2013C. Proceeds of the Series 2013C were used to advance refund General Receipts Bonds, Series 2009B, Build America Bonds at par due to a reduction in the federal subsidy and to pay cost of issuance of the Series 2013C Bonds. The Series 2013C Bonds bear a fixed rate of interest with an average yield of 4.03% and a final maturity of June 1, 2031.

On June 21, 2013, the University issued \$86,485 in General Receipts Bonds, Series 2013B through a direct placement with PNC Bank, National Association. Proceeds of the Series 2013B were used to advance refund General Receipts Bonds, Series 2011A, and to pay the cost of issuance of the Series 2011A Bonds. Series 2013B Bonds bear interest at 72% of the one month LIBOR plus 0.39%. The Bonds have a mandatory tender date of June 1, 2023.

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NOTE 7 DEBT (CONTINUED)

On June 7, 2013, the University issued \$10,125 in General Receipts Bonds, Series 2013A through a direct placement with Capital One Public Funding, LLC. Proceeds of the Series 2013A were used to defease and advance refund the \$9,635 outstanding General Receipts Bonds, Series 2004 and to pay the cost of issuance of the Series 2013A Bonds. The University recognized cash flow savings of \$904 and an economic gain of \$790 from the advance refunding of Series 2004. Series 2013A bears interest at 1.99% with a final maturity of June 1, 2025. The Bonds have mandatory tender date June 1, 2023.

On November 3, 2011, the University issued \$47,640 in General Receipts Bonds, Series 2011B. Proceeds of the Series 2011B Bonds were, together with other available funds, to pay the cost of various improvements on the University's Health Science Campus, including reconstruction of existing facilities to house a comprehensive cancer center; expansions, renovations and improvements to the University of Toledo Medical Center, including reconstruction and renovation of patient rooms and operating rooms; renovations and improvements to Dowling Hall building for outpatient office space and clinical space; acquisition and installation of hardware and software for electronic medical records system; acquisition of medical equipment; and acquisition and installation of various other facility improvements. Additional proceeds of the Series 2011B Bonds were used to pay the costs related to the issuance of the Series 2011B Bonds. The Series 2011B Bonds bear a fixed rate of interest with an average yield of 4.41%.

The University has defeased a portion of the Series 2011B Bonds through an advance refunding during the year ended June 30, 2018, and accordingly, they are not reflected in the accompanying financial statements. The amount of Bonds that have been defeased and are outstanding as of June 30, 2020 is \$38,385.

On July 15, 2009, the University issued \$22,390 in General Receipts Bonds, Series 2009A (Tax-Exempt). The Bonds were issued with a fixed rate of interest. Proceeds of the series 2009A Bonds were used to pay a portion of the costs of certain improvements to University facilities and the cost of refunding the University's Series 1998 General Receipts Bonds.

On April 26, 2007, the University issued \$49,900 in General Receipts Bonds, Series 2007B, to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate for each 35-day auction period. During fiscal year 2010, the University made two public tender offers for the 2007B Series Bonds. The University also tendered and repurchased 2007B Series Bonds in fiscal year 2013 from proceeds of the Series 2013D Bond issuance. Bonds repurchased and subsequently cancelled under these tender offers have been credited against the mandatory redemption schedule of the Series 2007B Bonds. The next scheduled principal redemption date on the series 2007B Bonds is currently June 1, 2036.

The principal and interest payments of all of the General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various covenants relating to reporting with which the University management believes they have complied.

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NOTE 7 DEBT (CONTINUED)

The University has master lease obligations with financial institutions and other lease obligations relating to athletic, hospital and other equipment with a capital cost of \$11,567 and related depreciation of \$747 and rates ranging from 2.3% to 3.7%. The balance of capital lease obligations was \$8,848 and \$438 for the years ended June 30, 2020 and 2019, respectively.

The future amounts of principal and interest payments required by the lease agreements are as follows:

	Principal	Interest	Total
2021	\$ 1,355	\$ 328	\$ 1,683
2022	1,945	280	2,225
2023	2,013	207	2,220
2024	2,088	132	2,220
2025	1,294	54	1,348
Thereafter	153	6	159
Total	\$ 8,848	\$ 1,007	\$ 9,855

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. Interest expense on indebtedness was \$13,567 and \$13,457 for the years ended June 30, 2020 and 2019, respectively.

Contracts have been entered into for capital construction projects amounting to approximately \$12,713. The estimated cost to complete construction in progress at June 30, 2020 is \$14,842.

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was \$1,965 and \$1,345 in 2020 and 2019, respectively. At June 30, 2020, the University is committed to future minimum operating lease payments of \$1,746 in 2021; \$1,381 in 2022; \$991 in 2023; \$685 in 2024; and \$685 in 2025.

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NOTE 7 DEBT (CONTINUED)

Long-term liabilities activity for the year ended June 30, 2020, consisted of the following:

Description	Due Dates	Interest Rate	Balance			Balance	
			June 30, 2019	Additions	Retirements	June 30, 2020	Current
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	\$ 5,355	\$ -	\$ 850	\$ 4,505	\$ 865
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	71,095	-	1,995	69,100	-
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005 Total private placement bonds	2031-2036	Variable	15,610	-	-	15,610	-
			92,060	-	2,845	89,215	865
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325	-	-	1,325	-
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	695	-	695	-	-
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	2,975	-	1,450	1,525	1,525
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	32,845	-	2,080	30,765	2,180
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	70,470	-	2,495	67,975	3,120
General Receipts Series 2017B, serial bonds Refund Series 2011B maturities 2022-2031	2022-2031	5.00%	35,655	-	-	35,655	-
General Receipts Series 2018A, serial bonds Refund remaining Series 2008A	2019-2027	5.00%	8,580	-	645	7,935	1,095
General Receipts Series 2018B, serial bonds Refund partial Series 2008A and all of Series 2007A Total serial bonds	2033-2044	4.26%	28,320	-	-	28,320	-
			180,865	-	7,365	173,500	7,920
Interest rate swap contract (see Note 8)			12,670	-	1,088	11,582	1,059
Capital lease obligation	2016-2021	Various	438	9,176	766	8,848	1,355
Total other long-term debt			13,108	9,176	1,854	20,430	2,414
Total long-term debt			\$ 286,033	\$ 9,176	\$ 12,064	\$ 283,145	\$ 11,199
Less current portion						11,199	
Long-term liabilities						<u>\$ 271,946</u>	

Description	Due Dates	Interest Rate	Balance			Balance	
			June 30, 2019	Additions	Retirements	June 30, 2020	Current
Compensated absences			\$ 33,438	\$ 15,726	\$ 15,262	\$ 33,902	\$ 25,866
Less current portion						25,866	
Noncurrent compensated absences						<u>\$ 8,036</u>	

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NOTE 7 DEBT (CONTINUED)

Long-term liabilities activity for the year ended June 30, 2019, consisted of the following:

Description	Due Dates	Interest Rate	Balance			Balance	
			June 30, 2018	Additions	Retirements	June 30, 2019	Current
General Receipts Series 2013A, private placement bonds Refund Series 2004	2014-2025	1.99%	\$ 6,190	\$ -	\$ 835	\$ 5,355	\$ 850
General Receipts Series 2013B, private placement bonds Refund Series 2011A	2015-2032	Variable	72,985	-	1,890	71,095	1,995
General Receipts Series 2013D, private placement bonds Refund partial Series 2007B and all of Series 2005	2031-2036	Variable	15,610	-	-	15,610	-
Total private placement bonds			94,785	-	2,725	92,060	2,845
General Receipts Series 2007B, term bonds: Renovations for athletic, classrooms, and library	2031-2036	Variable	1,325	-	-	1,325	-
General Receipts series 2009A, serial and term bonds: Refund Series 1998, Hospital renovations and digital records	2010-2020	3.0% to 4.375%	2,235	-	1,540	695	695
General Receipts Series 2011B, serial and term bonds: Health Science campus improvements and Medical Center reconstruction for cancer center	2015-2031	4.5% to 5.0%	4,355	-	1,380	2,975	1,450
General Receipts Series 2013C, serial bonds Refund Series 2009B	2019-2031	5.00%	34,180	-	1,335	32,845	2,080
General Receipts Series 2017A, serial bonds Refund partial Series 2008A and all of Series 2007A	2019-2047	3.625% to 5.0%	72,820	-	2,350	70,470	2,495
General Receipts Series 2017B, serial bonds Refund Series 2011B maturities 2022-2031	2022-2031	5.00%	35,655	-	-	35,655	-
General Receipts Series 2018A, serial bonds Refund remaining Series 2008A	2019-2027	5.00%	9,175	-	595	8,580	645
General Receipts Series 2018B, serial bonds Refund partial Series 2008A and all of Series 2007A	2033-2044	4.26%	28,320	-	-	28,320	-
Total serial bonds			188,065	-	7,200	180,865	7,365
Interest rate swap contract (see Note 8)			13,835	-	1,165	12,670	1,071
Capital lease obligation	2016-2021	Various	802	-	364	438	328
Total other long-term debt			14,637	-	1,529	13,108	1,399
Total long-term debt			\$ 297,487	\$ -	\$ 11,454	\$ 286,033	\$ 11,609
Less current portion						11,609	
Long-term liabilities						<u>\$ 274,424</u>	

Description	Due Dates	Interest Rate	Balance			Balance	
			June 30, 2018	Additions	Retirements	June 30, 2019	Current
Compensated absences			\$ 32,493	\$ 17,077	\$ 16,132	\$ 33,438	\$ 24,698
Less current portion						24,698	
Noncurrent compensated absences						<u>\$ 8,740</u>	

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NOTE 7 DEBT (CONTINUED)

Principal and interest on long-term debt are payable from general receipts. The obligations are generally callable. The future amounts of principal and interest payments required by the bond agreements are as follows:

	Principal	Interest	Swap Interest	Net Interest	Net P&I
2021	\$ 8,785	\$ 11,153	\$ 937	\$ 12,090	\$ 20,875
2022	10,690	10,658	1,018	11,676	22,366
2023	12,555	10,237	933	11,170	23,725
2024	13,130	9,577	1,002	10,579	23,709
2025	13,575	9,064	896	9,960	23,535
2026-2030	66,220	35,475	4,395	39,870	106,090
2031-2035	91,255	16,958	2,014	18,972	110,227
2036-thereafter	46,505	11,692	38	11,730	58,235
TOTALS	\$ 262,715	\$ 114,814	\$ 11,233	\$ 126,047	\$ 388,762

The University's General Receipts Bonds contain a provision that in any event of default, the trustee may declare the principal and accrued interest of all outstanding bonds be due and payable immediately. Furthermore, in such events of default and upon the written request of the holders of at least 25% of the outstanding bonds, the trustee must declare the principal and accrued interest of all outstanding bonds to be due and payable immediately.

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NOTE 8 INTEREST RATE SWAPS

In order to hedge against interest rate fluctuations on the Series 2002 variable rate bonds, the University entered into three interest rate derivative (swap) agreements in November 2002. One swap expired June 1, 2020. The two remaining swaps expire on June 1, 2032 and have a current notional value of \$52,125. These swaps are associated with the Series 2013B Bonds and the counterparty for these swaps is JP Morgan Chase. The University pays a fixed rate of 3.888% to the counterparty and receives a variable rate of interest of 71% of one-month LIBOR from the counterparty on these two swaps. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the two swap agreements as of June 30, 2020 is a liability of \$11,681 compared to a liability of \$6,390 on June 30, 2019.

In April, 2007, the University entered into a swap agreement with JP Morgan Chase that expires on June 31, 2036, in the notional amount of \$33,250, to hedge a portion of the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. \$17,640 of the notional amount is now associated with the Series 2013B and the remaining \$15,610 notional value is associated with the Series 2013D. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.666% to the swap counterparty. In return, the counterparty owes the University interest at a variable rate based on 68% of one-month LIBOR. Only the net difference in interest payments is actually exchanged with the counterparty. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, and then discounted using the spot rates implied by the current yield curve. The mark-to-market valuation on the swap agreement as of June 30, 2020 is a liability \$5,870 compared to a liability of \$3,158 on June 30, 2019.

Upon termination of any of the swap agreements, a payment may be owed by the University to the swap counterparty or by the swap counterparty to the University, depending on the prevailing economic circumstances at the time of the termination.

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NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Effective Date	Type	Objective	Notional Amount	Pays	Receives	Maturity Date	Counter Party Credit Rating	MTM @ 06/30/20	MTM @ 06/30/19
11/16/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	\$ 24,690	3.888%	71% Libor	6/1/32	Aa3/A+	\$ (5,533)	\$ (3,028)
11/19/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	27,435	3.888%	71% Libor	6/1/32	Aa3/A+	(6,148)	(3,365)
4/26/07	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	33,250	3.660%	68% Libor	6/1/36	Aa3/A+	(5,870)	(3,158)
12/1/02	Pay-Fixed, Rec-Var.	Synthetic Fixed Interest	-	5.000%	67% Libor	6/1/20	Aa3/A+	-	3
			<u>\$ 85,375</u>					<u>\$ (17,551)</u>	<u>\$ (9,548)</u>

Interest rate swaps are classified as hedging derivative instruments, if the hedging instruments meet the criteria outlined in GASB 53, paragraph 27a and b, or as investment derivative instruments if they do not meet the criteria. All of the swap agreements have been determined to be effective hedging derivative instruments as of both June 30, 2020 and June 30, 2019.

All of the University's hedging relationships in fiscal year 2012 were terminated in fiscal year 2013 and designated into new hedging relationships. In accordance to GASB 53 these swaps are considered hybrid instruments consisting of a financing element and an embedded derivative. The at-market amount of the swaps at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of (\$17,551). The above-market amounts which equal \$11,581 are considered borrowings and are included in long term debt which will be paid down by a portion of the swaps' periodic fixed payments.

As of the balance sheet date, the swap agreements can be summarized as follows:

	Change in Fair Value		Fair Value at June 30, 2020		Fair Value at June 30, 2019	
	2020	2019	Classification		Classification	
			Amount	Notional	Amount	Notional
Business-type activities						
Cash flow hedges:						
Pay-fixed interest rate swaps				Deferred charge		Deferred charge
(receive-variable)	\$ (8,003)	\$ (7,053)	\$ (17,551)	\$ 85,375	\$ (9,548)	\$ 87,330

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

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NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Rating	Bear Stearns (JPM) 2002 (Swap A and B)	Bank One (JPM) 2002 (Swap C)	JPM 2007B
Aaa/AAA	Infinity	Infinity	Infinity
Aa1, Aa2, Aa3/AA+, AA, AA-	Infinity	Infinity	Infinity
A1/A	10,000	Infinity	Infinity
A2/A	10,000	Infinity	Infinity
A3/A-	10,000	Infinity	Infinity
Baa1/BBB+	5,000	5,000	5,000
Baa2/BBB	500	3,000	3,000
Baa3/BBB-	500	0	0
Below Baa3/BBB- or suspended, withdrawn or unrated	0	0	0

As of June 30, 2020, the University's net liability position is \$29,132 exclusive of accrued interest in the amount of \$240 compared to a net liability position of \$22,219 in 2019. The University has not been required to post collateral with any counterparty as of June 30, 2020.

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

Although the University originally executed interest rate swap agreements with multiple counterparties, fall contracts, comprising approximately 100% of the net exposure to credit risk, are held with one company as the result of merger activity since 2002. That counterparty is rated Aa3/A+.

Interest Rate Risk – The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR or the Securities Industry and Financial Markets Association (SIFMA) swap decreases, the University's net payment on the swap increases.

Basis Risk – The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which, depending on the series is remarketed every 30 or 35 days.

Termination Risk – The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

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NOTE 8 INTEREST RATE SWAPS (CONTINUED)

Rollover Risk – The University is exposed to rollover risk on its LIBOR-based interest rate swaps that mature or may be terminated prior to the maturity of the hedged debt. When these hedging interest rate swaps terminate, or in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the interest rate swaps.

NOTE 9 RETIREMENT BENEFITS

The University participates in the State Teachers Retirement System of Ohio (STRS) and the Ohio Public Employees Retirement System (OPERS). Each is a statewide, cost-sharing, multiple-employer public employee retirement system governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has three retirement plan options available and provides retirement, survivor and disability benefits to plan members and their beneficiaries. The systems also provide postemployment healthcare benefits to retirees and beneficiaries. Employees may opt out of STRS or OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements. The ARP is a defined contribution plan using state-approved investment providers and does not include disability, health care, or death benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. The reports may be obtained by contacting:

State Teachers Retirement System of Ohio
275 E. Broad Street
Columbus, OH 43215
(888) 227-7877
www.strsoh.org

Ohio Public Employees Retirement System
277 East Town Street
Columbus, OH 43215
(800) 222-7377
www.opers.org

Contributions

STRS – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the plan years ended June 30, 2020 and 2019, the contribution rate was 14% of covered payroll for both members and employers. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2019, no employer allocation was made to the health care fund.

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

OPERS – The ORC provides statutory authority for member and employer contributions. Member contribution rates for the plan years ended December 31, 2019 and 2018 were 10% for the state and local division, 12% for the public safety division and 13% for the law enforcement division. Employer contribution rates for plan years 2019 and 2018 were 14% of covered payroll for the state and local division, and 18.1% of covered payroll for the law enforcement and public safety divisions. For the Traditional and Combined Plans no employer contributions were allocated to healthcare for 2018 and 2019. For the Member-Directed Plan, 4% of employer contributions was allocated to health care coverage for both 2018 and 2019.

ARP – The ORC provides statutory authority for member and employer contributions. Member contribution rates are the same as those required by the respective state retirement systems. For STRS-eligible employees who elected an ARP, the University contributed 9.53% of covered payroll to the selected investment provider during the 2019 plan year and 4.47% to STRS. For OPERS-eligible employees who elected an ARP, the University contributed 11.56% of covered payroll to the selected investment provider during the 2019 plan year and 2.44% to OPERS. The employer amounts remitted to STRS and OPERS are based on the statutory mitigating rate which is designed to offset any negative financial impact of the ARP on the state retirement systems.

University contributions to the retirement plans for the year ended June 30 are summarized below.

Plan	2020	2019
STRS	\$ 13,595	\$ 13,473
OPERS	27,015	27,323
ARP	7,937	7,851
Total	<u>\$ 48,547</u>	<u>\$ 48,647</u>

Benefits

STRS – Plan benefits are established under Chapter 3307 of the ORC, as amended by Substitute Senate Bill 342 in 2012, which gives the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustments as the need or opportunity arises, depending on the retirement system’s funding progress. STRS members have a choice of three retirement plans: a Defined Benefit (DB) plan, a Defined Contribution (DC) plan and a Combined Plan.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Benefits (Continued)

The Defined Contribution (DC) Plan allows members to place all their member contributions and the 9.53% portion of the 14% employer contribution into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% portion of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

DB and Combined Plan members are eligible for disability and death benefits based on specified criteria in the plan.

OPERS – Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS members have a choice of three retirement plans: the Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/defined contribution plan; and the Member-Directed Plan, a defined contribution plan. All state and local governmental employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS.

Retirement benefits in the Traditional Pension Plan are calculated on a formula that considers age, years of service and final average salary. Depending on when they joined the plan, members with five years of service are eligible for retirement at either age 60 or 62, and members with 25 years of service are eligible for retirement at either age 55 or 57. The annual benefit is 2.2% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 2.5% for years of service in excess. Final average salary is based on the highest three or five years of earnings, depending on when the member joined. Members who retire before meeting the age and service requirements receive a percentage reduction in the benefit amount.

Law Enforcement and Public Safety members, as defined in ORC Chapter 145, are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans.

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

For the Member-Directed Plan, the amount available for benefits consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Benefits in the Combined Plan consist of both an age-and-service formula and a defined contribution element. The defined benefit element is calculated on the basis of age, final average salary, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Plan. The annual benefit is 1% of final average salary for the first 30 or 35 years of service, depending on when the member joined, and 1.25% for years of service in excess.

Members in the Traditional Pension Plan and Combined Plan are eligible for Disability, Survivor and Death benefits based on age and/or service criteria. Members of the Member-Directed Plan do not qualify for these ancillary benefits. A cost-of-living adjustment is provided for retirement benefits under the Traditional Plan and the defined benefit portion of the Combined Plan. For those who retired prior to January 7, 2013, current law provides for a 3% adjustment. For subsequent retirees, beginning in calendar year 2019, current law provides an adjustment based on the Consumer Price Index but capped at 3%.

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2020 and 2019, the University reported a liability for its proportionate share of the net pension liability of STRS and the OPERS traditional plan, as well as an asset for its proportionate share of the net pension asset of the OPERS combined plan and member-directed plan. The net pension liability and asset were measured as of July 1, 2019 and July 1, 2018 respectively for STRS and December 31, 2019 and December 31, 2018 respectively for the OPERS plans. The total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability or asset was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

Plan	Measurement Date	Net Pension Liability/(Asset)		Proportionate Share		
		2020	2019	2020	2019	Change
STRS	July 1	\$ 180,297	\$ 181,318	0.815%	0.825%	0.01%
OPERS Traditional	December 31	258,368	326,181	1.307%	1.191%	-0.12%
OPERS Combined and Member-Directed	December 31	(3,584)	(1,717)	1.451%	1.356%	-0.09%

For the year ended June 30, 2020 and 2019, the University recognized pension expense of \$65,378 and 91,515, respectively.

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

At June 30, 2020 the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,467	\$ 780	\$ 151	\$ 4,098
Changes of assumptions	21,180	-	14,172	-
Difference between projected and actual investment earnings	-	8,812	-	52,012
Changes in proportion and differences between University contributions and proportionate share of contributions	-	11,825	19,606	5,186
Contributions after the measurement date	13,582	-	12,797	-
Total	\$ 36,229	\$ 21,417	\$ 46,726	\$ 61,296

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 4,186	\$ 1,184	\$ 148	\$ 5,201
Changes of assumptions	32,133	-	29,033	-
Difference between projected and actual investment earnings	-	10,995	42,272	-
Changes in proportion and differences between University contributions and proportionate share of contributions	840	14,892	260	14,667
Contributions after the measurement date	13,454	-	13,263	-
Total	\$ 50,613	\$ 27,071	\$ 84,976	\$ 19,868

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 7,444
2022	(11,738)
2023	(2,828)
2024	(18,957)
2025	26
Thereafter	(84)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2021).

Actuarial Assumptions – The total pension liability is based on the results of an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

	STRS - as of 6/30/19	OPERS - as of 12/31/19
Valuation date	July 1, 2019	December 31, 2019
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	1.4 percent - 3.0 percent
Salary increases, including inflation	2.5 percent - 12.5 percent	3.25 percent - 10.75 percent
Price inflation	2.5 percent	2.5 percent
Investment rate of return	7.45 percent, net of investment expense	7.2 percent, net of investment expense
Experience study rate	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table and MP-2016 mortality improvement scale	RP-2014 Healthy Annuitant Mortality Table and MP-2015 mortality improvement scale

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

	STRS - as of 6/30/18	OPERS - as of 12/31/18
Valuation date	July 1, 2018	December 31, 2018
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	0.0 percent	2.15 percent - 3.0 percent
Salary increases, including inflation	2.5 percent - 12.5 percent	3.25 percent - 10.75 percent
Price inflation	2.5 percent	2.5 percent
Investment rate of return	7.45 percent, net of investment expense	7.2 percent, net of investment expense
Experience study rate	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant Mortality Table and MP-2016 mortality improvement scale	RP-2014 Healthy Annuitant Mortality Table and MP-2015 mortality improvement scale

Discount Rate – The discount rate used to measure the total pension liability was 7.45% for STRS and 7.2% for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

STRS as of 6/30/2019			OPERS as of 12/31/2019		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	25.00%	1.83%
International Equity	23.00%	5.30%	Domestic Equity	19.00%	5.75%
Alternatives	17.00%	4.84%	Real Estate	10.00%	5.20%
Fixed Income	21.00%	0.75%	Private Equity	12.00%	10.70%
Real Estate	10.00%	3.75%	International Equity	21.00%	7.66%
Liquidity Reserves	1.00%	0.00%	Other Investments	13.00%	4.98%
Total	<u>100.00%</u>		Total	<u>100.00%</u>	

STRS as of 6/30/2018			OPERS as of 12/31/2018		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	23.00%	2.79%
International Equity	23.00%	5.30%	Domestic Equity	19.00%	6.21%
Alternatives	17.00%	4.84%	Real Estate	10.00%	4.90%
Fixed Income	21.00%	0.75%	Private Equity	10.00%	10.81%
Real Estate	10.00%	3.75%	International Equity	20.00%	7.83%
Liquidity Reserves	1.00%	0.00%	Other Investments	18.00%	5.50%
Total	<u>100.00%</u>		Total	<u>100.00%</u>	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University’s net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 percent decrease	Current discount rate	1.00 percent increase
STRS 6/30/2019	6.45% \$ 263,485	7.45% \$ 180,297	8.45% \$ 109,875
OPERS 12/31/2019	6.20% 423,969	7.20% 254,784	8.20% 102,944
Total	<u>\$ 687,454</u>	<u>\$ 435,081</u>	<u>\$ 212,819</u>

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NOTE 9 RETIREMENT BENEFITS (CONTINUED)

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2018	6.45%	\$ 264,791	7.45%	\$ 181,318	8.45%	\$ 110,670
OPERS 12/31/2018	6.20%	481,293	7.20%	324,464	8.20%	194,250
Total		<u>\$ 746,084</u>		<u>\$ 505,782</u>		<u>\$ 304,920</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued STRS and OPERS financial report.

Payable to the Pension Plan – The University reported a payable of \$1,123 and \$4,348 to OPERS at June 30, 2020 and 2019, respectively, for the outstanding amount of contributions required for the years then ended.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

As described in Note 9, both STRS and OPERS provide benefits other than pensions, such as health care, that meet the GASB criteria for other postemployment benefit OPEB plans.

The net OPEB liability represents the University’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

GASB 75 assumes the OPEB liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions

STRS (State Teachers Retirement System)

STRS administers a cost-sharing health plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

ORC Chapter 3307 authorizes STRS to offer the plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to postemployment health care.

OPERS (Ohio Public Employees Retirement System)

The ORC permits, but does not require, OPERS to offer postemployment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2019 CAFR.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of postemployment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0% for 2019 and 2018, respectively. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0% for 2019 and 2018.

Net OPEB Liability, Deferrals, and OPEB Expense – At June 30, 2020 and 2019, the University reported a liability for its proportionate share of the net OPEB liability of OPERS, and an asset and liability, respectively, for its proportionate share of the net OPEB asset/liability of STRS. The net OPEB liability for OPERS was measured as of December 31, 2019 and December 31, 2018. The net OPEB asset and liability for STRS were measured as of July 1, 2019 and July 1, 2018, respectively. The total OPEB liability used to calculate the net OPEB liability and asset was determined by an actuarial valuation as of those dates. The University’s proportion of the net OPEB liability and asset was based on its share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Plan	Measurement Date	Share of Net OPEB Liability					Change
		(Asset)		Proportionate Share			
		2020	2019	2020	2019		
STRS	July 1	\$ (13,503)	\$ (13,251)	0.815%	0.825%	0.01%	
OPERS	December 31	181,519	156,522	1.314%	1.200%	-0.11%	

For the years ended June 30, 2020 and 2019, the University recognized OPEB income and expense of (\$16,258) and \$18,578, respectively.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,224	\$ 687	\$ 5	\$ 16,601
Changes of assumptions	284	14,805	28,732	-
Difference between projected and actual investment earnings	-	848	-	9,243
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,346	9,303	3,977
Contributions after the measurement date	-	-	13	-
Total	\$ 1,508	\$ 17,686	\$ 38,053	\$ 29,821

At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS		OPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,548	\$ 772	\$ 58	\$ 425
Changes of assumptions	-	18,056	5,491	-
Difference between projected and actual investment earnings	-	1,514	6,522	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,461	-	7,836
Contributions after the measurement date	-	-	15	-
Total	\$ 1,548	\$ 21,803	\$ 12,086	\$ 8,261

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in benefit expense as follows:

Year Ending	June 30	
	STRS	OPERS
2021	\$ (3,520)	\$ 6,232
2022	(3,520)	5,771
2023	(3,158)	(84)
2024	(3,051)	(3,700)
2025	(2,972)	-
Thereafter	43	-

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year (2021).

Actuarial Assumptions – The total OPEB liability is based on the results of an actuarial valuation using the following key assumptions, applied to all periods included in the measurement:

	STRS - as of 6/30/19	OPERS - as of 12/31/19
Inflation	2.50%	3.25%
Salary increases	12.50% at age 20 to 2.50% at age 65	3.25% - 10.75% (includes inflation)
Blended discount rate of return	7.45%	3.16%
Investment rate of return	7.45 percent, net of investment expenses, including inflation	6.00 percent, net of investment expenses
Health care cost trends	4.93% - 9.62% initial, 4.00% ultimate	10.5% initial, 3.25% ultimate in 2030

	STRS - as of 6/30/18	OPERS - as of 12/31/18
Inflation	2.50%	3.25%
Salary increases	12.50% at age 20 to 2.50% at age 65	3.25% - 10.75% (includes inflation)
Blended discount rate of return	7.45%	3.96%
Investment rate of return	7.45 percent, net of investment expenses, including inflation	6.00 percent, net of investment expenses
Health care cost trends	-5.23% - 6.00% initial, 4.00% ultimate	10.00% initial, 3.25% ultimate in 2029

STRS

For healthy retirees, the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

STRS (Continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members. Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

OPERS

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

Discount Rate

STRS

The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care fund investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2019.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPERS

A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Target Investment Allocation and Long-term Expected Real Rate of Return

STRS as of 6/30/2019			OPERS as of 12/31/2019		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	36.00%	1.53%
International Equity	23.00%	5.30%	Domestic Equity	21.00%	5.75%
Alternatives	17.00%	4.84%	Real Estate	6.00%	5.69%
Fixed Income	21.00%	0.75%	International Equity	23.00%	7.66%
Real Estate	10.00%	3.75%	Other Investments	14.00%	4.90%
Liquidity Reserves	1.00%	0.00%			
Total	<u>100.00%</u>		Total	<u>100.00%</u>	

STRS as of 6/30/2018			OPERS as of 12/31/2018		
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Fixed Income	34.00%	2.42%
International Equity	23.00%	5.30%	Domestic Equity	21.00%	6.21%
Alternatives	17.00%	4.84%	Real Estate	6.00%	5.98%
Fixed Income	21.00%	0.75%	International Equity	22.00%	7.83%
Real Estate	10.00%	3.75%	Other Investments	17.00%	5.57%
Liquidity Reserves	1.00%	0.00%			
Total	<u>100.00%</u>		Total	<u>100.00%</u>	

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate – The following presents the net OPEB liability of the University, calculated using the current discount rate listed below, as well as what the University’s net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate. Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1.00 percentage point lower and higher than the current rate.

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NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan	1.00 percent decrease		Current discount rate		1.00 percent increase	
STRS 6/30/2019	6.45%	\$ (11,522)	7.45%	\$ (13,503)	8.45%	\$ (15,169)
OPERS 12/31/2019	2.16%	237,546	3.16%	181,519	4.16%	136,659
Total		<u>\$ 226,024</u>		<u>\$ 168,016</u>		<u>\$ 121,490</u>

Plan	1.00 percent decrease		Current health care trend rate		1.00 percent increase	
STRS 6/30/2019		\$ (15,312)		\$ (13,503)		\$ (11,288)
OPERS 12/31/2019		176,162		181,519		186,807
Total		<u>\$ 160,850</u>		<u>\$ 168,016</u>		<u>\$ 175,519</u>

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued STRS and OPERS financial report.

Payable to the OPEB Plan – The University did not have a payable to the OPEB plans as of June 30, 2020 and 2019.

Assumption Changes Since the Prior Measurement Date

STRS

There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date

STRS

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Subsequent Events

OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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NOTE 11 CONTINGENCIES AND COMMITMENTS

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University participates in the Inter-University Council Risk Management and Insurance Consortium (IUC-RMIC). Since 1994, the IUC-RMIC Universities have purchased their property and casualty insurance on a group basis. The IUC-RMIC formalized their pooling in 2006 and created the Board of Governors. The Board of Governors is comprised of representatives from each University and is the decision making body for insurance issues of the group programs. There are three committees related to the insurance program that report to the Board of Governors: Underwriting, Loss Control, and Audit. Underwriting and Loss Control have representation from each University. In 2009, a director was hired to coordinate the activities of the IUC-RMIC and act as a facilitator to other IUC committees and university departments to address insurance and risk related issues.

Through the IUC-RMIC group, the University maintains property insurance with a \$100 deductible, a pre-funded group pool deductible of \$350 per occurrence, and an annual group aggregate stop-loss of \$700. With the policy renewal effective July 1, 2020, losses due to natural catastrophes, such as flood, earthquake, and wind, will incur larger deductibles. Total insurable value for the University of Toledo is approximately \$3,253,000.

The casualty portion of the IUC-RMIC program provides educator's legal liability, general liability, and automobile liability, and includes a \$100 deductible. There is also a casualty group pool fund with dedicated limits for each member totaling \$10,000 which consists of \$1,000 by the members and \$9,000 from reinsurance. Finally, there are general liability shared excess limits totaling \$30,000. The educator's legal liability coverage has shared excess limits totaling \$25,000 in excess of the pool.

The IUC-RMIC also provides other coverages such as foreign liability with travel assistance, special accident, crime, cyber and fiduciary. The University's contributions to IUC for property and casualty coverage totaled \$1,215 and \$1,042 for 2020 and 2019, respectively.

The University participates in a state pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the preceding five-year experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the workers' compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the workers' compensation claims of participating state agencies and universities.

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NOTE 11 CONTINGENCIES AND COMMITMENTS (CONTINUED)

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. The estimated value of these claims was \$5,125 and \$5,596 as of June 30, 2020 and 2019, respectively. Settlements have not exceeded insurance coverage in each of the past three years.

Academic Affiliation Agreement

On August 26, 2015, the University and ProMedica Health System (ProMedica) entered into an academic affiliation agreement for a period of 50 years. ProMedica is a nonprofit health system located in Toledo, Ohio, with facility locations in northwest Ohio and southeast Michigan. The agreement aligns the University's University of Medicine and Life Sciences with ProMedica to collaborate and support training of physicians and other healthcare professionals; achieve physician synergies; train the next generation of healthcare providers; extend academic and research capabilities to the community; and support the academic, training, and research missions of the University and its faculty.

As part of the agreement, ProMedica committed to a \$40 million initial investment in the University of Medicine and Life Sciences which was paid in three installments. ProMedica will also make annual academic affiliation investments to support the academic mission of the University of Medicine and Life Sciences that will range from \$12.5 million to \$50 million over a five-year transition period beginning on July 1, 2016. After the transition period, annual academic affiliation payments will be based on ProMedica's annualized patient service revenue and is expected to be at least \$50 million. ProMedica is also committing \$250 million in capital spending to enhance the academic mission of the University of Medicine and Life Sciences.

NOTE 12 RELATED PARTY TRANSACTIONS

During fiscal year 2019, the University transferred an endowment fund in the amount of \$1,153 and a loan fund in the amount of \$1,573 to the Foundation as requested by the originators of the respective funds.

During fiscal year 2020, the Foundation Real Estate Corporation transferred land to the University in the amount of \$977. During fiscal year 2019, the Foundation Real Estate Corporation transferred land to the University in the amount of \$2,733.

At its March 2016 meeting, the Foundation board of trustees approved funding by the pooled investment portfolio of up to \$6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with the first draw in August 2016. The balance owed to the pool was \$3,997 and \$4,636 as of June 30, 2020 and 2019, respectively.

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NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

On March 30, 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-VHC Alliance Newco, Inc. (now known as Vizient, Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at \$2,000 as of June 30, 2016, and a corresponding receivable was recorded by the University. The value at June 30, 2020 and 2019 is \$2,013.

During 2015, the Corporation purchased a residence for \$922 and entered into a contract to renovate the residential property. Immediately following renovations, the Corporation and the University entered into a 20-year lease agreement commencing on July 1, 2015 and terminating on June 30, 2035 with four additional five-year renewal options. The lease agreement was amended and restated on January 1, 2016 and the annual lease income was restated to one dollar per year.

In December 2019, UTP-CF began leasing space from the Foundation for an annual amount of \$100. The total amount paid for the year ending June 30, 2020, was \$58.

During the years ended June 30, 2020 and 2019, the University paid \$28,863 and \$29,446, respectively, to UTP-CF primarily for wage expense where the University utilized UTP-CF's employees.

During the years ended June 30, 2020 and 2019, the University received \$1,659 and \$1,659, respectively, from UTP-CF for the hospital facility fee charged to patients in connection with professional services rendered in hospital-based clinics. The University also received \$4,010 and \$4,010 from UTP-CF for the years ended June 30, 2020 and 2019, respectively, as reimbursement for expenses paid on behalf of UTP-CF.

Accounts receivable from UTP-CF were \$511 and \$1,197 as of June 30, 2020 and 2019. Accounts payable to UTP-CF were \$1,719 and \$2,465 as of June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the University paid \$435 and \$537, respectively, to UTMAC LLC for professional liability and medical stop-loss insurance.

During the years ended June 30, 2020 and 2019, UTP-CF paid \$1,341 and \$1,378, respectively, to UTMAC LLC for professional liability insurance.

During the years ended June 30, 2020 and 2019, UTMAC LLC declared and paid dividends of \$2,280 and \$6,500, respectively, to UTP-CF. In addition, UTMAC LLC returned capital contributions totaling \$17,320 to UTP-CF during the year ended June 30, 2020. UTP-CF subsequently transferred these distributions to the University in support of the broader mission of the collective enterprise.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 13 FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses by functional classification for the year ended June 30, 2020 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	\$ 235,673	\$ 83,914	\$ 27,737	\$ 18,797	\$ 366,121
Instruction	200,150	2,905	2,041	4,803	209,899
Research	22,144	5,855	3,561	10,981	42,541
Public Service	5,910	221	2,224	1,945	10,300
Academic Support	33,022	251	4,081	4,332	41,686
Student Services	19,103	527	705	3,234	23,569
Institutional Support	66,876	881	17,133	140	85,030
Operation and Maintenance of Plant	13,141	2,051	1,204	10,320	26,716
Auxiliary Enterprises	22,477	3,167	18,818	16,195	60,657
	<u>\$ 618,496</u>	<u>\$ 99,772</u>	<u>\$ 77,504</u>	<u>\$ 70,747</u>	<u>866,519</u>
Student Aid					24,289
Depreciation					54,011
Provision for Bad Debts					421
Total Operating Expenses					<u>\$ 945,240</u>

Operating expenses by functional classification for the year ended June 30, 2019 are summarized as follows:

	Payroll	Supplies	Services	Other	Total
Patient Services	\$ 238,393	\$ 82,528	\$ 23,368	\$ 17,921	\$ 362,210
Instruction	199,231	4,160	2,681	6,038	212,110
Research	19,706	6,641	5,361	10,071	41,779
Public Service	4,406	238	2,112	1,566	8,322
Academic Support	28,440	3,129	7,871	3,186	42,626
Student Services	18,843	675	1,049	3,682	24,249
Institutional Support	62,945	532	18,245	516	82,238
Operation and Maintenance of Plant	14,147	3,001	1,458	12,699	31,305
Auxiliary Enterprises	22,483	3,476	22,902	17,328	66,189
	<u>\$ 608,594</u>	<u>\$ 104,380</u>	<u>\$ 85,047</u>	<u>\$ 73,007</u>	<u>871,028</u>
Student Aid					20,725
Depreciation					55,462
Provision for Bad Debts					1,448
Total Operating Expenses					<u>\$ 948,663</u>

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 14 UPCOMING PRONOUNCEMENTS

GASB Statement No. 94 – The GASB has issued Statement No. 93, *Public-Private and Public Partnerships and Availability Payment Arrangements* which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third-parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The University has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

GASB Statement No. 95 – The GASB has issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 84, *Fiduciary Activities* (reporting periods beginning after December 15, 2019)
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (reporting periods beginning after December 15, 2020)
- Statement No. 90, *Majority Equity Interests* (reporting periods beginning after December 15, 2019)
- Statement No. 91, *Conduit Debt Obligations* (reporting periods beginning after December 15, 2021)
- Statement No. 92, *Omnibus 2020* (reporting periods beginning after June 15, 2021)
- Statement No. 93, *Replacement of Interbank Offered Rates* (fiscal years beginning after June 15, 2021, and all reporting periods thereafter)

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 14 UPCOMING PRONOUNCEMENTS (CONTINUED)

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87 and *Implementation Guide 2019-3 Leases* (fiscal years beginning after June 15, 2021, and all reporting periods thereafter)

GASB Statement No. 96 – The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The University has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

GASB Statement No. 97 – The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which is effective for fiscal years beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The University has not yet determined the effect that the adoption of GASB Statement No. 97 may have on its financial statements.

THE UNIVERSITY OF TOLEDO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)

NOTE 15 SUBSEQUENT EVENTS

The United States of America and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the University. The University's investment portfolio and the investments of the pension and other employee benefit plan in which the University participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the University's future operating costs and revenues, cannot be estimated.

The University was awarded \$13.5 million from the U.S. Department of Education/Higher Education Emergency Relief Fund during the year ended June 30, 2020. Half the funding is restricted to direct aid for students and half is available to assist with various expenses related to the disruption caused by the pandemic, including room and board refunds and tuition discounts. The University received \$8.4 million of these funds during the year ended June 30, 2020, with the remainder to be received during fiscal year 2021. In addition, the University was awarded \$8.7 million from the Ohio Department of Higher Education Coronavirus Relief Fund on July 31, 2020. These funds will be disbursed during fiscal year 2021 and are intended to cover necessary expenditures incurred as a result of the pandemic.

During the year ended June 30, 2020, UTMC received \$16.5 million in stimulus payments from the U.S. Department of Health and Human Services Provider Relief Fund (HHS PRF) and \$17.4 million in advance payments from the Centers for Medicare and Medicaid Services (CMS). \$5.7 million of the stimulus was recognized as nonoperating grant revenue for the year ended June 30, 2020, and the remainder, as well as the advance payment from CMS, was deferred until fiscal year 2021. The advance payment from CMS will be deducted from future remittances to the hospital during fiscal year 2021. UTMC also received an additional \$7.5 million from the HHS PRF in July 2020.

**THE UNIVERSITY OF TOLEDO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019
(DOLLARS IN THOUSANDS)**

Schedule of Pension Funding	2020		2019		2018		2017		2016	
	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS
Plan year end	June 30, 2019	December 31, 2019	June 30, 2018	December 31, 2018	June 30, 2017	December 31, 2017	June 30, 2016	December 31, 2016	June 30, 2015	December 31, 2015
University's proportion of the collective net pension liability:										
Percentage	0.82%	1.30%	0.82%	1.19%	0.87%	1.29%	0.89%	1.35%	0.91%	1.38%
Amount	\$ 180,297	\$ 254,784	\$ 181,318	\$ 324,464	\$ 206,268	\$ 200,690	\$ 297,264	\$ 304,944	\$ 251,992	\$ 239,124
University's covered-employee payroll	\$ 84,785	\$ 182,206	\$ 82,947	\$ 183,753	\$ 85,069	\$ 184,052	\$ 83,626	\$ 186,245	\$ 85,398	\$ 185,470
University's proportionate share of the collective pension liability as a percentage of covered-employee payroll	212.65%	139.83%	218.60%	176.58%	242.47%	109.04%	355.47%	163.73%	295.08%	128.93%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	82.44%	77.31%	74.91%	75.29%	84.85%	66.78%	77.39%	72.09%	81.19%

Schedule of Pension Contributions	2020		2019		2018		2017		2016	
	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS	STRS	OPERS
Statutorily required contribution	\$ 13,595	\$ 27,015	\$ 13,473	\$ 27,323	\$ 13,178	\$ 26,804	\$ 13,431	\$ 26,899	\$ 13,162	\$ 26,666
Contributions in relation to the actuarially determined contractually required contribution	\$ 13,595	\$ 27,015	\$ 13,473	\$ 27,323	\$ 13,178	\$ 26,804	\$ 13,431	\$ 26,899	\$ 13,162	\$ 26,666
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 84,710	\$ 183,883	\$ 84,059	\$ 186,901	\$ 82,939	\$ 184,427	\$ 85,062	\$ 190,184	\$ 83,566	\$ 188,684
Contributions as a percentage of covered employee	16.05%	14.69%	16.03%	14.62%	15.89%	14.53%	15.79%	14.14%	15.75%	14.13%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

THE UNIVERSITY OF TOLEDO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
(DOLLARS IN THOUSANDS)

Schedule of OPEB Funding	2020		2019		2018	
	STRS	OPERS	STRS	OPERS	STRS	OPERS
Plan year end	June 30, 2019	December 31, 2019	June 30, 2018	December 31, 2018	June 30, 2017	December 31, 2017
University's proportion of the collective net OPEB liability (asset):						
Percentage	0.82%	1.31%	0.82%	1.20%	0.87%	1.31%
Amount	\$ (13,503)	\$ 181,519	\$ (13,251)	\$ 156,522	\$ 33,878	\$ 142,060
University's covered-employee payroll	\$ 84,785	\$ 182,206	\$ 82,947	\$ 183,753	\$ 85,069	\$ 184,050
University's proportionate share of the collective net OPEB liability as a percentage of covered-employee payroll	-15.93%	99.62%	-15.98%	85.18%	39.82%	77.19%
Plan fiduciary net position as a percentage of the total OPEB liability	174.74%	47.80%	176.00%	46.33%	47.11%	54.14%

Schedule of OPEB Contributions	2020		2019		2018	
	STRS	OPERS	STRS	OPERS	STRS	OPERS
Statutorily required contribution	\$ -	\$ 28	\$ -	\$ 31	\$ -	\$ 29
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ 28	\$ -	\$ 31	\$ -	\$ 29
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 84,710	\$ 183,883	\$ 84,059	\$ 186,901	\$ 82,939	\$ 184,420
Contributions as a percentage of covered employee payroll	0.00%	0.02%	0.00%	0.02%	0.00%	0.16%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

**THE UNIVERSITY OF TOLEDO
LUCAS COUNTY**

**SINGLE AUDIT REPORTS AND THE
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2020



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**INDEPENDENT AUDITORS' REPORT 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***

Board of Trustees
The University of Toledo
Toledo, Ohio

We have audited, in accordance with the 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 financial statements of The University of Toledo and the discretely presented component unit of The University of Toledo, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise The University of Toledo's basic financial statements, and have issued our report thereon dated October 15, 2020. The University is a component unit of the State of Ohio. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University of Toledo's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The University of Toledo's internal control. Accordingly, we do not express an opinion on the effectiveness of The University of Toledo'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 entity'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 of Toledo'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 financial statements. 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.



CliftonLarsonAllen LLP

Toledo, Ohio
October 15, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
The University of Toledo
Toledo, Ohio

Report on Compliance for Each Major Federal Program

We have audited The University of Toledo's 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 of Toledo's major federal programs for the year ended June 30, 2020. The University of Toledo's major federal programs are identified in the summary of auditors' 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 of Toledo'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 of Toledo'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 of Toledo's compliance.

Opinion on Each Major Federal Program

In our opinion, The University of Toledo 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The University of Toledo's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University of Toledo'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 of Toledo 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 of Toledo'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 of Toledo'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The University of Toledo's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University of Toledo'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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of The University of Toledo as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise The University of Toledo's basic financial statements. We issued our report thereon dated October 15, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

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.



CliftonLarsonAllen LLP

Toledo, Ohio
April 7, 2021

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Award Title	CFDA No.	Primary Sponsor	Agency Number	Passed-Through to Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER					
FSEOG	84.007			\$ -	\$ 1,134,580
Pell Grant	84.063				21,641,777
Federal Workstudy	84.033				744,499
Federal Teach Grant	84.379				115,890
Federal Direct Loans advances during fiscal year	84.268				123,949,090
Federal Perkins Loans outstanding balance at 07/01/2019	84.038				10,302,615
Federal Perkins Loans advances during fiscal year	84.038				(1,666)
					<u>157,886,785</u>
Disadvantaged Student Loans outstanding balance at 07/01/2019	93.342				203,407
Primary Care Loans outstanding balance at 07/01/2019	93.342				543,945
Nurse Faculty Loans outstanding balance at 07/01/2019	93.264	2 - E01HP12956			147,145
Nurse Faculty Loans advances during fiscal year	93.264	2 - E01HP12956			35,224
					<u>929,721</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					<u>158,816,506</u>
HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF)					
HEERF - Student Aid Portion	84.425E				5,529,500
HEERF - Institutional Portion	84.425F				4,108,202
TOTAL HIGHER EDUCATION EMERGENCY RELIEF FUND					<u>9,637,702</u>
RESEARCH AND DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
Analysis of mechanisms involved in induction of abiotic and biotic stress tolerance through nutrition and temperature					
	10.001	U.S. Department of Agriculture	58-5082-6-012		159,086
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	U.S. Department of Agriculture	58-5090-6-057 Amd 05	113,764	177,550
Investigating leaf angle response to temperature and carbon dioxide	10.001	U.S. Department of Agriculture	58-5082-9-019		70,764
Biomonitoring of Iron Deficiency and Toxicity in Ornamental Plants	10.001	U.S. Department of Agriculture	58-5082-8-011		40,023
Biomonitoring of Nutritional and Environmental Stress in Plants	10.001	U.S. Department of Agriculture	58-3607-4-026		14,230
Research Support Agreement-Acquisition of Goods and Services	10.001	U.S. Department of Agriculture	58-5082-8-009		3,572
A new technology for high yield conversion of biomass carbohydrates to furans for bioproducts	10.310	U.S. Department of Agriculture	2018-67021-27953		136,308
Anti-Inflammatory and Anti-Oxidant Effects of Potato Anthocyanins -- Role of Gut Bacteria Passed-Through From Purdue University	10.310	U.S. Department of Agriculture	F0016275102007		3,041
Anti-Inflammatory and Anti-Oxidant Effects of Potato Anthocyanins -- Role of Gut Bacteria Passed-Through From Pennsylvania State University	10.310	U.S. Department of Agriculture	5831-UT-USDA-4512		(1,484)
Total U.S. Department of Agriculture					<u>603,090</u>
Economic Development Administration					
The University of Toledo Rocket Fuel Fund	11.020	Economic Development Administration	ED17HDQ0200013		88,831
Total Economic Development Administration					<u>88,831</u>
National Oceanic and Atmospheric Administration					
Quantifying Nutrient Retention By Coastal Wetlands for Guiding Restoration and Management Passed-Through From Ohio Department of Natural Resources					
	11.419	National Estuarine Research Reserve System	NA14NOS4190145		37,617
Building Resilient Shorelines-Phase IV Passed-Through From Ohio Department of Natural Resources	11.419	National Oceanic and Atmospheric Administration	NA16NOS4190094		18,579
Engaging Students and Teachers Through GLOBE: Authentic Watershed Studies in the Maumee and Lake Erie Watersheds	11.429	National Oceanic and Atmospheric Administration	NA19NOS4290024 B-WET	13,200	53,785
Great Lakes Student Research Part c	11.429	National Oceanic and Atmospheric Administration	B-WET-NA20NOS4290013		583
Forecasting the Risk of High Microcystin Exposure in Western Lake Erie Using Routine Monitoring Data Passed-Through From University of Michigan	11.432	National Oceanic and Atmospheric Administration	NA17OAR4320152 SUB		28,197
Linking process models and field experiments to forecast algal bloom toxicity in Lake Erie Passed-Through From Ohio State University	11.478	National Oceanic and Atmospheric Administration	60061697		30,490
Portable toxin detection technology to support Great Lakes decision support tools Passed-Through From Bowling Green State University	11.478	National Oceanic and Atmospheric Administration	10010367-UT		34,939
Total National Oceanic and Atmospheric Administration					<u>204,190</u>

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Award Title	CFDA No.	Primary Sponsor	Agency Number	Passed-Through to Subrecipients	Expenditures
U.S. Department of Defense					
Fabrication of 12 VO2 Films on 4" Wafers for NVL Passed-Through From Qinetiq	12.000	U.S. Department of the Army		\$	4,487
Development of Hot Non-Vitiated Air for Hypersonic Testing Passed-Through From Teledyne	12.000	U.S. Department of the Army			13,658
IDADSS II: Intelligent and Directed Antibiotic Decision Support System Passed-Through From Aptima, Inc	12.000	U.S. Department of the Army	1166-1946		20,042
Seed Program: Investigation of Power Electronics and Control Systems for Nuclear/Renewable Energy Parks Passed-Through From Idaho National Labs	12.000	U.S. Department of Energy	DE-AC07-05ID14517		3,000
High Specific Power Multi-JunctionThin Film PV	12.114	Air Force Research Laboratory	FA9453-18-2-0037		1,262,370
In Situ Investigations and Strategies for Addressing Extrinsic and Intrinsic Degradation Mechanisms in Perovskite Solar Cell Materials and Devices	12.300	Office of Naval Research	N00014-17-1-2223		110,951
Fundamental and Applied WBGs Device Modeling Investigation for Next Generation Naval Applications	12.300	Office of Naval Research	N00014-18-1-2676		127,739
Shear Fatigue Properties for Aerospace Materials Passed-Through From Technical Data Analysis	12.300	U.S. Department of the Navy	N68335-11-G-0033	(139)	
Air Wave Bearings for Turbine Engines	12.300	Office of Naval Research	N00014-19-1-2743		19,427
New experiments towards understanding shock sensitivity of energetic materials	12.300	Office of Naval Research	N00014-16-1-2058		(480)
Wideband and High-Power Reconfigurable Plasma Matching Network for Compact and Efficient Phased Array Emitters Passed-Through From Purdue University	12.300	Office of Naval Research	N00014-19-1-2549		17,523
A Novel Nuclear Interaction between Androgen Receptor and TM4SF3	12.420	U.S. Department of Defense	W81XWH-17-1-0263		204,302
Early Intervention to Reduce Alcohol Misuse and Abuse in the Ohio Army National Guard Passed-Through From University Hospitals of Cleveland	12.420	U. S. Army Medical Research and Materiel Command	W81XWH-14-2-0007		71,856
Pre-, Peri-, and Post-deployment Trajectories and Mechanisms of Psychopathology, Psychological Health and Resilience over 9 Years of Prospective Follow-up in the Reserves Passed-Through From University Hospitals of Cleveland	12.420	U. S. Army Medical Research and Materiel Command	W81XWH-15-1-0080		34,949
Development of Low Cost Materials and Devices for Flexible Tandem Space Solar Cells (ROSET)	12.800	Air Force Research Laboratory	FA9453-19-C-1002		814,669
TRACR-T: Tool for Rapid Assessment of Cognitive Readiness in Teams Passed-Through From Aptima, Inc	12.800	Air Force Research Laboratory	1151-1996 SLIN 002		81,927
A Global Hybrid LES/RANS Model for High Speed Aerodynamic Applications Passed-Through From Southwestern Ohio Council for Higher Education	12.800	Air Force Research Laboratory	DAGSI RQ11-UT-19-2		18,852
Lightweight Flexible Solar Cells	12.800	Air Force Research Laboratory	FA9453-11-C-0253		11,506
Total U.S. Department of Defense					2,816,639
U.S. Department of the Interior					
BLM Contract Solicitation L17PS00986: Production of PZP-22 Contraceptive Vaccine	15.229	Bureau of Land Management	L17PS00986		3,778
Sandusky River, Post-dam Removal, Habitat Restoration Assessment Passed-Through From Ohio State University	15.605	U.S. Fish and Wildlife Service			61,278
Gray Vireo Demography Passed Through from New Mexico Dept. of Game and Fish	15.608	U.S. Fish and Wildlife Service	1810052		25,822
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Passed-Through From Ohio Department of Natural Resources	15.634	U.S. Fish and Wildlife Service			73,407
Distribution, Density, and Demography of Spotted Turtles, Eastern box Turtles, and Red-Headed Woodpeckers in Oak Openings of Ohio and Michigan Passed-Through From Michigan Department of Natural Resources	15.634	U.S. Department of the Interior			42,576
Enhancement of Turtle Recruitment in the Kalamazoo River Passed-Through From U.S. Fish and Wildlife Service	15.658	U.S. Department of the Interior	F17AC00677		69,097
Use of existing fishery assessment data to determine detection probability of rare and newly introduced nonindigenous species in Lake Erie Passed-Through From Ohio Department of Natural Resources	15.662	U.S. Fish and Wildlife Service	FCGX05		64,208
Field Component: Use of existing fishery assessment data to determine detection probability of rare and newly introduced nonindigenous species in Lake Erie Passed-Through From Ohio Department of Natural Resources	15.662	U.S. Fish and Wildlife Service	DNR01-0000040973		46,762
Removal of invasive grass carp from Lake Erie and tributaries: targeted collection and modeling to improve catch Passed-Through From Ohio Department of Natural Resources	15.662	U.S. Fish and Wildlife Service	F18AP00885		111,212
Can health of aquatic wildlife indicate the quality of water resources? - Passed-Through From Ohio State University	15.805	U.S. Geological Survey	60066099		8,411
Identification of Optimal Sites for Maumee AOC Restoration Actions in the Lower Maumee River	15.808	U.S. Geological Survey	G19AC00077	61,687	184,427

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Examination of Factors Influencing Lake Whitefish Recruitment in the Detroit River and Western Lake Erie	15.808	U.S. Geological Survey	G16AC00345	\$	183,658
Ichthyoplankton Community Ecology and Distribution in Lake St. Claire	15.808	U.S. Geological Survey	G18AC00107		147,499
Vegetation Surveying in Support of Grass Carp Spawning Potential in the Sandusky River Basin	15.808	U.S. Geological Survey	G17AC00404 Mod 0002		89,342
Foodweb Dynamics in Western Lake Erie Associated with CSMI Sampling	15.808	U.S. Geological Survey	G19AC00415		91,274
Transitioning to a Long-Term Ecosystem Monitoring Program in the St. Clair-Detroit River System	15.808	U.S. Geological Survey	G19AC00427		72,269
Lake Huron Trophic Niche (CSMI 2017)	15.808	U.S. Geological Survey	G19AC00090		21,015
4584Lake Erie Live at Maumee Bay State Park Passed-Through From Great Lakes Commission	15.808	U.S. Geological Survey	G18AC00279		4,116
Total U.S. Department of the Interior					<u>1,300,151</u>
U.S. Department of Justice					
Center for Student Advocacy & Wellness Passed-Through From Ohio Attorney General	16.575	U.S. Department of Justice	2020-VOCA-132922229		212,073
Center for Student Advocacy & Wellness Passed-Through From Ohio Attorney General	16.575	U.S. Department of Justice	2019-VOCA-132134816		74,925
Total U.S. Department of Justice					<u>286,998</u>
National Aeronautic Space Administration					
W014- TBD Passed-Through From Vantage Partners, LLC	43.000	NASA John H. Glenn Research Center at Lewis Field	W014 VPL-15-018 MOD		52,658
A Snapshot WFC3 IR Survey of Spitzer/Herschel-Identified Protostars in Nearby Molecular Clouds	43.000	Space Telescope Science Institute			44,283
Radiative Feedback from Massive Stars as Traced by Multiband Imaging and Spectroscopic Mosaics Passed-Through From Space Telescope Science Institute	43.000	NASA Goddard Space Flight Center	JWST-ERS-01288.021-A		33,068
Mission Earth: Fusing GLOBE with NASA Assets to Build Systemic Innovation in STEM Education	43.001	National Aeronautics and Space Administration	NNX16AC54A	852,175	1,258,642
VPL-12-051 Multistage Turbomachinery Advanced Computational Tool Development W141_628 Passed-Through From Vantage Partners, LLC	43.001	NASA John H. Glenn Research Center at Lewis Field	NASA WO 628 #12-051A		184,834
A Spitzer, Herschel and WISE Census of Protostars within 500 pc of the Sun	43.001	National Aeronautics and Space Administration	80NSSC18K1564	3,904	95,991
4274Infrared Abundances and the Chemical Enrichment of the Universe	43.001	National Aeronautics and Space Administration	80NSSC18K0730	4,273	131,211
18-ADAP18-0200; Orion The Final Epoch	43.001	National Aeronautics and Space Administration	80NSSC19K0591-P0001	25,381	45,944
GaN-Based Power Bus Converter with Autonomous Control for Deep Space Small Spacecraft Power Subsystems Passed-Through From Jet Propulsion Laboratory	43.001	National Aeronautics and Space Administration	RSA1617414		23,406
Clusters, Clumps, Dust and Gas in Extreme Star-Forming Galaxies	43.001	Space Telescope Science Institute	Cycle 26 Program GO- - HST-GO-15649.001-A		43,022
The Cluster Population of UGC 2885	43.001	Space Telescope Science Institute			16,674
DETECTION OF NON-THERMAL X-RAY EMISSION FROM GAMMA2 VELORUM Passed-Through From University of Maryland at Baltimore	43.001	National Aeronautics and Space Administration			16,581
The 6 pc DASH: A WFC3 1.6 micron Survey of the Orion Integral Shaped Filament Passed-Through From Space Telescope Science Institute	43.001	NASA John H. Glenn Research Center at Lewis Field	GO Proposal 15141		23,098
UV Laboratory Measurements of Oscillator Strengths, Radiative Lifetimes, and Dissociation Products of CH, C2, and CS Passed-Through From The University of California at Davis	43.001	National Aeronautics and Space Administration	A18-1779-S001		17,051
GaN-Based Power Bus Converter with Autonomous Control for Deep Space Small Spacecraft Power Subsystems Passed-Through From Jet Propulsion Laboratory	43.001	National Aeronautics and Space Administration	1641181		21,537
PHANGS-HST: Linking Stars and Gas throughout the Scales of Star Formation	43.001	Space Telescope Science Institute	HST-GO-15654.005		12,712
Planet Occurrence around Mid-M Dwarfs in the Kepler Field	43.001	Jet Propulsion Laboratory	1580638		3,467
Bow-shocks and Jets in the Far-IR: Velocity Resolved Passed-Through From Universities Space Research Association	43.001	NASA Ames Research Center			1,926

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Award Title	CFDA No.	Primary Sponsor	Agency Number	Passed-Through to Subrecipients	Expenditures
Contract NAS2-97001 Cycle Four General Investigator (GI) Research Proposal for the Stratospheric Observatory for Infrared Astronomy (SOFIA) Project Passed-Through From Universities Space Research Association	43.001	NASA Ames Research Center	NAS2-97001	\$	(679)
Improved Constraints on Grain Growth from a Survey of Phosphorus and Chlorine Depletions in the Diffuse ISM	43.001	Space Telescope Science Institute	HST-AR-15807.002		1,708
Advanced Aerospace Seals Research Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.01.00.		180,194
Development of Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Passed-Through From Vantage Partners, LLC	43.002	NASA John H. Glenn Research Center at Lewis Field	NASA WO 141_628 Mod		158,077
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA.85T.04.00		146,134
Extended Durability of Materials in Aerospace Propulsion and Power Systems Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.05.00.		132,995
Advanced Aerospace Seals Research Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.01.00.		99,430
Analysis and Testing of Advanced Materials and Structures (85T.08) Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.08.00.		99,393
High Temperature Materials and Coatings for Extreme Environments - OY3 Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.18.00.		94,632
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Passed-Through From Universities Space Research Association	43.002	National Aeronautics and Space Administration	04555.13TA85T.23.00.		83,186
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.06.00.		82,607
Analysis for Future Aircraft Propulsion Systems Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.07.00.		79,782
Microstructural Analysis and Structure Property Relationships in Advanced Metallic Materials Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13T.85T.04.00.		73,665
Aeroelastic Analysis for Boundary Layer Ingesting Inlet-Fan Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.06.00.		68,089
Extended Durability of Materials in Aerospace Propulsion and Power Systems Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.05.00.		65,728
Turbomachinery Computational Aero-Acoustics (CAA) Passed-Through From Vantage Partners, LLC	43.002	NASA John H. Glenn Research Center at Lewis Field	NNC12BA01B VPL-12-05		63,908
Analysis and Testing of Advanced Materials and Structures (85T.08) Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.08.00.		48,244
High Temperature Materials and Coatings for Extreme Environments - OY3 Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.18.00.		46,769
Turbomachinery Computational Aero-Acoustics (CAA) Passed-Through From Vantage Partners, LLC	43.002	NASA John H. Glenn Research Center at Lewis Field	NNC12BA01B VPL-12-05		50,381
Development of Computed Tomography and Digital Radiography for Aerospace Materials and Facilities Operations Passed-Through From Universities Space Research Association	43.002	National Aeronautics and Space Administration	04555.13TA85T.23.00.		41,111
Analysis for Future Aircraft Propulsion Systems Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	04555.13TA85T.07.00.		39,429
Hyperspectral Imager Atmospheric Correction	43.002	NASA John H. Glenn Research Center at Lewis Field	NNC15MF73P		21,430
Advanced Aerospace Seals Research for Reimbursable Interagency Agreement with DARPA – Task 91T.34 Passed-Through From Universities Space Research Association	43.002	NASA John H. Glenn Research Center at Lewis Field	Task 91T.34 - MOD 87		20,162
WFC3 Imaging of 24 micron Dopout Protostars in Orion	43.002	Space Telescope Science Institute	HST-GO-14695.001-A		20,247
Scalable production of boron nitride nano-sheets (BNNS) using compressible flow exfoliation	43.002	NASA John H. Glenn Research Center at Lewis Field	80NSSC18P2868		19,667
Brown Dwarf and Exoplanet Weather Forecasts: Are Y Dwarfs Partly Cloudy? Passed-Through From Jet Propulsion Laboratory	43.002	National Aeronautics and Space Administration	1472480		3,376
Exploring Far-IR Abundance Diagnostics in Nearby Galaxies Passed-Through From Universities Space Research Association	43.002	NASA Ames Research Center	SOF-03-135		2,869

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HST/WFC3 Spectroscopy of < 400 AU Companions to Orion Young Stellar Objects	43.002	Space Telescope Science Institute	HST-GO-14709.003-A		\$ 791
Compact Gas Turbine Compressor CFD Analysis Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0124		37,935
Compact Gas Turbine Compressor CFD Analysis Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0179		51,681
Reimbursable Research and Engineering Support for Development and Testing of High Temperature Seals for DARPA High-Speed Vehicle Program - SAE-0102 Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	SAE-0102		(908)
Research and Engineering Support for Advanced Seals Development Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0104		85,607
Experimental and Computational Investigation of Turbine Aerodynamics & Heat Transfer for CGT Power Extraction and High Power Density Core Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0090		14,851
Advanced Computational Tools for the Simulation of Multistage Turbomachinery in Support of Aeropropulsion Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0178		44,551
Analysis for Future Aircraft Propulsion Systems Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0017		34,155
High Temperature Materials & Coatings for Extreme Environments Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0058		40,217
Nondestructive Evaluation for Aerospace Materials & Structures Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0063		35,353
Advanced Microscopy and Microstructural Analysis Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0065		118,626
Analysis and Testing of Advanced Materials & Structures Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0100		41,439
Experimental Support for Measurements of Blade Vibrations Passed-Through from HX5, LLC	43.002	National Aeronautics and Space Administration	WO-0186		11,302
Microgravity Crystal Growth for Improvement in Neutron Diffraction and the Analysis of Protein Complexes Passed-Through From Center for the Advancement of Science in Space	43.007	NASA Goddard Space Flight Center	GA-2017-251		65,779
Driving the AGN Feedback Story With the Highest Resolution Observations Passed-Through From Space Telescope Science Institute	43.012	National Aeronautics and Space Administration	HST-HF2-51377.002-A		12,914
Total National Aeronautic Space Administration					<u>4,362,932</u>
National Science Foundation					
NSF Graduate Research Fellowship Program	47.XXX	National Science Foundation			6,695
IUCRC: Technolgy Innovation for Novel Cost-reducing and Quality Enhancing Musculskeletal Therapies	47.041	National Science Foundation	IIP-1361977_INTERN S		109,620
Phase II IUCRC The University of Toledo	47.041	National Science Foundation	1916636		608
Scalable Nanomanufacturing of Two-Dimensional Materials by High Speed Compressible Gas Flow					
Exfoliation	47.041	National Science Foundation	1762507		149,111
Electrochemical Interaction of Nano-Cerium Oxide Composites with Hydroxyl Radicals	47.041	National Science Foundation	1817294		122,319
4016Next Generation Ca-P Cements for Treating Vertebral-Body Fractures	47.041	National Science Foundation	CBET1706513		57,932
CAREER: Dual Function Materials for Capture and Conversion of CO2 into Methanol and Higher Alcohols	47.041	National Science Foundation	1847391		99,161
Multifunctional Underwater Sealant with Long-Term Sustained Release Functionality	47.041	National Science Foundation	1701104		57,379
Role of Small Angle Grain Boundaries in CdTe Solar Cell Performance	47.041	National Science Foundation	NSF 1711534		63,598
IUCRC: Technolgy Innovation for Novel Cost-reducing and Quality Enhancing Musculskeletal Therapies	47.041	National Science Foundation	IIP-1361977_INTERN S		34,741

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Collaborative Research: Research Initiation: Factors Affecting Underrepresented Minority Student Success and Pathways to Engineering Careers at Majority and Minority Institutions.	47.041	National Science Foundation	1640553	\$	34,146
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	National Science Foundation	1500273 Intern		29,181
EAGER: TDM Solar Cells: Exploration of high open-circuit voltage and stable wide-bandgap Cu ₂ BaSnS ₄ top cell for monolithic tandem cell applications	47.041	National Science Foundation	1665028		30,076
DMREF: Collaborative Research: Hard Coating Synthesis	47.041	National Science Foundation	1629239		39,345
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	National Science Foundation	CBET1605185 Amend 0		41,933
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	National Science Foundation	1500273 Intern		34,634
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	National Science Foundation	CBET1605185 Amend 0		23,872
Topic II: NSF I-Corps Site at The University of Toledo	47.041	National Science Foundation	1644631		29,209
I-CORPS Minimizing the risk of radiation to prostate cancer patients	47.041	National Science Foundation			26,053
Multifunctional Underwater Sealant with Long-Term Sustained Release Functionality	47.041	National Science Foundation	1701104		37,227
I-Corp Node: Activating the Midwest I-Corps Network Passed-Through From University of Michigan	47.041	National Science Foundation	3004362736		13,118
PFI:AIR - TT: Low Cost Method for Harvesting Algal Biomass from Dilute Cultures	47.041	National Science Foundation	1500256		10,868
NSF/DOE Solar Hydrogen Fuel: New metal oxides for efficient hydrogen production via solar water splitting	47.041	National Science Foundation	CBET-1433401		13,561
EAGER TDM Solar Cells: Towards Low Cost Manufacturing of 30% Monolithic Perovskite/CuInSe ₂ Tandems with Solution Processing and Novel Carbon Nanotube Tunnel Junctions	47.041	National Science Foundation	1665172		8,328
I/URC: Technology Innovation for Novel Cost-reducing and Quality Enhancing Musculoskeletal Therapies	47.041	National Science Foundation	IIP-1361977_INTERN S		19,199
Electrochemical Interaction of Nano-Cerium Oxide Composites with Hydroxyl Radicals	47.041	National Science Foundation	1817294		8,318
GOALI/Collaborative: Engineering Biofilm Dynamics for Cyanotoxins in Biological Water Treatment	47.041	National Science Foundation	CBET1605185 Amend 0		7,223
CAREER: Dual Function Materials for Capture and Conversion of CO ₂ into Methanol and Higher Alcohols	47.041	National Science Foundation	1847391		7,014
Topic II: NSF I-Corps Site at The University of Toledo	47.041	National Science Foundation	1644631		927
NSF I-Corps: Silver materials for antimicrobial coatings	47.041	National Science Foundation	1853675		722
PFI:AIR - TT: High Yield Production of Furans from Biomass Hydrolysates using a Hybrid Enzyme- and Chemo-catalytic Technology	47.041	National Science Foundation	1500273 Intern		600
Creation of Tools for the Determination of the Impact of Natural Modifications on RNA Damage	47.049	National Science Foundation	1904754	71,509	172,632
DMREF: SusChEM: Collaborative Research: Rapid Design of Earth Abundant Inorganic Materials for Future PV's	47.049	National Science Foundation	1534686		105,446
Quantum Theories of Fundamental Atomic and Molecular Interactions and their applications	47.049	National Science Foundation	PHY1607256		49,485
Lead free organic-inorganic halide perovskite ferroelectrics with large piezoelectric responses	47.049	National Science Foundation	1807818		50,448
Fundamental study of synthetic and transformational reactions of molecular silver and gold nanoparticles	47.049	National Science Foundation	1905262		29,136
ATD: Collaborative Research: Spatio-temporal data analysis with dynamic network models	47.049	National Science Foundation	NSF 17-510 - 1830412		21,444
RUI: Algebraic, Differential-Geometric, and Computational Aspects of Darboux Transformations in Classical and Super Settings Passed-Through From State University of New York	47.049	National Science Foundation	210-1146191-81168		35,576
Quantum theories of atomic and molecular interactions, and their applications	47.049	National Science Foundation	1912489 PHY		51,906
The Birth and Death of Stellar Clusters: Uncovering the Roles of Stars, Gas, and Physical Environment in Nearby Galaxies	47.049	National Science Foundation	1517819		6,326
Stereoselective Construction of Difficult Glycosidic Linkages	47.049	National Science Foundation	1464787		(676)
Lake Erie Center for Fresh Waters and Human Health--BGSU NSF subaward Passed-Through From Bowling Green State University	47.050	National Science Foundation			77,967

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Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	National Science Foundation	1503939		\$ 47,132
Collaborative Research: Winter snow depth as a driver of microbial activity, nutrient cycling, tree growth and treeline advance in the Arctic	47.050	National Science Foundation	1503939		32,211
Biological and Geochemical Controls	47.050	National Science Foundation			67
Biological and Geochemical Controls on Phosphorus Bioavailability in Arctic Tundra	47.050	National Science Foundation			7,351
CRII: III: Generative Models for Robust Real-Time Analysis of Complex Dynamic Networks	47.070	National Science Foundation	1755824		24,883
MRI: Acquisition of a Transmission Electron Microscope for Research and Research Training	47.074	National Science Foundation			545,650
Plant perception of insect herbivores includes leaf vibrations caused by chewing. Passed-Through From University of Missouri-Columbia	47.074	National Science Foundation			66,343
RESEARCH - PGR: Elucidating Maize Gene Regulatory Networks to Accelerate Translational Genomics Passed-Through From Michigan State University	47.074	National Science Foundation			78,106
08152017Molecular basis of plant parasitism by a galling insect	47.074	National Science Foundation			25,970
Addressing Environmental Challenges and Proposing Sustainable Solutions at the Lake Erie Land-Lake Interface	47.074	National Science Foundation	1852245		17,491
Addressing Environmental Challenges and Proposing Sustainable Solutions at the Lake Erie Land-Lake Interface	47.074	National Science Foundation	1852245		12,947
NURTURES Phase II: Expansion and Evaluation	47.076	National Science Foundation	1721059	48,336	525,710
EXperiences in STEM and Computational Thinking: Improving Teaching and Learning (EXCITE)	47.076	National Science Foundation	1741784	59,960	552,403
Developing problem solving skills using student-generated problems that reverse engineer YouTube videos	47.076	National Science Foundation	1712186		73,414
EXperiences in STEM and Computational Thinking: Improving Teaching and Learning (EXCITE)	47.076	National Science Foundation	1741784		74,810
NURTURES Phase II: Expansion and Evaluation	47.076	National Science Foundation	1721059		48,056
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	National Science Foundation	HRD 1432878		20,530
The Northern Ohio Alliance for Advancing Graduate Education in the Professoriate	47.076	National Science Foundation	HRD 1432878		11,316
SaTC: EDU: Collaborative: Visualization and Practice based Cybersecurity Curriculum and Training framework for transforming High School Students into the Next Generation Cyber-aware and Cyber-savvy Workforce	47.076	National Science Foundation			39,239
Greater, Equity Access, and Readiness for Success for Engineering and Technology (GEARSET)	47.076	National Science Foundation	1930478		214
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	National Science Foundation	OISE 1559394		23,630
Collaborative Research: IRES: Life Cycle Management and Ecosystem Services Applied to Urban Agriculture	47.079	National Science Foundation	OISE 1559394	3,600	11,553
Total National Science Foundation					<u>3,955,434</u>
U.S. Environmental Protection Agency					
Indoor Radon Passed-Through From Ohio Department of Health	66.032	U.S. Environmental Protection Agency	04840022IR1219		5,081
Indoor Radon Passed-Through From Ohio Department of Health	66.032	U.S. Environmental Protection Agency	04840022IR1320		15,602
Lake Erie Bathing Beach Monitoring Passed-Through From Ohio Department of Health	66.472	U.S. Environmental Protection Agency	CU00E52610-0		14,745
Lake Erie Bathing Beach Monitoring Passed-Through From Ohio Department of Health	66.472	U.S. Environmental Protection Agency			183
Lake Erie Bathing Beach Monitoring Passed-Through From Ohio Department of Health	66.472	U.S. Environmental Protection Agency	CU-00E52606		2,309
The University of Toledo Pollution Prevention Grant Proposal	66.708	U.S. Environmental Protection Agency	NP-00E02363-0	38,853	97,309
Total U.S. Environmental Protection Agency					<u>135,229</u>

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U.S. Department of Energy					
Improving Durability in the Next Generation of Photovoltaic Materials Through Discovery and Mitigation of Interface-Based Degradation Mechanisms	81.000	U.S. Department of Energy		\$	15,447
Module Design of On-Demand Facilitated Transport Membranes	81.000	U.S. Department of Energy			2,360
High Fidelity Simulations of Membrane Gas Separation Modules-- Subproject No. 03					
Passed-Through From Oak Ridge Assoc Univs	81.000	U.S. Department of Energy	606096		43,198
Membrane Gas Separation Module Simulations for Process Simulators					
Passed-Through From Oak Ridge Assoc Univs	81.000	U.S. Department of Energy	606316		8,977
Transactive Campus Passed-Through From Battelle	81.000	U.S. Department of Energy	439239		122,092
Center for Hybrid Organic-Inorganic Semiconductors for Energy (CHOISE) Passed-Through From Alliance for Sustainable Energy LLC	81.000	U.S. Department of Energy	XGJ-9-92008-01 MOD 1		85,450
Integrating and Optimizing Red Rock Biofuels' Feedstock Handling & Feed Systems Using State-of-the-Art Computational Tools Passed-Through From Alliance for Sustainable Energy LLC	81.000	U.S. Department of Energy	NGZ-8-82127-01		66,268
A comprehensive strategy for stable, high productivity cultivation of microalgae with controllable biomass composition	81.087	U.S. Department of Energy	DE-EE0008247	261,919	416,444
Ultra-High Efficiency and Stable All-Perovskite Tandem Solar Cells	81.087	U.S. Department of Energy	DE-EE0008753		241,560
Monolithically Integrated Thin-Film/Silicon Tandem Photoelectrodes for High Efficiency and Stable Photoelectrochemical Water Splitting. Passed-Through From University of Michigan	81.087	U.S. Department of Energy	3004665465		69,778
Perovskite/Perovskite Tandem Photoelectrodes For Low-Cost Unassisted Photoelectrochemical Water Splitting	81.087	U.S. Department of Energy	DE-EE0008837		65,594
Investigation of Defect Physics for Efficient, Durable and Ubiquitous Perovskite Solar Cells					
Passed-Through From University of California at Los Angeles	81.087	U.S. Department of Energy			7,666
Toward Low-Cost, Efficient and Stable Perovskite Thin-Film Modules	81.087	U.S. Department of Energy	EE0008970		14,160
Total U.S. Department of Energy					<u>1,158,994</u>
U.S. Department of Education					
Design, Develop, and Pilot Implementation of An Integrated Dual Licensure (Middle Grades and Intervention Specialist) Teacher Education and Master's Degree Program	84.027	University of Cincinnati	011507-002		(1,959)
Total U.S. Department of Education					<u>(1,959)</u>
U.S. Department of Health and Human Services					
National Institutes of Health					
Translational assessment of brain bioenergetic function in schizophrenia Passed-Through From University of Maryland at Baltimore	93.000	National Institutes of Health	MH121102_3000303		53,939
Computational Models for Fracture Prediction in Growing Rods Implanted in Pediatric Scoliotic Spines	93.103	Food and Drug Administration	HHSF223201610591P		801
Lake Erie Center for Fresh Waters and Human Health--BGSU NIH subaward Passed-Through From Bowling Green State University	93.113	National Institutes of Health			44,088
Behavioral and Neurological Effects of Developmental Pyrethroid Exposure in Rodents	93.113	National Institutes of Health	R00ES027869		68,436
The role of platelets in oral candidiasis	93.121	National Institute of Dental and Craniofacial Research	R01 - DE - 027343		521,807
Multifunctional bone putty for craniomaxillofacial bone repair	93.121	National Institutes of Health	R01 - DE - 023356		199,546
Novel Role for B-defensin 3 in the Regulation of Innate Lymphocytes and Oral Mucosal Immune Responses	93.121	National Institutes of Health	R15 - DE - 026898		15,645
MicroRNA Biomarkers for Oropharyngeal Cancer Passed-Through From Washington University in St. Louis	93.121	National Institutes of Health			5,348
Study of early brain alterations that predict development of chronic PTSD Passed-Through From National Institutes of Health	93.242	National Institute on Mental Health	R01 - MH - 110483	183,488	639,730
206463Cell-specific analysis of sub-kinomes in schizophrenia	93.242	National Institutes of Health	R01 - MH - 107487	84,304	344,059
CO2 Inhalation enhances the lability of fear memory	93.242	National Institutes of Health	R01 - MH - 113986		128,273
Proteomic analysis of the postsynaptic density-95 interactome in schizophrenia	93.242	National Institutes of Health	7 - R21 - MH - 107916		11,747

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Neurobehavioral Moderators of Post-traumatic Disease Trajectories: Prospective MRI Study of Recent Trauma Survivors Passed-Through From New York University	93.242	National Institutes of Health	13-A-00-001751-01	\$	(1,619)
Educating a Community Within a Community: Mental Health First Aid and Green Zone Training at the University of Toledo and Beyond	93.243	Substance Abuse and Mental Health Services Administration	H79 - SM - 081323		67,498
Addressing the opioid epidemic through an all-Ohio collaborative medical school training curriculum	93.243	Substance Abuse and Mental Health Services Administration			7,031
How Non-Transcriptional IRF3 Prevents ALD	93.273	National Institutes of Health	R21 - AA - 02617		171,673
Transcriptional and non-transcriptional functions of IRF3 in ALD Passed-Through From Cleveland Clinic	93.273	National Institutes of Health	R01		39,682
High throughput approaches to determining the lethality of synthetic psychoactive cathinones using Danio rerio larvae	93.279	National Institutes of Health	R03 - DA - 045350		41,578
In Vivo Photoaffinity Labeling Using Casper Zebrafish for Target Identification Passed-Through From National Institutes of Health	93.279	National Institute on Drug Abuse	R03 - DA - 045833		56,519
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	National Institutes of Health	10T2OD023859-1	379,718	781,734
Development of novel approaches for stereoselective construction of glycosidic linkages Passed-Through From University of California - Santa Barbara	93.310	National Institute of General Medical Sciences	KK1807-1U01GM125289-		350,426
Novel methods and Technologies for Synthesis of Biomedically Relevant Carbohydrates Passed-Through From University of Georgia at Athens 4071	93.310	National Institutes of Health			254,810
Improved Methods for Synthesis of Biomedically Relevant Carbohydrates Passed-Through From Wayne State University	93.310	National Institutes of Health	WSU17107		19,626
Anatomical-Functional Mapping of Enteric Neural Circuits	93.310	National Institutes of Health	10T2OD023859-1		8,869
Resource for Rat Genetic Models of Aerobic Capacity	93.351	National Institutes of Health	P40 - OD - 021331		255,833
Genome-wide investigation of circular RNAs in alcohol-related phenotypes using the Hybrid Rat Diversity Panel passed-Through From University of Tennessee	93.361	National Institute on Drug Abuse	20-0676-TOLD		3,682
Interplay between Dietary Fiber and Gut Microbiota in Hepatocellular Carcinoma	93.393	National Cancer Institute	R01 - CA - 219144	30,631	338,465
ATR Isomerization in Cellular Responses to UV Damage of DNA	93.393	National Cancer Institute	R01		127,464
TRIP13 AAA-ATPase overexpression in chromosomal instability and breast cancer Passed-Through From National Institutes of Health	93.393	National Cancer Institute	3 - R01 - CA - 169500		(41,951)
Normalizing arginine metabolism with sepiaptein for immunostimulatory-shift of HER2+ breast cancer	93.393	National Cancer Institute	R01 - 248304		36,186
The Early Detection Research Network: Data Management and Coordinating Center Passed-Through From Fred Hutchinson Cancer Research Center	93.394	National Cancer Institute			81,827
Alteration of the miR-let-7c: Lin28 ratio as a predictor of therapy resistance in Prostate Cancer Passed-Through From National Institutes of Health	93.394	National Cancer Institute	5 - R03 - CA - 198696		63,575
LTP2 Passed-Through From Boston University	93.394	National Cancer Institute			3,499
Parent Site: Case Comprehensive Cancer Center Passed Through From Case Western Reserve	93.394	National Cancer Institute			1,704
Histopathology correlated quantitative analysis of lung nodules with LDCT for early detection of lung cancer Passed-Through From University of Michigan	93.394	National Institutes of Health	U01 - CA - 216459		3,053
Novel Ferroptotic Compounds to Target Mesenchymal Breast Cancer and Cancer Stem Cells Passed-Through From National Institutes of Health	93.395	National Cancer Institute	1 - R15 - CA - 213185		120,352
MicroRNAs Modulate Therapy Resistance in Prostate Cancer Passed-Through From National Institutes of Health	93.395	National Cancer Institute	7 - R21 - CA - 202404		65,654
Molecular targeting the translational control axis in Wnt/ β -catenin signaling pathway	93.396	National Cancer Institute	R01 - CA - 211904		394,387
Regulation of MLK3 by Oxidative stress in colon cancer cells Passed-Through From National Institutes of Health	93.396	National Cancer Institute	1 - R15 - CA - 199164		107,279
Potential Role of the Novel Angiopoietin-like Protein R1FL/Angptl8 in Hepatocellular Carcinoma Passed-Through From National Institutes of Health	93.396	National Cancer Institute	R03 - CA - 216153		34,578
Regulation of MLK3 by LATS	93.396	National Cancer Institute	R15 - R15CA241898		91,559
Regulation of MLK3 by LATS	93.396	National Cancer Institute	R15 - R15CA241898		14,559
Understanding and targeting MELK overexpression in breast cancer cells	93.396	National Cancer Institute	R15 - R15CA238894-01A1	1,817	103,500
Identification of novel regulators of invadopodia formation	93.396	National Institutes of Health	R03 - CA - 234693		33,244

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An epigenetic link from CXCL12-CXCR4 axis through nuclear LASP-1 in breast cancer Passed-Through From National Institutes of Health	93.396	National Cancer Institute	R21 - CA - 202176	\$	1,787
Emergency Department Case Manager	93.778	Ohio Department of Mental Health and Addiction Services	2000322		54,474
MEDTAPP Diabetes QI/Consortium	93.778	Case Western Reserve University/Case Medical Center	RES514855/G-2021-05-60065948		41,390
Ohio Opioid Analytics Project	93.778	Ohio State University	60065948		(4,235)
Ohio State Opioid Response (SOR) Project Passed-Through From Mental Health and Recovery Services Board	93.788	Substance Abuse and Mental Health Services Administration			821,675
Genetic, Epigenetic and Dietary Salt effects on Microbiota and Hypertension Passed-Through From National Heart, Lung & Blood Institute	93.837	National Institutes of Health	R01 - HL - 143082		682,474
Counter Regulatory Mechanisms of Cardiotonic Steroids in Cardio-Renal Syndrome Passed-Through From National Institutes of Health	93.837	National Heart, Lung & Blood Institute	R01 - HL - 137004		273,449
Primary cilia dysfunction and cardiovascular complications in Polycystic Kidney Disease	93.837	National Institutes of Health	R15 - HL - 140523		117,659
Randomized Trial to Prevent Vascular Events in HIV - REPRIEVE" ("Study") under Grant Number 5U01HL123336-02 Passed-Through From Massachusetts General Hospital	93.837	National Heart, Lung & Blood Institute	5U01HL123336-06		27,677
Primary cilia dysfunction and cardiovascular complications in Polycystic Kidney Disease	93.837	National Institutes of Health	R15 - HL - 140523		36,909
Antioxidant-PPARalpha interaction reduces adiposity	93.837	National Institutes of Health	K01 - HL - 125445		523
Role of complement regulator properdin in the interaction between platelets and leukocytes Passed-Through From National Institutes of Health	93.839	National Heart, Lung & Blood Institute	R01 - HL - 112937		328,242
Gfi1-mediated inhibition of the cytostatic effect of TGPb in the hematopoietic system Passed-Through From National Institutes of Health	93.839	National Heart, Lung & Blood Institute	R15 - HL - 135695		121,028
Mycardial Ischemia and Transfusion (MINT) Passed-Through From Rutgers University	93.839	National Institutes of Health	MINT		14,998
ELANE and CSF3R Mutations in Severe Congenital Neutropenia	93.839	National Institutes of Health	1 - R15 - HL - 112183		146
In vivo role of platelets in bacterial blood infection	93.839	National Institutes of Health	R01 - HL - 122401		(17,906)
MicroRNA-based therapy for rheumatoid arthritis Passed-Through From Washington State University	93.846	National Institutes of Health			5,011
The Melanocortinergic pathway in glomerular disease	93.847	National Institute of Diabetes, Digestive & Kidney Diseases	5 - R01 - DK - 114006		356,382
Nuclear Receptor Chaperones in Signaling & Metabolism	93.847	National Institute of Diabetes, Digestive & Kidney Diseases	R01DK121017-01		294,632
Molecular characterization of novel insulin sensitizers Passed-Through From Scripps Research Institute	93.847	National Institute of Diabetes, Digestive & Kidney Diseases	R01 - DK - 105825		90,993
Nuclear Receptor Chaperones in Signaling and Metabolism	93.847	National Institutes of Health	1R56DK111826-01A1		44,047
Optimization and Simulation of Kidney Paired Donation Programs Passed-Through From University of Michigan	93.847	National Institute of Diabetes, Digestive & Kidney Diseases	R01 - DK - 093513		28,548
A New Empirical Model of Deceased Donor Kidney Allocation Passed-Through From National Bureau of Economic Research	93.847	National Institutes of Health	R21 - DK - 113626		24,367
Role of histone Methyltransferase EZH3 in Acute and Chronic Renal Injury Passed-Through From Rhode Island Hospital	93.847	National Institutes of Health	R01 - 7017137411		9,330
APOL1 studies in kidney transplantation consortium clinical centers (ASK-CCC)- Passed-Through From Cleveland Clinic Foundation	93.847	National Institutes of Health	1306-SUB_U01DK116097		3,185
Integrative role of bilirubin on obesity Passed-Through From University of Mississippi Medical Center	93.847	National Institutes of Health	R01 - 1R01DK121748-01A1		4,605
A Multi-Center, Double-Blind, Randomized Study Comparing the Combined Use of Interferon Beta-1a and Glatiramer Acetate to Either Agent Alone in Patients with Relapsing Remitting Multiple Sclerosis (CombiRx-Phase III) Passed-Through From Mount Sinai School of Medicine - New York City	93.853	National Institute of Neurological Disorders and Stroke	1 - U01 - NS - 045719		32,677
Insulin Resistance Intervention after Stroke (IRIS) Trial Passed-Through From Yale University	93.853	National Institute of Neurological Disorders and Stroke	U01 - NS - 44876		7,560
Platelet-Oriented Inhibition in New TIA Passed-Through From Emmes Corporation	93.853	National Institute of Neurological Disorders and Stroke	U01 - NS - 06285		2,663
Novel role of RNA signaling in cross-talk between autophagy and apoptosis Passed-Through From National Institutes of Health	93.855	National Institute of Allergy & Infectious Diseases	1 - R15 - AI - 119980		240,674

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Intravital assessment of B. burgdorferi immune clearance in skin Passed-Through From National Institutes of Health	93.855	National Institute of Allergy & Infectious Diseases	R01 - AI - 121970		\$ 262,548
Synthesis of natural product scaffold selectively active against dormant Mycobacterium tuberculosis	93.855	National Institutes of Health	R21 - AI - 135313	68,555	150,711
Trehalose and Mycolic Acid Use in Mycobacteria	93.855	National Institutes of Health	R01 - AI - 105084		169,562
Virulence inducing signals of Vibrio cholerae	93.855	National Institutes of Health	R21 - AI - 144567		135,614
Trehalose and Mycolic Acid Use in Mycobacteria Passed-Through From University of Nebraska Medical Center	93.855	National Institutes of Health	7R01AI105084-07		64,925
Methods to synthesize oligosaccharide-fusion protein conjugates and enhancement of their antigenicity	93.855	National Institute of Allergy & Infectious Diseases	R01 - AI - 148570		54,840
Understanding the proviral role for TRAF6 interaction with the viral protease in flavivirus replication and pathogenesis	93.855	National Institute of Allergy & Infectious Diseases	R01 - R01AI153496		13,091
Understanding trehalose synthesis and utilization in mycobacteria	93.855	National Institutes of Health	R01 - AI - 105084		(1,059)
Intrarenal Arteries Sense N-formyl Peptides Leading to Vascular Injury in Sepsis	93.859	National Institute of General Medical Sciences	R00 - GM - 118885		304,980
Identification of the Elusive NAADP Receptor	93.859	National Institutes of Health	1 - R15 - GM - 131329	31,908	154,904
Diverse membrane affinities of Gy members deferentially modulate the GBy effectors and cell behaviors	93.859	National Institute of General Medical Sciences	1 - R15 - GM - 126455		142,526
Molecular basis of apical protrusion organization and function in specialized epithelia	93.859	National Institutes of Health	1 - R15 - GM - 131382		74,252
Centrosome-localized tyrosine kinase JAK2 regulates cell proliferation	93.859	National Institutes of Health	1R15GM131239-01		110,349
Regulation of the Mitotic Checkpoint by Gsk3 Passed-Through From National Institutes of Health	93.859	National Institute of General Medical Sciences	R15 - GM - 120712		109,153
Late Stage Derivatization of Complex Molecules via Hydrogen Bond-Directed C-H Functionalization	93.859	National Institute of General Medical Sciences	R15 - 1 R15 GM131362-01		69,872
Effective targeting surviving dimerization interface with small molecule inhibitors	93.859	National Institute of General Medical Sciences	R01 - GM - 127656	42,263	230,141
The molecular roles of polycystin in cytokinesis	93.859	National Institute of General Medical Sciences	1R15GM134496-01		131,673
Physiological effects of FKBP51 and FKBP52 variants Passed-Through From Health Research, Inc.	93.859	National Institutes of Health	R01 - GM - 119152		33,341
Diverse membrane affinities of Gy members deferentially modulate the GBy effectors and cell behaviors	93.859	National Institute of General Medical Sciences	1 - R15 - GM - 126455		1,074
The Mechanism of Pericentriolar Material Assembly During Centrosome Biogenesis	93.859	National Institutes of Health	R01 - GM - 098394		1,018
Biochemical and Crystallographic Characterization of Nocturnin Passed-Through From National Institutes of Health	93.859	National Institute of General Medical Sciences	1 - R15 - GM - 110679		(2,092)
Synthesis of Glycopeptide-based Cancer Antigen Vaccines Passed-Through From National Institutes of Health	93.859	National Institute of General Medical Sciences	R15 - GM - 094734		(8,897)
Regulation of epithelial junctions and lumen morphogenesis by the Scribble/SGEF/Dlg1 complex	93.859	National Institute of General Medical Sciences	R01GM136826		59,655
Defective melanocortin signaling underlying T2D-associated erectile dysfunction Passed-Through From National Institutes of Health	93.865	National Institute of Child Health & Human Development			173,444
Mechanisms of developmental regulation of affective behaviors	93.865	National Institute of Child Health & Human Development	R01 - HD - 076914		160,348
Developing an animal model to identify the role of the sperm centriole in fertility	93.865	National Institute of Child Health & Human Development	R21		97,928
MicroRNA regulation of guidance receptors in axonal pathfinding	93.865	National Institutes of Health	R15 - HD - 097620		71,538
Predictors of Parents' Feeding Behaviors: A Dyadic Perspective	93.865	National Institute of Child Health & Human Development	1R03HD096095-01A1	16,234	43,281
Molecular Marker for Centrioles Remodeling in Human Reproduction	93.865	National Institute of Child Health & Human Development	R03		44,585

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The Role of MicroRNAs in Axon Pathfinding	93.865	National Institute of Child Health & Human Development	1 - R03 - HD - 099272	\$	42,876
A Genome-wide Drosophila RNAi Screen for Regulators of Centrosome Reduction	93.865	National Institutes of Health	R01 - 03 - HD087429		(4,978)
Development of Attenuated Furoxans as Novel Therapies for Alzheimer's Disease Passed-Through From National Institutes of Health	93.866	National Institute on Aging	R01 - AG - 057598		713,818
A BBB-Permeable Neurotrophic Polysaccharide, Midi-GAGR	93.866	National Institutes of Health	R21 - AG - 053590		(44,048)
Machine Learning and Network Science for Predicting Kidney Transplant Survival	93.879	National Institutes of Health	1 - R01 - LM - 013311		184,997
Signal shaping via multiple allosteric sites on oligomeric muscarinic receptors Passed-Through From Pennsylvania State University	93.886	National Institutes of Health	TOLAG005214		17,065
Total U.S. Department of Health and Human Services National Institutes of Health					<u>13,077,694</u>
U.S. Agency for International Development					
Randomized, Multicenter, Controlled Trial to Compare Best Endovascular versus Best Surgical Therapy in Patients with Critical Limb Ischemia	98.837	National Heart, Lung & Blood Institute			488
Total U.S. Agency for International Development					<u>488</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER					<u>27,988,711</u>
TRIO CLUSTER					
U.S. Department of Education					
UT Student Support Services	84.042	U.S. Department of Education	P042A151332 - 19		273,501
Upward Bound Program	84.047	U.S. Department of Education	P047A171403 - 19		306,935
Upward Bound Math & Science Program	84.047	U.S. Department of Education	P047M170558 - 19		223,397
Upward Bound Program	84.047	U.S. Department of Education	P047A171403 - 19		135,637
Upward Bound Math & Science Program	84.047	U.S. Department of Education	P047M170558 - 19		92,902
Total U.S. Department of Education					<u>1,032,372</u>
TOTAL TRIO CLUSTER					<u>1,032,372</u>
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
Medicaid Equity Simulation Project MEDTAPP Providers As Allies In Equity And Care (PAEC) Passed-Through From Ohio State University	93.778	Centers for Medicare and Medicaid Services Case Western Reserve University/Case Medical	60068340		716,544
Cardi-OH	93.778	Center Case Western Reserve University/Case Medical	G-1819-05-0094/ RES5		4,833
Cardi-OH	93.778	Center	G-2021-05-0069 / RES		129,884
UT Interprofessional Healthcare Provider Development	93.778	Ohio State University	OMD201409		(3,282)
Total U.S. Department of Health and Human Services					<u>847,979</u>
TOTAL MEDICAID CLUSTER					<u>847,979</u>

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HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
Evaluation of Reserve Shear Capacity of Bridge Pier Caps Using The Deep Beam Theory Passed-Through From Ohio Department of Transportation	20.205	U.S. Department of Transportation	30269		\$ (1,336)
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					(1,336)
OTHER AWARDS					
U.S. Department of Agriculture					
Upward Bound Food Grant Passed-Through From Ohio Department of Education	10.559	U.S. Department of Agriculture			5,929
Total Department of Defense					5,929
U.S. Department of Defense					
ASEE SMART Program Team	12.631				10,826
Total U.S. Department of Defense					10,826
U.S. Department of State Bureau of Educational and Cultural Affairs					
Institute of International Education (Fulbright Programs)	19.401				53,055
Total U.S. Department of state Bureau of Educational and Cultural Affairs					53,055
U.S. Department of Education					
DCTAG Award	84.000	U.S. Department of Education			52,840
Carl D. Perkins Grant Passed-Through From Ohio Department of Education	84.048	U.S. Department of Education	063099	48,342	48,087
CTE Teacher Preparation and Retention Passed-Through From Ohio Department of Education	84.048	U.S. Department of Education	VEPD-TPR-12-063099		60,862
BVR - Bureau of Vocational Rehabilitation	84.126				44,295
Great Start Higher Education (GSHE)	84.325	U.S. Department of Education	H325N180008		107,883
Project Prepare	84.325	U.S. Department of Education	H325K190061		86,898
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	U.S. Department of Education	H325D130075		25,720
Project Prepare	84.325	U.S. Department of Education	H325K190061		30,065
Project LEA: Leading Educators in Advancing Inclusive Early Education	84.325	U.S. Department of Education	H325D130075		8,350
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Passed-Through From Ohio Department of Education	84.334	U.S. Department of Education			62,531
Total U.S. Department of Education					527,531
National Science Foundation					
IPA Assignment	47.000	National Science Foundation	EEC-1948460		276,013
Advance & I-Corps Joint Program	47.070	National Science Foundation	1937340	75,755	110,646
Total National Science Foundation					386,659
U.S. Department of Health and Human Services					
Child and Adolescent Psychiatry Residency and Training Program	93.000	Ohio Department of Mental Health and Addiction Services	402-12-100-14-013		25,246

See Notes to the Schedule of Expenditures of Federal Awards

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Award Title	CFDA No.	Primary Sponsor	Agency Number	Passed-Through to Subrecipients	Expenditures
AHEC Point of Service Maintenance and Enhancement	93.107	Health Resources & Services Administration	U77 - HP - 23072	\$ 900,883	\$ 1,039,213
HRSA National Health Services	93.162				124,265
Designed for DATA	93.243	Substance Abuse and Mental Health Services Administration	H79 - TI - 081657		50,062
Yr 2 Designed for DATA	93.243	Substance Abuse and Mental Health Services Administration			65,646
Increasing Access of Trauma-Informed Care by CPS-Involved Youth and Families Passed-Through From ProMedica Health System	93.243	Substance Abuse and Mental Health Services Administration	1U97SM063115-04		33,504
NIOSH Training Grant Project: Industrial Hygiene-University Toledo Passed-Through From National Institutes of Health	93.262	National Institute for Occupational Safety and Health	5T03OH008605-14		60,297
26th Annual Midwest Microbial Pathogenesis Conference (MMPC)	93.855	National Institute of Allergy & Infectious Diseases			8,000
Project Open House-Better Child Care for the Student with Developmental Disabilities Passed-Through From Ohio Developmental Disabilities Planning Council	93.630	Administration for Children and Families	17CH01SC19	3,403	21,678
Project Open House-Better Child Care for the Student with Developmental Disabilities Passed-Through From Ohio Developmental Disabilities Planning Council	93.630	Administration for Children and Families	17CH01SC20		19,830
Child Welfare Workforce Professional Education Program Passed- Through From Ohio Department of Jobs and Family Services	93.645	Administration for Children and Families	1501OHFOST (G-2021-0		66,697
Child Welfare Workforce Professional Education Program Passed- Through From Ohio Department of Jobs and Family Services	93.645	Administration for Children and Families	1501OHFOST (G-1819-0		4,362
Ryan White 340b Pharmacy Revenue Program UTM	93.918	HIV/AIDS Bureau			2,016,029
Ryan White Part C (Title III) HIV Early Intervention Services (EIS) Program	93.918	HIV/AIDS Bureau	H76 - HA - 00732		352,767
Program Income Account for Ryan White Part C Passed-Through From University of Toledo Physicians	93.918	HIV/AIDS Bureau			4,022
Program Income Account for Ryan White Part D Passed-Through From University of Toledo Physicians	93.153	HIV/AIDS Bureau			4,022
Program Passed-Through From National Institutes of Health	93.918	HIV/AIDS Bureau	H76 - HA - 00732		1
Program	93.918	HIV/AIDS Bureau			87,235
Healthy Start Initiative: Eliminating Disparities in Perinatal Health Passed- Through From Lucas County Regional Health District	93.926	Health Resources & Services Administration	H49MC27825		47,205
Social Marketing Advertising CTR Passed-Through From Lucas County Regional Health District	93.940	Centers for Disease Control and Prevention			5,560
Total U.S. Department of Health and Human Services					4,035,641
U.S. Department of Health and Human Services - National Institutes of Health					
Ryan White Title IV Women, Infants, Children, Youth And Affected Family Members AIDS Healthcare	93.153	U.S. Department of Health and Human Services	H12 - HA - 24838		405,985
MINHC project Passed-Through From University of Illinois at Chicago	93.153	Health Resources & Services Administration			19,999
Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) Passed-Through From National Institutes of Health	93.153	U.S. Department of Health and Human Services	H12 - HA - 24838		13,485
Total U.S. Department of Health and Human Services - National Institutes of Health					439,469
Corporation for National and Community Service					
Government Training (Americorp)	94.006				42,358
Total Corporation for National and Community Service					42,358

See Notes to the Schedule of Expenditures of Federal Awards

THE UNIVERSITY OF TOLEDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Award Title	CFDA No.	Primary Sponsor	Agency Number	Passed-Through to Subrecipients	Expenditures
Other					
Global Minority Virtual Business Center	11.802	U.S. Department of Commerce	MB18OBD8020074	\$	32,369
Military Service Center Student Support	12.000	U.S. Department of Veterans Affairs			1,791
The University of Toledo Program to Address Sexual Assault and Violence on Campus: UT Awareness & Prevention Project	16.525	U.S. Department of Justice	2016-WA-AX-0005	32,508	164,866
University of Toledo Tax Controversy Clinic- Low Income Taxpayer Clinic Grant	21.008	U.S. Department of the Treasury	19-LITC0439-01-00		15,341
Low Income Taxpayer Clinic	21.008	U.S. Department of the Treasury			13,965
Ohio Space Grant Consortium (OSGC) Scholarships and Fellowships for Fellowships for 2006-2007 to University of Toledo	43.002	Ohio Aerospace Institute			17,526
The World of Westover: Mary Willing Byrd, Gender, Slavery, and the Economics of Citizenship in Revolutionary Virginia	45.160	National Endowment for the Humanities	FEL-262454-19		42,838
Total Other					288,696
TOTAL OTHER AWARDS					5,790,164
TOTAL FEDERAL EXPENDITURES				\$ 3,458,369	\$ 204,112,098

THE UNIVERSITY OF TOLEDO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The University of Toledo under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The University of Toledo, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The University of Toledo.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Education Institutions* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 ADJUSTMENTS AND TRANSFERS

During the year ended June 30, 2020, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Work Study	\$ 502,107	FSEOG

NOTE 4 LOAN BALANCES

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of federal expenditures. The balances of loans outstanding at June 30, 2020 consists of the following:

Cluster/Program Title	CFDA Number	Loan Balance
Federal Perkins Loans	84.038	\$ 7,861,409
Nurse Faculty Loan Program	93.264	197,823
Disadvantaged Student Loans	93.342	226,001
Primary Care Loans	93.342	428,180
Total Loans Outstanding		\$ 8,713,413

**THE UNIVERSITY OF TOLEDO
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.268, 84.379, 93.264, 93.342	Student Financial Assistance Cluster
Various	Research and Development Cluster
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)
84.425	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,358,867

Auditee qualified as low-risk auditee? x yes _____ no

**THE UNIVERSITY OF TOLEDO
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2020-001 National Student Loan Data System (NSLDS) Enrollment Reporting

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

CFDA Number: 84.007, 84.033, 84.038, 84.268, 84.379, 93.264, 93.342

Award Period: June 1, 2019 – May 31, 2020

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance
- Other Matters

Criteria or Specific Requirement: The Code of Federal Regulations, 34 CFR 685.309(b), states schools must have some arrangement to report student enrollment data to NSLDS through an enrollment roster file. The school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Also, the Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days.

Condition: During our testing, we noted fifteen (15) of 40 students were reported to NSLDS with an incorrect enrollment effective date. There were five (5) of 40 students tested where the student was not reported to NSLDS by the University in a timely manner, and three (3) students whose enrollment status was not properly reported.

Questioned Costs: None

Context: During our testing, it was noted the University did not have a proper procedure in place for unofficial withdrawals in order to ensure the enrollment effective date reported to NSLDS matches the University's records as well as the proper status. In addition, the University is waiting until the student does not return in the Fall to report these students as withdrawn.

Cause: The University did not have a process in place to ensure the effective date reported to NSLDS matches the effective date of the student's last date of attendance. They also did not have a process in place to report student enrollment changes timely.

Effect: The enrollment effective date reported to NSLDS is used to determine when the student's grace period should begin. By not reporting a correct effective date, the grace period begin date for the student will be incorrect. The University also did not comply with U.S. Department of Education (ED) regulations by reporting student enrollment status changes timely.

**THE UNIVERSITY OF TOLEDO
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2020-001 National Student Loan Data System (NSLDS) Enrollment Reporting (Continued)

Repeat Finding: No

Recommendation: We recommend the University reevaluate its procedures and review policies surrounding reporting status changes to NSLDS to ensure timely reporting as well as put a process in place to ensure the enrollment effective date reported to NSLDS is aligning with the University's last date of attendance.

Views of Responsible Officials: There is no disagreement with the audit finding.

**THE UNIVERSITY OF TOLEDO
STATUS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

No prior year audit findings.



The University of Toledo respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

SIGNIFICANT DEFICIENCY

2020-001 National Student Loan Data System (NSLDS) Enrollment Reporting

Recommendation: We recommend the University reevaluate its procedures and review policies surrounding reporting status changes to NSLDS to ensure timely reporting as well as put a process in place to ensure the enrollment effective date reported to NSLDS is aligning with the University's last date of attendance.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: The noted issue surfaced during the University's federal program review. The Office of Financial Aid (OFA) and the Registrar's Office investigated the issue and developed a solution. The University updated our policies and procedures and will develop the necessary training to ensure the enrollment reporting dates will be accurate and reported timely.

Name of the contact person responsible for corrective action: Matt Schroeder, Executive Vice President for Finance and Administration

Planned completion date for corrective action plan: June 30, 2021

If the U.S. Department of Education has questions regarding this plan, please call Matt Schroeder, Executive Vice President for Finance and Administration and CFO, at 419-530-1448.

OHIO AUDITOR OF STATE KEITH FABER



UNIVERSITY OF TOLEDO

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov