



UNIVERSITY OF NEW HAVEN

Auditors' Reports as Required by Office of
Management and Budget (OMB) Circular A-133 and
Government Auditing Standards and Related Information

Year ended June 30, 2010

UNIVERSITY OF NEW HAVEN

Auditors' Reports as Required by Office of
Management and Budget (OMB) Circular A-133 and
Government Auditing Standards and Related Information

Year ended June 30, 2010

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KPMG LLP
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Exhibit I

**Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

The Board of Governors
University of New Haven:

Compliance

We have audited University of New Haven's (the University) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2010, except the requirements discussed in the second paragraph of this report. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the requirements governing maintaining contact with borrowers, and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by Affiliated Computer Services, Inc. (ACS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ACS's compliance with the requirements governing the functions that it performs for the University for the year ended June 30, 2010 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of ACS's compliance with such requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements described in the Compliance Supplement that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.



Exhibit I

In our opinion, the University complied, in all material respects, with the compliance requirements referred to in the first paragraph above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Requirements governing maintaining contact with borrowers, and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by ACS. Internal control over compliance relating to such functions for the year ended June 30, 2010 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of ACS's internal control over compliance related to such functions.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the University's Board of Governors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 30, 2011



KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Exhibit II

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*

The Board of Governors
University of New Haven:

We have audited the financial statements of University of New Haven (the University) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies in internal control over financial reporting, 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Exhibit II

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the University's Board of Governors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 28, 2010

UNIVERSITY OF NEW HAVEN
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

(1) Summary of Auditors' Results***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes x no

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	(Various)
Research and Development Cluster	(Various)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

No matters reported.

UNIVERSITY OF NEW HAVEN
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

(3) Findings and Questioned Costs Relating to Federal Awards

No matters reported.

UNIVERSITY OF NEW HAVEN

**Financial Statements and Supplementary Information – Schedule
of Expenditures of Federal Awards**

Year ended June 30, 2010



KPMG LLP
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Exhibit IV

Independent Auditors' Report

The Board of Governors
University of New Haven:

We have audited the accompanying statements of financial position of University of New Haven (the University) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of New Haven as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (Schedule I) for the year ended June 30, 2010 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

October 28, 2010

Exhibit IV**UNIVERSITY OF NEW HAVEN**

Statement of Financial Position

June 30, 2010

(with comparative information as of June 30, 2009)

Assets	2010	2009
Cash and cash equivalents	\$ 23,899,226	16,870,368
Accounts and loans receivable, net (note 3)	7,820,847	9,230,811
Pledges receivable, net (notes 2 and 4)	3,281,941	4,240,059
Other assets	2,639,047	1,907,208
Investments (note 5)	17,911,554	12,413,150
Investments held in trust by others (notes 5 and 9)	1,847,575	1,787,400
Deposits with bond trustee and restricted cash (note 5)	8,489,196	14,538,982
Investment in plant, net (notes 7, 8, and 10)	120,316,306	109,563,946
Total assets	<u>\$ 186,205,692</u>	<u>170,551,924</u>
Liabilities		
Accounts payable and accrued expenses	\$ 12,421,394	12,030,875
Deposits and deferred income	7,741,716	2,631,653
Bonds and notes payable (note 10)	85,550,300	86,734,297
Interest rate swap liability (notes 5 and 11)	12,999,742	9,081,126
Postretirement healthcare obligation (note 15)	2,948,937	2,652,072
Government grants refundable	3,453,060	3,453,060
Total liabilities	<u>125,115,149</u>	<u>116,583,083</u>
Net Assets		
Unrestricted	36,916,908	30,459,952
Temporarily restricted (notes 9 and 13)	14,760,886	15,281,527
Permanently restricted (note 13)	<u>9,412,749</u>	<u>8,227,362</u>
Total net assets	61,090,543	53,968,841
Commitments and contingencies (notes 8, 10, 16, and 17)		
Total liabilities and net assets	<u>\$ 186,205,692</u>	<u>170,551,924</u>

See accompanying notes to financial statements.

UNIVERSITY OF NEW HAVEN

Statement of Activities

Year ended June 30, 2010

(with comparative summarized information for the year ended June 30, 2009)

	2010			2009 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Operating activities:				
Revenues, gains, and other support:				
Tuition and fees	\$ 133,402,753	—	—	133,402,753
Residence and dining	28,311,710	—	—	28,311,710
Less: Scholarships and grants	(48,208,989)	—	—	(48,208,989)
Net student fees	113,505,474	—	—	113,505,474
Federal, state, and private grants and gifts	4,183,376	2,311,103	1,185,387	7,679,866
Endowment spending used in operations (note 5)	403,439	—	—	403,439
Interest income and other sources	1,977,334	301,309	—	2,278,643
Other auxiliary services	619,751	11,971	—	631,722
Net assets released from restrictions (note 14)	3,076,085	(3,076,085)	—	—
Total revenue from operations	123,765,459	(451,702)	1,185,387	124,499,144
Expenses:				
Instructional	44,961,827	—	—	44,961,827
Academic support	6,371,311	—	—	6,371,311
Student services	23,474,052	—	—	23,474,052
Institutional support	18,097,688	—	—	18,097,688
Residence and dining	21,181,294	—	—	21,181,294
Total expenses	114,086,172	—	—	114,086,172
Change in net assets from operations	9,679,287	(451,702)	1,185,387	10,412,972
Nonoperating activities:				
Net return on long-term investments, net of amounts used in operations (note 5)	696,285	(129,114)	—	567,171
Unrealized gains on investments held in trust by others (notes 5 and 9)	—	60,175	—	60,175
Change in market value of interest rate swap (note 11)	(3,918,616)	—	—	(3,918,616)
Change in net assets	6,456,956	(520,641)	1,185,387	7,121,702
Net assets, beginning of year	30,459,952	15,281,527	8,227,362	53,968,841
Net assets, end of year	\$ 36,916,908	14,760,886	9,412,749	53,968,841

See accompanying notes to financial statements.

UNIVERSITY OF NEW HAVEN

Statement of Cash Flows

Year ended June 30, 2010

(with comparative information for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,121,702	(1,922,891)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,547,019	6,260,903
Disposals of plant & equipment	(4,472)	25,324
Change in market value of interest rate swap	3,918,616	5,793,004
Net unrealized and realized (gains) losses on investments	(707,572)	2,656,853
(Gains) losses on investments held in trust by others	(49,879)	2,744,724
Contributions restricted for long-term investment	(1,185,387)	(288,651)
Change in accounts and pledges receivable	2,252,369	68,758
Change in other assets	(1,053,362)	(375,174)
Change in accounts payable and accrued expenses	703,389	(122,106)
Change in deposits and deferred income	5,110,063	448,712
Net cash provided by operating activities	<u>23,652,486</u>	<u>15,289,456</u>
Cash flows from investing activities:		
Purchases of plant and equipment	(18,236,508)	(38,049,712)
Proceeds from maturity and sale of investments	7,434,104	5,061,256
Purchases of investments	(11,913,348)	(5,324,318)
Proceeds from contributions restricted for long-term investment	1,185,387	288,651
Change in restricted cash and deposits with bond trustee	6,049,786	(12,461,636)
Decrease (increase) in loans receivable	115,713	(52,738)
Net cash used in investing activities	<u>(15,364,866)</u>	<u>(50,538,497)</u>
Cash flows from financing activities:		
Proceeds from issuance of bonds and notes payable	—	46,000,000
Principal payments on bonds and notes payable	(1,200,000)	(955,000)
Bond issuance costs	(58,762)	(414,162)
Net cash (used in) provided by financing activities	<u>(1,258,762)</u>	<u>44,630,838</u>
Net increase in cash and cash equivalents	7,028,858	9,381,797
Cash and cash equivalents at beginning of year	16,870,368	7,488,571
Cash and cash equivalents at end of year	<u>\$ 23,899,226</u>	<u>16,870,368</u>
Supplemental data:		
Interest paid	\$ 3,100,560	2,822,476
Noncash investing activity - change in accounts payable attributable to fixed assets	3,005,583	2,508,376

See accompanying notes to financial statements.

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

(1) Organization

The University of New Haven (the University) is a private, tax-exempt, nonprofit educational institution. The University was founded in 1920 and is located on 78 acres in suburban West Haven, Connecticut.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader:

(a) Basis of Presentation

The accompanying financial statements have been prepared using accrual accounting, and include the accounts of the University and the Henry C. Lee Institute.

The accompanying financial statements present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use, for general or specific purposes, all or part of the income and capital gains, if any, on related investments.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met by actions of the University and/or the passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Donor-restricted contributions, and any income earned on those contributions, whose restrictions are met in the same reporting period have been reported as unrestricted support in the statement of activities. Gifts of long-lived assets are considered unrestricted support.

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

(b) Liquidity Information

In order to provide information about liquidity, assets have been sequenced in the statement of financial position according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

(c) Contribution Revenue

The University reports contributions (including unconditional promises to give) as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at an appropriate discount rate. The discount rate represents the risk-free rate in existence at the date of the gift. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, and nature of fund-raising activity.

(d) Cash Equivalents

The University considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents, except for cash held with investment managers for long-term investment.

(e) Investment in Plant

All plant assets are stated at cost except gifts in kind, which are recorded at their estimated fair value on the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Construction in progress is not depreciated until placed in service. When plant assets are retired or disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reflected in the statement of activities.

(f) Income Taxes

The University was granted an exempt status under the Internal Revenue Code (IRC) Section 501(a), as an organization described in Section 501(c)(3). Under IRC Section 501(a), the University is generally exempt from income taxes. The University believes it has taken no significant uncertain tax positions.

(g) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited.

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Fair Value of Financial Instruments

The fair value of investments, which is based upon quoted market prices, is disclosed in note 5. For all other financial instruments, the carrying amount as disclosed in the accompanying financial statements approximates fair value.

(3) Accounts and Loans Receivable

Accounts receivable consist of the following at June 30:

	2010	2009
Students	\$ 8,736,924	7,529,567
Grants	1,342,680	2,301,729
Others	820,582	1,031,235
Allowance for doubtful accounts	(6,387,309)	(5,055,402)
Net accounts receivable	<u>\$ 4,512,877</u>	<u>5,807,129</u>

Loans receivable consist of the following at June 30:

	2010	2009
Perkins loans	\$ 3,682,970	3,798,682
Allowance for doubtful accounts	(375,000)	(375,000)
Net loans receivable	<u>\$ 3,307,970</u>	<u>3,423,682</u>

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

(4) Pledges Receivable

Pledges receivable consist of the following unconditional promises to give as of June 30:

	2010	2009
Amounts due in:		
Less than one year	\$ 1,857,330	2,160,838
One to five years	1,664,044	2,393,154
Greater than five years	—	—
Charitable remainder trust (note 9)	586,369	615,244
Gross pledges receivable	4,107,743	5,169,236
Less:		
Allowance for uncollectible pledges	(690,416)	(758,715)
Discount to present value	(135,386)	(170,462)
Net pledges receivable	\$ 3,281,941	4,240,059

Pledges recorded at June 30, 2010 and 2009 are discounted at rates ranging from 1.58% to 6.25%.

Fund-raising expenses for the years ended June 30, 2010 and 2009 totaling \$1,346,733 and \$1,338,353, respectively, have been classified as institutional support expenses in the statement of activities.

(5) Fair Value

At June 30, 2010 and 2009, the carrying values of the University's cash and cash equivalents, receivables, other assets, accounts payable and accrued liabilities, and deposits and deferred revenues approximated their fair values. An approximate estimate of the fair values of student loan receivables administered by the University under federal government loan programs is not practical because the receivables can only be assigned to the U.S. government or its designees.

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The University's investment strategy incorporates a diversified asset allocation approach that maintains, within defined limits, exposure to global equity and fixed income.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

Level 3 inputs are unobservable inputs for the assets or liabilities. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Substantially all of the investments classified as Level 2 have been valued using Net Asset Value (NAV) as the practical expedient. Because of the use of NAV as a practical expedient to estimate fair value, the level in the fair value hierarchy in which each fund's fair value measurement is classified is based primarily on the University's ability to redeem its interest in the fund at or near the date of the statement of financial position.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2010 Total</u>	<u>Redemption or Liquidation</u>	<u>Days' Notice</u>
Assets:						
Investments:						
Cash and cash equivalents	\$ 593,068	—	—	593,068	Daily	1
Fixed income	—	6,274,522	—	6,274,522	Daily	1
Equities – US	8,641,850	2,197	—	8,644,047	Daily	1
Equities – Foreign	<u>2,399,917</u>	<u>—</u>	<u>—</u>	<u>2,399,917</u>	Daily	1
Total investments	<u>11,634,835</u>	<u>6,276,719</u>	<u>—</u>	<u>17,911,554</u>		
Other assets:						
Funds held by bond trustee	8,489,196	—	—	8,489,196	Daily	1
Investments held in trust by others	<u>—</u>	<u>—</u>	<u>1,847,575</u>	<u>1,847,575</u>	Applicable	Not Applicable
Total other assets	<u>8,489,196</u>	<u>—</u>	<u>1,847,575</u>	<u>10,336,771</u>		
Total assets	<u>\$ 20,124,031</u>	<u>6,276,719</u>	<u>1,847,575</u>	<u>28,248,325</u>		
Liabilities:						
Interest rate swap agreements	\$ <u>—</u>	<u>(12,999,742)</u>	<u>—</u>	<u>(12,999,742)</u>		
Total liabilities	<u>\$ —</u>	<u>(12,999,742)</u>	<u>—</u>	<u>(12,999,742)</u>		

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2009 Total</u>	<u>Redemption or Liquidation</u>	<u>Days' Notice</u>
Assets:						
Investments:						
Cash and cash equivalents	\$ 507,132	—	—	507,132	Daily	1
Fixed income	—	4,796,005	—	4,796,005	Daily	1
Equities – US	7,107,299	2,714	—	7,110,013	Daily	1
Equities – Foreign	—	—	—	—	Daily	1
Total investments	<u>7,614,431</u>	<u>4,798,719</u>	<u>—</u>	<u>12,413,150</u>		
Other assets:						
Funds held by bond trustee	14,538,982	—	—	14,538,982	Daily	1
Investments held in trust by others	—	—	1,787,400	1,787,400	Not Applicable	Not Applicable
Total other assets	<u>14,538,982</u>	<u>—</u>	<u>1,787,400</u>	<u>16,326,382</u>		
Total assets	<u>\$ 22,153,413</u>	<u>4,798,719</u>	<u>1,787,400</u>	<u>28,739,532</u>		
Liabilities:						
Interest rate swap agreements	\$ —	(9,081,126)	—	(9,081,126)		
Total liabilities	<u>\$ —</u>	<u>(9,081,126)</u>	<u>—</u>	<u>(9,081,126)</u>		

The following table presents the University's activity for the fiscal year ended June 30, 2010 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in the fair value hierarchy:

	<u>Fixed income and equities</u>		<u>Fixed income and equities</u>
Fair value at June 30, 2009	\$ 1,787,400	Fair value at June 30, 2008	\$ 4,531,954
Investment return	60,175	Investment return	—
Unrealized losses	—	Unrealized losses	(2,744,554)
Fair value at June 30, 2010	<u>\$ 1,847,575</u>	Fair value at June 30, 2009	<u>\$ 1,787,400</u>

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

The University's total return on its invested assets consists of the following components reported on the statement of activities:

	<u>2010</u>	<u>2009</u>
Investment income, net of investment expenses	\$ 263,038	260,867
Net realized and unrealized (losses) gains	<u>707,572</u>	<u>(2,656,853)</u>
Total return on investments	970,610	(2,395,986)
Endowment spending used in operations	<u>(403,439)</u>	<u>(377,010)</u>
Net return on long-term investments, net of amounts used in operations	<u>\$ 567,171</u>	<u>(2,772,996)</u>

(6) Endowment Funds

The University's endowment consists of 134 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University to function as endowments (quasi endowment). At June 30, 2010, the fair values of 34 endowment accounts were less than their original fair value ("underwater") by a total of \$193,170.

The University manages its long-term investments to ensure that the future growth of the endowments is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for future generations.

The University's annual spending distribution is determined by applying a spending formula outlined in the Endowment Spending Policy. The actual endowment fund distribution shall be at an annual rate that is the lesser of the following:

1. four and one-half (4.5%) based upon the twelve-quarter moving average market value of the fund's value at the beginning of each quarter with a one-quarter lag or
2. the annual yield (dividends and interest) as measured by the preceding fiscal year.

The University's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowment. The University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that are not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard prudence prescribed by Uniform Prudent Management Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the University

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the fund
2. the purposes of the University and the donor-restricted endowment fund
3. general economic conditions
4. the possible effect of inflation and deflation
5. the expected total return from income and the appreciation of investments
6. other resources of the University
7. the investment policies of the University

Endowment net assets consisted of the following at June 30, 2010 and 2009:

2010				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ (193,170)	3,381,033	8,822,104	12,009,967
Quasi (Board-designated)	5,545,132	—		5,545,132
Total	<u>\$ 5,351,962</u>	<u>3,381,033</u>	<u>8,822,104</u>	<u>17,555,099</u>
2009				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ (363,755)	3,003,630	7,473,458	10,113,333
Quasi (Board-designated)	2,172,950	—		2,172,950
Total	<u>\$ 1,809,195</u>	<u>3,003,630</u>	<u>7,473,458</u>	<u>12,286,283</u>

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June 30, 2010

(\$ in Thousands)

Changes in endowment funds for the fiscal years ended June 30, 2010 and 2009 were as follows:

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Balance, June 30, 2009	\$ 1,809,195	3,003,630	7,473,458	12,286,283
Investment return	119,530	134,422		253,952
Unrealized gains	459,982	242,981		702,963
Contributions	2,963,255		1,348,646	4,311,901
Balance, June 30, 2010	<u>\$ 5,351,962</u>	<u>3,381,033</u>	<u>8,822,104</u>	<u>17,555,099</u>

	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Balance, June 30, 2008	\$ 3,328,781	4,453,668	6,905,313	14,687,762
Investment return	63,631	195,150		258,781
Unrealized losses	(651,317)	(2,008,943)		(2,660,260)
Transfers	(931,900)	363,755	568,145	—
Balance, June 30, 2009	<u>\$ 1,809,195</u>	<u>3,003,630</u>	<u>7,473,458</u>	<u>12,286,283</u>

(7) Investment in Plant

Plant assets consist of the following at June 30:

	2010	2009	Estimated useful lives
Land	\$ 5,412,102	5,412,102	—
Land improvements	10,038,611	9,244,906	50 years
Buildings and building improvements	130,682,863	88,076,644	30 years
Furniture and equipment	44,764,385	43,226,145	3-10 years
Construction in progress	8,943,923	35,645,578	—
	<u>199,841,884</u>	<u>181,605,375</u>	
Less accumulated depreciation	<u>(79,525,578)</u>	<u>(72,041,429)</u>	
	<u>\$ 120,316,306</u>	<u>109,563,946</u>	

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June 30, 2010

(\$ in Thousands)

The University capitalized \$18,424 and \$658,816 of interest on construction projects during the years ended June 30, 2010 and 2009, respectively.

Depreciation expense for the years ended June 30, 2010 and 2009 amounted to \$7,494,380 and \$6,239,539, respectively.

(8) Leases

The University has entered into operating lease agreements to rent property for office space and for off-campus residences. These lease agreements have varying remaining terms until fiscal year 2017.

The University signed two leases with Acorn Property Management (Acorn) for the leasing of grounds and a residence hall that Acorn constructed. The principal owner of Acorn was formerly a trustee of the University. The initial leasing term ends August 2012 and is eight years. During the lease term, the average annual commitment is \$859,375. The lease has a renewal option in which the University can extend the lease for an additional seven years and five additional renewal options of five years each.

The approximate future minimum rental commitments under operating lease agreements are as follows:

Year ending June 30:	
2011	\$ 3,537,914
2012	3,561,972
2013	2,276,259
2014	2,080,116
2015	2,149,454
Thereafter	<u>547,923</u>
Total required minimum lease payments	<u>\$ 14,153,638</u>

Rent expense for the years ended June 30, 2010 and 2009 was \$3,708,663 and \$3,225,208, respectively.

(9) Investments Held in Trust by Others

The University is the sole beneficiary of a charitable trust (\$1,847,575 and \$1,787,400 at June 30, 2010 and 2009, respectively) of which the University is not the trustee. The trust is time-restricted. The University's beneficial interest in the trust is recognized as a temporarily restricted net asset. Distributions are reflected as reductions in the beneficial interest of the trust and as reclassifications from temporarily restricted to unrestricted net assets.

The University is the sole beneficiary of a charitable remainder trust payable to the University in fiscal 2013. The University is also a beneficiary of a share of a charitable lead annuity trust payable to the University over a 10-year term ending in April 2014. The assets of the trusts are recorded as temporarily and permanently restricted pledges receivable, respectively, at the present value of estimated future payments, as disclosed in note 4.

The University is named as a beneficiary of a charitable remainder trust. Under the trust agreement, distributions for the benefit of the primary beneficiaries may include the expenditure of principal causing

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

the remainder amount the University expects to receive to be undeterminable. As a result, the trust has not been recorded in the University's financial statements.

(10) Debt**(j) Bonds and Notes Payable**

The following is a summary of bonds and notes payable at June 30:

	<u>2010</u>	<u>2009</u>
Connecticut Health and Education Facilities Authority (CHEFA):		
Series E bonds, issued in August 2005 with variable interest, based on an industry adjusted Securities Industry and Financial Markets Association Municipal Swap Index, 0.270% at June 30, 2010, and an interest rate swap based on one-month LIBOR vs. fixed rate of 3.425%; interest expense was \$588,457 for the fiscal year. Principal payments are made in monthly installments ranging from \$27,083 to \$155,000, through 2035.	\$ 25,105,000	25,815,000
Series G bonds, issued in August 2006 with variable interest, based on an industry adjusted Securities Industry and Financial Markets Association Municipal Swap Index, 0.270% at June 30, 2010, and an interest rate swap based on three-month LIBOR vs. fixed rate of 3.96%; interest expense was \$868,701 for the fiscal year. Principal payments are made in monthly installments ranging from \$20,000 to \$61,666, through 2036.	14,880,000	15,370,000
Series H bonds, issued in July 2008 with variable interest, \$46,000,000 based on an industry adjusted Securities Industry and Financial Markets Association Municipal Swap Index, 0.270 % at June 30, 2010, and two interest rate swap agreements based on three-month LIBOR vs. fixed rate of 3.605% and 3.638% on \$42,000,000 and \$4,000,000 respectively; interest expense was \$1,552,044 for the fiscal year. Principal payments are made in monthly intallments ranging from \$73,333 to \$228,333 through 2038.	<u>46,000,000</u>	<u>46,000,000</u>
Bonds payable	85,985,000	87,185,000
Unamortized bond discount	<u>(434,700)</u>	<u>(450,703)</u>
Bonds payable, net	<u>\$ 85,550,300</u>	<u>86,734,297</u>

In July 2008, the University issued \$46,000,000 of CHEFA Series H tax-exempt bonds. The proceeds were used to finance (a) the construction and equipping of a new student dormitory; (b) paying capitalized interest with respect to the bonds; and (c) paying costs of issuance fees with

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June 30, 2010

(\$ in Thousands)

respect to the bonds. The University incurred \$644,662 in costs associated with the new bonds, which have been capitalized and will be amortized over the life of the bonds.

In August 2006, the University issued \$15,890,000 of CHEFA Series G tax-exempt bonds. The proceeds were used to finance (a) the construction and equipping of a new student recreation center; (b) the defeasance of the prior issue Series F bonds; and (c) paying capitalized interest with respect to the bonds; and (d) paying costs of issuance and credit enhancement fees with respect to the bonds. The University incurred \$424,474 in costs associated with the new bonds, which have been capitalized and will be amortized over the life of the bonds.

In August 2005, the University issued \$27,460,000 of CHEFA Series E tax-exempt bonds. The proceeds were used to finance (a) deferred maintenance and various improvements to the University's campus, including classroom, lab, faculty office, and residence hall renovations and (b) the defeasance of the prior issue Series D bonds. The University incurred \$638,848 in costs associated with the new bonds, which have been capitalized and will be amortized over the life of the bonds.

Under the bond agreement with CHEFA, the University has agreed to certain financial covenants. The University has met its financial covenants as of June 30, 2010.

Substantially all property and equipment is pledged as collateral for the above notes. Additionally, the University has granted to CHEFA and the aforementioned bank a security interest in certain gross receipts, as defined, from annual student tuition and other dormitory fees.

The following is a schedule of debt maturities payable over the next five years and thereafter by the University:

Year ending June 30:	
2011	\$ 1,245,000
2012	2,175,000
2013	2,260,000
2014	2,350,000
2015	2,450,000
Thereafter	<u>75,505,000</u>
Total	<u>\$ 85,985,000</u>

(k) Short-Term Line of Credit

The University had a revolving line-of-credit agreement with Wachovia Bank for \$4,500,000, which expired on December 31, 2009. Outstanding borrowings against the line of credit were \$0 at June 30, 2010 and 2009.

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

(11) Interest Rate Swap

The University entered into interest rate swap agreements with a financial institution counterparty. The purpose of these agreements is to swap the variable rate on underlying debt for fixed rates. The University entered into the agreements to manage the risk associated with the cash flows attributable to interest payments on the debt and does not use such instruments for speculative purposes. The instruments fair value and changes therein must be measured in the University's net assets. The value of the swap instruments represents the estimated benefit or cost to the University to cancel the agreement at the reporting date, and is based on an option-pricing model that considers risks and market factors.

Trade date	Notional amount	Maturity	Series	Rate	Fair value at June 30	
					2010	2009
August 17, 2005	\$ 25,105,000	July 1, 2035	2005	3.425%	\$ (3,015,849)	\$ (1,939,948)
August 28, 2006	\$ 14,880,000	July 1, 2036	2006	3.960%	(2,592,254)	(2,010,160)
July 1, 2008	\$ 42,000,000	July 1, 2038	2008	3.605%	(6,732,327)	(4,668,864)
July 1, 2008	\$ 4,000,000	July 1, 2038	2008	3.638%	(659,312)	(462,154)
Total					<u>\$ (12,999,742)</u>	<u>\$ (9,081,126)</u>

The continued effectiveness of these swaps will be contingent upon the ability of the counterparty to meet its contractual obligations under these agreements.

(12) Pension Plan

The University maintains a defined contribution retirement program with Fidelity Brokerage Services LLC. The University generally contributes 7% of base salaries, as defined, for both exempt and non-exempt participating employees. Eligible employees may contribute a percentage of their annual compensation, pretax, subject to various restrictions within the IRC. Pension expense for the years ended June 30, 2010 and 2009 was \$3,013,625 and \$2,748,196, respectively.

(13) Temporarily and Permanently Restricted Net Assets

Restricted net assets as of June 30 consist of the following:

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

	<u>2010</u>	<u>2009</u>
Temporarily restricted net assets:		
Time restricted	\$ 2,502,877	3,358,989
Investments held in trust by others	1,787,401	1,787,400
Use restricted:		
Capital projects	9,760,256	9,960,358
Other	710,352	174,780
Total	<u>\$ 14,760,886</u>	<u>15,281,527</u>
Permanently restricted net assets:		
Scholarships	\$ 6,668,193	5,480,762
General University support	2,744,556	2,746,600
Total	<u>\$ 9,412,749</u>	<u>8,227,362</u>

(14) Net Assets Released from Restrictions

Temporarily restricted assets were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donor. For the years ended June 30, 2010 and 2009, temporarily restricted net assets were released as follows:

	<u>2010</u>	<u>2009</u>
Capital projects	\$ 1,772,526	1,945,083
Academic support	515,155	153,812
Student services/athletics	308,480	814,616
Institutional support	38,728	94,520
Instruction	56,644	140,077
Student aid	384,552	614,273
Total	<u>\$ 3,076,085</u>	<u>3,762,381</u>

(15) Postretirement Medical Benefits Plan

The University provides certain healthcare benefits, including medical care and prescription drug components, for certain of its retired employees. Information with respect to the plan is as follows:

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

	June 30	
	2010	2009
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,652,072	2,292,810
Interest cost	159,907	148,941
Assumption changes	317,670	224,857
Experience (gains) losses	(13,587)	156,602
Benefits paid	(167,125)	(171,138)
Benefit obligation at end of year	<u>\$ 2,948,937</u>	<u>2,652,072</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Actual return on plan assets	—	—
Employer contribution	167,125	171,138
Plan participants' contributions	—	—
Benefits paid	(167,125)	(171,138)
Fair value of plan assets at end of year	<u>\$ —</u>	<u>—</u>
Funded status	<u>\$ (2,948,937)</u>	<u>(2,652,072)</u>

	June 30	
	2010	2009
Discount rate used to value obligations	5.50%	6.25%
Weighted average healthcare cost trend:		
Initial trend rate:		
Pre-65	6.20%	9.00%
Post-65	6.20%	9.00%
Ultimate trend rate:		
Pre-65	4.70%	5.00%
Post-65	4.70%	5.00%
Year ultimate trend rate attained	2088	2013

	June 30	
	2010	2009
Components of net periodic postretirement benefit cost:		
Service cost	\$ —	—
Interest cost	159,907	148,941
Amortization of actuarial loss	3,630	—
Amortization of unrecognized prior service cost	—	—
Net periodic postretirement benefit cost	<u>\$ 163,537</u>	<u>148,941</u>

UNIVERSITY OF NEW HAVEN

Notes to Financial Statements

June 30, 2010

(\$ in Thousands)

The assumed healthcare cost trend rate has a significant effect on the amounts reported. A one-percentage-point change in the assumed healthcare cost trend rate would have the following effects:

	<u>2010</u>	<u>2009</u>
Impact of 1% increase in healthcare cost trend:		
On interest cost plus service cost during past year	\$ 17,859	16,067
On accumulated postretirement benefit obligation	359,932	292,823
Impact of 1% decrease in healthcare cost trend:		
On interest cost plus service cost during past year	(15,203)	(13,707)
On accumulated postretirement benefit obligation	(321,897)	(269,230)

Estimated future benefit payments, net of employee contributions, are as follows:

	<u>Estimated benefit payment</u>
Fiscal year:	
2011	\$ 188,500
2012	194,600
2013	188,600
2014	181,000
2015	179,900
2016-2020	1,005,400

The expected employer contribution for fiscal year 2011 is \$188,500.

(16) Commitments and Contingencies

The University participates in a number of federal programs that are subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the University does not expect these amounts, if any, to be material to the financial statements.

The University is subject to certain legal proceedings and claims that arose in the ordinary course of its business. In the opinion of management, the amount of the ultimate liability with respect to those actions will not materially affect the University's financial position.

(17) Subsequent Events

The University considers events or transactions that occur after the balance sheet date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on October 28, 2010 and subsequent events have been evaluated through that date.

UNIVERSITY OF NEW HAVEN
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number/ Agency or Pass-through Number	Federal Expenditures
Student Financial Aid Cluster		
<i>U.S. Department of Education</i>		
Federal Supplemental Educational Opportunity Grant Program	84.007	\$ 393,292
Federal Family Education Loan Program (note 4)	84.032	42,804,638
Federal Work Study Program	84.033	316,712
Federal Perkins Loan Program (note 3)	84.038	250,635
Federal Pell Grant Program	84.063	4,116,971
Federal SMART Program	84.376	64,000
Federal Academic Competitiveness Grant	84.375	284,282
Total Student Financial Aid Cluster		<u>48,230,530</u>
Research and Development Cluster		
<i>United States Department of Homeland Security</i>		
Passed through the University of Maryland:	97.061	
National Consortium for the Study of Terrorism and Response to Terrorism (START)	Subcontract #Z930201	170,379
Passed through the University of Maryland:	97.108	
Threat Assessment of Terrorist & Extremist Organization in Indonesia, the Philippines & Thailand	Subcontract #Z942001	68,026
Total United States Department of Homeland Security Federal Pass Through		<u>238,405</u>
<i>National Science Foundation</i>		
III-COR: Collaborative Research: Knowledge Compilation With Fast Response	47.070	<u>69,884</u>
<i>United States Department of Education</i>		
Passed through the State of Connecticut Department of Higher Education:		
UNH-Greater New Haven Science & Nutrition Collaborative	84.367B	<u>6,223</u>
<i>United States Department of Justice</i>		
Office of Justice Programs:		
Community Oriented Policing Services (COPS) Cold Case Center	16.71	101,719
Passed Through Sam Houston State University:		
US/Mexico Border Open Source Knowledgebase	16.751	28,691
Community Oriented Policing Services (COPS) Command Center	16.710	46,314
Total U.S. Department of Justice		<u>176,724</u>
<i>United States Naval Research Laboratory</i>		
Multi-Cultural, Multi-Lingual Data Aggregation with Criminal, Extremist, & Terrorist Attributes	12.300	<u>642,819</u>
<i>Department of Commerce/ National Oceanic and Atmospheric Administration</i>		
Passed Through the University of Connecticut:		
Development of a Long Island Sound Benthic Index for Assessing Environmental Conditions	11.417	<u>37,487</u>
<i>The Office of Drug Control Policy (ONDCP)</i>		
Passed through the California Border Alliance Group (CBAC):		
HIDTA Grant: National Marijuana Initiative	18PSCP5052	<u>4,175</u>
<i>Army Research Lab</i>		
Passed through Sam Houston State University:		
Border Security Open Source Research Project	12.341	<u>134,686</u>
Total Research and Development Cluster		<u>1,310,403</u>
		<u>\$ 49,540,933</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

UNIVERSITY OF NEW HAVEN

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the expenditures of University of New Haven (the University) under programs of the federal government for the year ended June 30, 2010. Due to the fact the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, and revenues and expenses of the University.

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

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

(3) Federal Perkins Loan Program

During the year ended June 30, 2010, \$238,700 in loans were advanced under the Federal Perkins Loan Program and the administrative cost allowance claimed was \$11,935. As of June 30, 2010, the loan balance receivable under the Perkins Loan Program was \$3,800,767.

(4) Federal Family Education Loan Program

The amount of loans advanced during the year to students and parents under the Federal Family Education Loan Program was \$42,804,638.

With respect to the FFELP program, the University is responsible only for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements. It is not practical to determine the balances of loans outstanding to students of the University under this program at June 30, 2010.