

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION:

DATE:

October 18, 2011

RECOMMENDATION

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION AS OF JUNE 30, 2011

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the University's audited fiscal year 2010-11 financial statements and auditor's report.

STAFF SUMMARY

The Financial Statements and Supplementary Information as of June 30, 2011 together with the Auditor's report are attached. Plante & Moran has issued its opinion indicating that the statements present fairly, and in conformity with Generally Accepted Accounting Principles, the financial position, results of operations, and cash flows for Eastern and the Foundation.

Financial Statement highlights include:

- General Fund operating surplus of \$395,400 for the 2010-11 fiscal year
- Total Net Assets of \$255.8 million, a year-to-year increase of \$24.7 million primarily reflecting recognition of a receivable from the State for the Pray Harrold capital outlay (\$21.0 million) and an increase in the "mark-to-market" of Eastern's interest rate swap agreements (\$6.7 million).
- Unrestricted and Expendable Restricted Net Assets of \$50.5 million, down \$14.5 million year-to-year reflecting the planned investment of reserves (accumulated tuition earmark for capital) in capital projects and improvements.

During their audit, Plante & Moran identified one significant deficiency related to fixed asset capitalization. The error has been corrected in the attached statements. No issues were identified by Plante & Moran relating to the University's accounting practices, accounting estimates, or financial statement disclosures.

Representatives of Plante & Moran will be attending the Board's Finance and Audit Committee meeting to present a summary of the results of their audit and to discuss any comments or questions regarding the financial statements or audit.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

10/18/11

Eastern Michigan University

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June 30, 2011 and 2010

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Independent Auditor's Report

To the Board of Regents of Eastern Michigan University

We have audited the accompanying statement of net assets of Eastern Michigan University (a component unit of the State of Michigan) (the "University") and its discretely presented component unit as of June 30, 2011 and 2010 and the related statements of revenue, expenses, and changes in net assets 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. In addition, the basic financial statements were audited in accordance with *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Eastern Michigan University and its discretely presented component unit as of June 30, 2011 and 2010 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September xx, 2011 on our consideration of Eastern Michigan University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 opinions 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.

The Management's Discussion and Analysis on pages 2 to 10 are not a required part of these financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

September 30, 2011

EASTERN MICHIGAN UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Eastern Michigan University's ("University") financial statements provides an overview of the University's financial activities for the years ended June 30, 2011, 2010, and 2009. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

The University's financial statements were prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 39). These criteria include significant operational or financial relationships. Based on the application of the criteria, the University has one component unit -- the Eastern Michigan University Foundation. The Foundation's statements are discretely presented as part of the University's reporting entity in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB).

Eastern Michigan University offers a supportive, accessible, affordable, and quality learning and living environment. The University's distinct mix of comprehensive academic resources, strong community initiatives, focus on education first, and nationally recognized undergraduate research achievements set it apart.

Founded in historic Ypsilanti in 1849, the University occupies 880 acres on the main campus with 122 buildings. In addition, there are seven convenient off-campus locations in Brighton, Detroit, Flint, Jackson, Livonia, Monroe, and Traverse City for a student body of almost 23,000 students.

Financial Highlights

The University's financial position remained strong at June 30, 2011, with assets of \$587 million and liabilities of \$331 million.

In 2011 the University posted a capital outlay receivable of \$20.98 million to replenish operating funds for expenses incurred on the Pray-Harrold renovation, the first State Building Authority funding received since 1996. After the building is placed in service in September 2011 the improvements will be depreciated over time.

In 2010, the University implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, retroactive to 2008. The fair value of the derivative liability decreased by \$6.7 million in 2011, following increases of \$7.1 million and \$8.5 million in 2010 and 2009, respectively

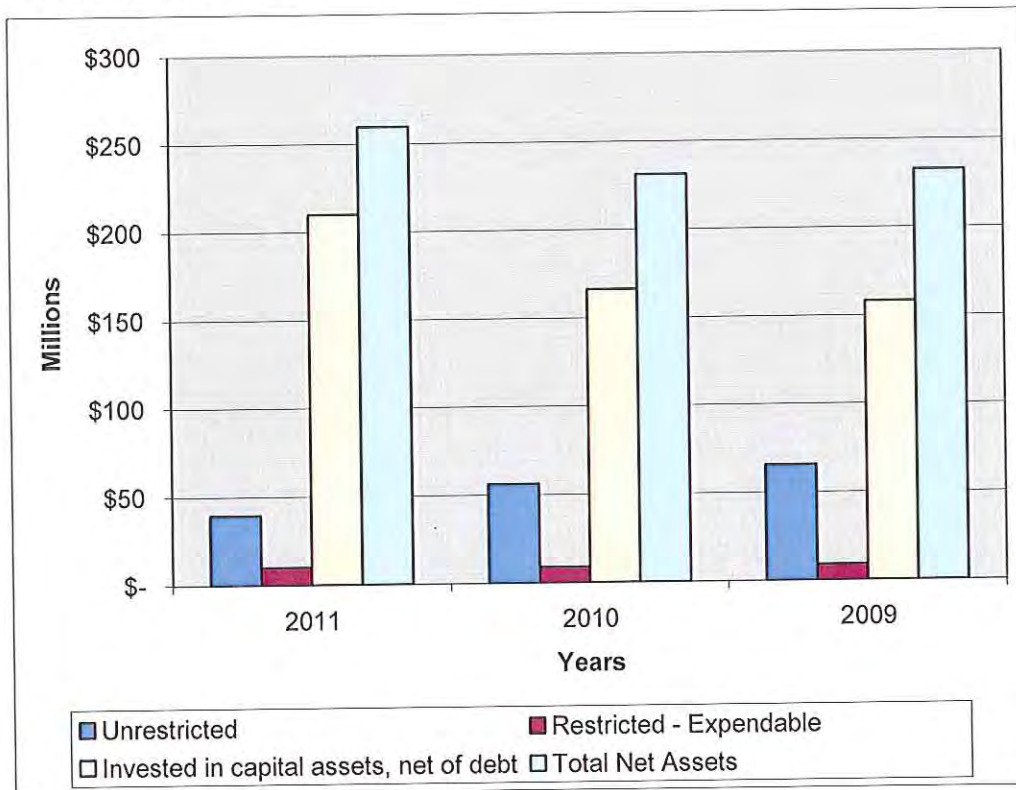
Net assets have increased \$0.4 million, \$1.3 million and \$1.6 million in the General fund for the years ended June 30, 2011, 2010 and 2009, respectively, before factoring in the capital appropriation, accounting rule change, and operations in other funds:

Net Assets as of June 30 (In millions)	2011	2010	2009
Increase (decrease) in net assets from operations:			
General Fund	\$ 0.4	\$ 1.3	\$ 1.6
Other Funds	(3.4)	4.4	3.7
Derivatives fair value (increase) decrease	6.7	(7.1)	(8.5)
Capital Appropriation	21.0	0.0	0.0
Overall increase (decrease) in net assets	<u>\$ 24.7</u>	<u>\$ (1.4)</u>	<u>\$ (3.2)</u>

EASTERN MICHIGAN UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The University borrowed \$102.4 million in 2009 to fund the Science Complex and other capital projects. The following chart provides a graphical breakdown of net assets by category for the fiscal years ended June 30, 2011, 2010, and 2009.



The University has committed the unrestricted net assets to provide for identified future needs. These needs include contractual obligations, debt service, student loans, capital outlay, insurance reserves, and academic programming needs.

EASTERN MICHIGAN UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets

The University's financial report includes three financial statements: the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Following is a summary of the major components of the net assets and operating results of the University for the years ended June 30, 2011, 2010, and 2009:

Net Assets as of June 30 (In millions)	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets			
Current assets	\$ 76.8	\$ 90.5	\$ 74.3
Noncurrent assets:			
Capital assets - Net of depreciation	433.4	379.2	326.1
Other	76.6	97.0	151.9
Total assets	<u>\$ 586.8</u>	<u>\$ 566.7</u>	<u>\$ 552.3</u>
Liabilities			
Current liabilities	\$ 65.8	\$ 60.2	\$ 47.9
Long-term liabilities	265.2	275.4	271.9
Net Assets			
Invested in capital assets	205.3	166.1	158.0
Restricted	10.0	8.9	8.9
Unrestricted	40.5	56.1	65.6
Total net assets	<u>255.8</u>	<u>231.1</u>	<u>232.5</u>
Total liabilities and net assets	<u>\$ 586.8</u>	<u>\$ 566.7</u>	<u>\$ 552.3</u>

EASTERN MICHIGAN UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results for the Years Ended June 30 (in Millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues			
Tuition and fees - Net	\$ 162.7	\$ 160.0	\$ 154.7
Grants and contracts	16.4	16.1	15.6
Auxiliary activities - Net	33.4	32.6	31.9
Other	8.9	9.1	9.7
Total operating revenues	<u>221.4</u>	<u>217.8</u>	<u>211.9</u>
Operating Expenses			
Instruction	122.3	114.5	105.9
Research	6.3	5.6	5.1
Public service	12.4	14.3	11.0
Academic support	23.8	23.9	24.6
Student services	31.1	29.7	28.6
Institutional support	32.6	32.4	28.8
Operations and maintenance of plant	28.3	26.7	33.2
Scholarships and fellowships	34.1	28.5	23.9
Auxiliary activities - Net	25.6	25.4	25.9
Depreciation	15.8	15.3	15.4
Other expenditures	0.4	0.5	1.2
Total operating expenses	<u>332.7</u>	<u>316.8</u>	<u>303.6</u>
Net Operating Loss	(111.3)	(99.0)	(91.7)
Nonoperating Revenues (Expenses)			
State appropriations	76.0	76.0	78.6
Gifts	4.3	4.5	3.9
Change in value of derivative instruments	6.7	(7.1)	(8.5)
Pell grants	35.3	29.9	17.2
Other nonoperating expenses	(7.7)	(5.8)	(4.1)
Net Nonoperating Revenues	<u>114.6</u>	<u>97.5</u>	<u>87.1</u>
Other Revenues			
Capital appropriations	21.0	0.0	0.0
Capital gifts	0.4	0.1	1.4
Total other revenues	<u>21.4</u>	<u>0.1</u>	<u>1.4</u>
Increase (Decrease) in Net Assets	24.7	(1.4)	(3.2)
Net Assets - Beginning of year	<u>231.1</u>	<u>232.5</u>	<u>235.7</u>
Net Assets - End of year	<u>\$ 255.8</u>	<u>\$ 231.1</u>	<u>\$ 232.5</u>

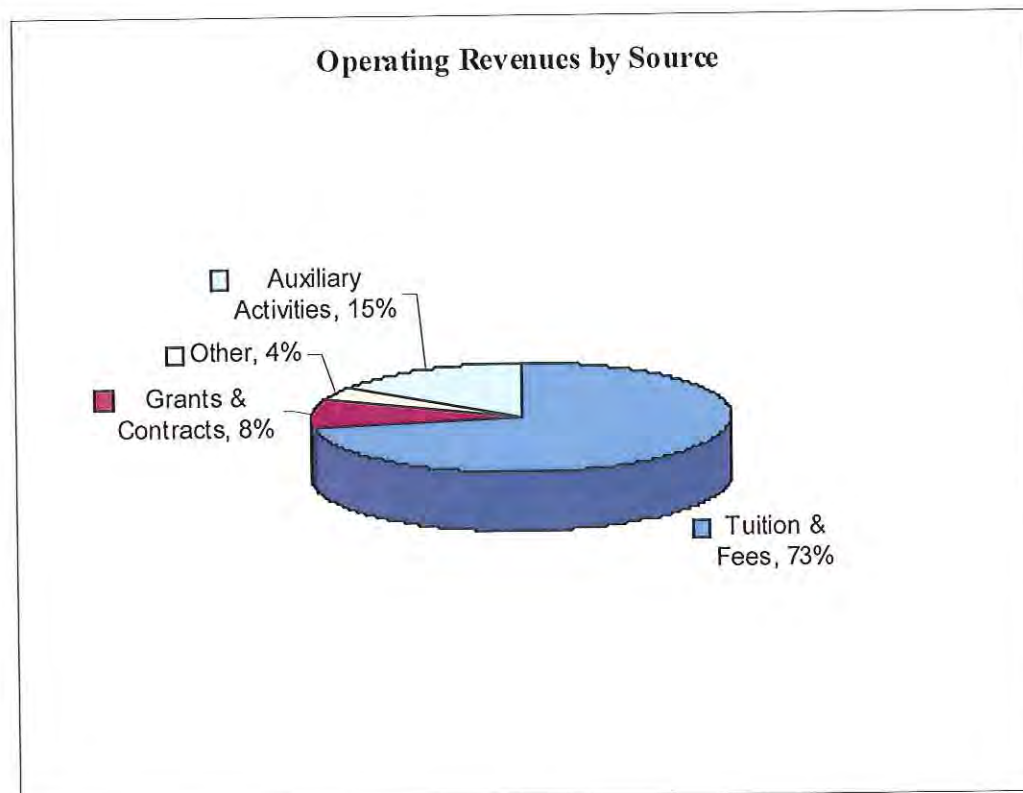
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees, housing, and other auxiliary units. In addition, certain federal, state and private grants are considered operating if they are a contract for services and not for capital purposes.

Student tuition and fees revenue increased as a result of enrollment growth.

The following is a graphic illustration of operating revenues by source:



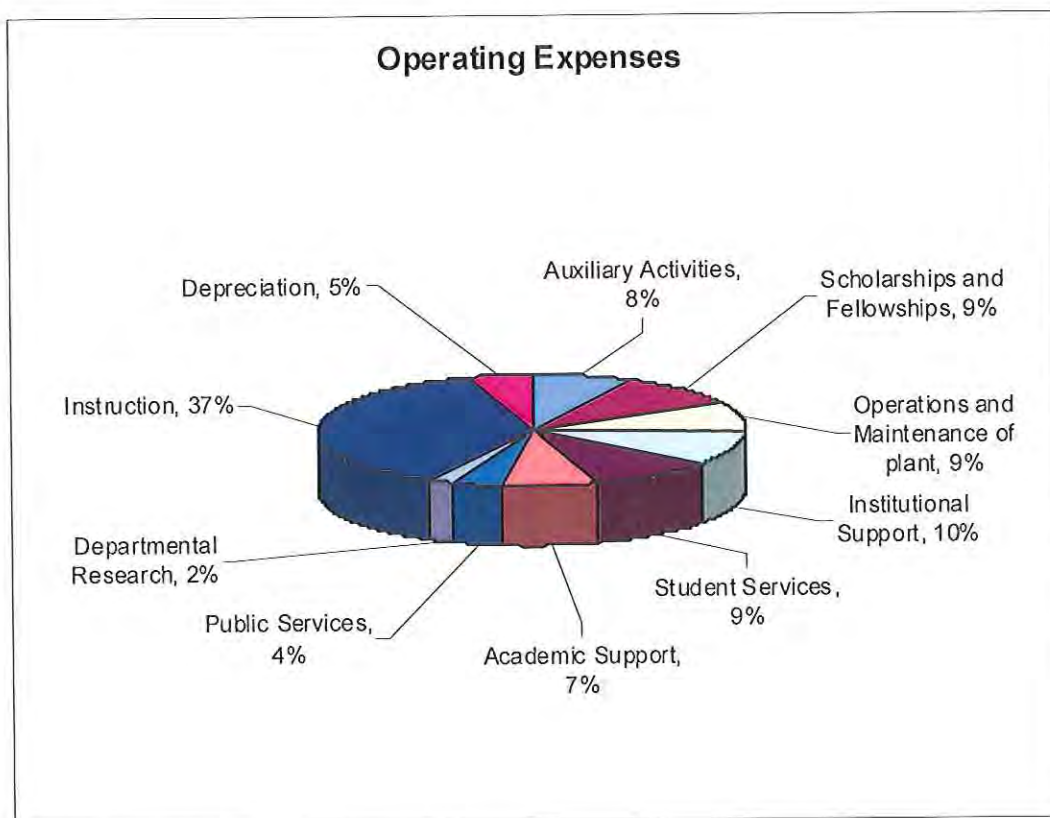
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

Operating expenses are all costs necessary to perform and conduct the programs and primary purposes of the University. Operating expenses were up modestly, reflecting increases in the costs of compensation, utilities, student financial aid, library acquisitions, and academic programming.

The University is committed to providing financial support to students. The University has long sponsored its prestigious National Scholars program which attracts some of the brightest and most promising students.

The following is a graphic illustration of operating expenses by source:



EASTERN MICHIGAN UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nonoperating Revenues

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Pell grant reimbursements, investment income (including realized and unrealized gains and losses), and restricted development funds that do not require any services to be performed.

Nonoperating revenue was significantly impacted by the following factors:

- Pell grants increased \$5.4 million to \$35.3 million in 2011.
- Investment income increased \$1.3 million to \$6.7 million in 2011 due to favorable market conditions.
- The fair market value of derivatives decreased \$6.7 million in 2011, following a \$7.1 million increase in 2010.
- In 2011, the University retired \$7.5 million of expired library subscriptions with accumulated depreciation of \$4.1 million purchased between 2003 and 2011.
- State operating appropriations increased \$0.06 million in 2011 to \$76.0 million.

Other Revenues

Other revenues consist of items that are typically nonrecurring, extraordinary, or unusual to the University. Examples would be capital gifts, capital appropriations from the state or federal government, and transfers from related entities. Capital appropriations for the Pray-Harold renovation amounted to \$20.98 million in 2011, the first State Building Authority capital outlay from the State of Michigan since 1996. Capital gifts amounted to \$0.4 million in 2011, \$0.1 million in 2010, and \$1.4 million in 2009.

Statement of Cash Flows

Another way to assess the financial health of the University is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet obligations as they come due
- Its needs for external financing

Cash Flows for the Years Ended June 30 (in millions)

	2011	2010	2009
Cash Provided by (Used in):			
Operating activities	\$ (87.6)	\$ (71.4)	\$ (78.2)
Noncapital financing activities	116.6	113.2	101.1
Capital and related financing activities	(103.5)	(79.1)	71.1
Investing activities	49.4	42.0	(79.5)
Net Increase (Decrease) in Cash	(25.1)	4.7	14.5
Cash - Beginning of year	33.5	28.8	14.3
Cash - End of year	\$ 8.4	\$ 33.5	\$ 28.8

EASTERN MICHIGAN UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash and Investments

Cash and investments, collectively, decreased by 54.6 million to \$81.1 million as of June 30, 2011 primarily due to spending bond proceeds on capital projects.

The most significant components of cash flows provided from operating activities are tuition and fees, auxiliary activities, grants, and contracts. Net cash used in operating activities was \$87.6 million. To offset this, the net cash provided from noncapital financing activities, which consisted primarily of State appropriations, was \$116.6 million. This is compared to net cash used in operating activities in the amount of \$71.4 million and \$78.2 million for the years ended June 30, 2010 and 2009, respectively. Net cash provided by non-capital financing activities was \$113.2 million and \$101.1 million for the years ended June 30, 2010 and 2009, respectively.

Cash used by capital and related financing activities amounted to \$103.4 million in 2011 and \$79.1 million in 2010, primarily on capital additions. Cash provided by capital and related financing activities amounted to \$79.1 million in 2009, primarily the result of borrowing \$102.4 million for capital projects and spending \$26.9 million on capital expenses.

Capital Assets

At June 30, 2011, the University had \$433.4 million invested in capital assets, net of accumulated depreciation of \$274.9 million. Depreciation charges totaled \$15.8 million for 2011 compared to \$15.3 million in 2010. In 2011 the University completed the Science Complex addition and projects to improve auxiliary building energy efficiency, security, and classrooms. Capital projects in progress at June 30, 2011 primarily include the Science Complex renovation, Pray-Harrold renovation, and additional improvements to Sherzer, residence halls, and energy efficiencies.

At June 30, 2010, the University had \$379.2 million invested in capital assets, net of accumulated depreciation of \$265.1 million. Depreciation charges totaled \$15.3 million for 2010 compared to \$15.4 million in 2009. In 2010 the University completed renovations to the Department of Public Safety offices, renovated the Parsons Property, built an indoor athletic practice facility, improved auxiliary building energy efficiency, and continued to improve classrooms.

Debt

At June 30, 2011, the University had \$237.4 million in obligations outstanding versus \$241.0 million in the previous year, a decrease of 1.5 percent. The University borrowed \$102.4 million in 2009 to fund a major science complex expansion and renovation as well as other capital projects. At June 30, 2009, the debt obligations increased 67.2 percent, from a balance of \$146.4 million at June 30, 2008. The University also issued \$125.8 million of general revenue bonds in 2009 to refinance existing variable-rate debt issued in 2009 used to finance capital projects on campus and refinance existing debt. All of the outstanding debt instruments are general revenue obligations of the University. In addition, principal payments of \$3.6 million and \$3.8 million were made in 2011 and 2010, respectively.

EASTERN MICHIGAN UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the University's \$125,795,000 of enhanced variable rate debt refinanced in 2009, the credit ratings assigned by Moody's Investor Services (Aaa/VMIG-1) and Standard and Poor's (AAA/A1+) were unchanged from 2009. For the University's \$102,380,000 of fixed rate debt, separate ratings were assigned by each agency for the insured portion of the debt and the uninsured portion. Moody's ratings were Aa2 (insured) and A2 (uninsured); Standard and Poor's ratings were AAA (insured) and A- (uninsured). The highest achievable ratings are "Aaa" and "AAA", respectively. The University's capacity to meet its financial obligations is considered to be strong by the rating agency and reflects limited additional borrowing capacity as of June 30, 2011.

Funding for a Successful Future

The University's top priorities for the 2011-12 academic year are enhancing student life, improving academic facilities and increasing enrollment. A solid base of successes in 2010-11 created momentum for new initiatives in those areas. Current major projects include:

- The University continues in the second phase of an unprecedented \$90 million addition and renovation of the Science Complex. Once complete, the 330,000-square-foot complex will provide the biology, chemistry and psychology departments much-needed, state-of-the-art laboratory and research space and will provide students a first-class educational environment.
- The State of Michigan approved in its Capital Outlay Bill \$31.5 million for the renovation of Pray-Harrod, a seven-story classroom building that is the largest on campus and among the most heavily used in the state. The \$42 million renovation (including a University contribution of \$10.5 million) will finish in 2012. It is the first EMU capital project to receive state funding since 1996.
- The University also is committed to enhancing other existing facilities. Eastern will be embarking on capital expenditures to improve classroom buildings, residence halls, parking and safety, and athletic facilities.

At its June meeting, the Eastern Michigan University Board of Regents adopted a \$281.4 million General Fund operating budget for the 2011-2012 year that reflects an overall weighted average increase of 4.25% for tuition and fees. Room & board rates reflect a 2.15% aggregate rate increase approved at the April Board of Regents meeting.

The new budget reflects the expectation that the University's state appropriation for the 2011-2012 year is likely to be \$64.6 million, a decrease of \$11.2 million from the previous year. Enrollment growth of 1.75% is expected to contribute to a net revenue increase of \$11.7 million for the 2011-2012 year. Budgeted expenses have increased modestly for compensation, utilities, financial aid, debt services and library acquisitions.

Eastern Michigan University's successful future depends on the collective efforts of its stakeholders. These efforts build on a solid foundation of exceptional academic programs that prepare students for real-world experience.

EASTERN MICHIGAN UNIVERSITY
STATEMENT OF NET ASSETS
As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted (Note 2)	\$ 4,019,621	\$ 28,664,104
Cash and cash equivalents - restricted (Note 2)	4,404,933	4,807,196
Short-term investments - restricted (Note 2)	10,530,605	20,051,565
Accounts receivable - net (Note 3)	20,353,354	20,414,073
Appropriation receivable	34,801,332	13,811,930
Inventories	949,713	908,809
Deposits and prepaid expenses	1,525,658	1,441,678
Accrued interest receivable	206,563	356,010
Total current assets	<u>76,791,779</u>	<u>90,455,365</u>
Noncurrent assets:		
Student loans receivable - net (Note 3)	12,125,323	12,532,789
Long-term investments - unrestricted (Note 2)	52,170,484	56,683,638
Long-term investments - restricted (Note 2)	9,996,546	25,465,537
Capital assets - net (Note 4)	433,437,781	379,223,120
Capitalized bond expenses - net (Note 5)	2,241,378	2,347,482
Total noncurrent assets	<u>509,971,512</u>	<u>476,252,566</u>
Total assets	<u>\$ 586,763,291</u>	<u>\$ 566,707,931</u>
LIABILITIES		
Current liabilities:		
Current portion of long-term debt (Note 5)	\$ 3,205,000	\$ 3,610,000
Accounts payable and accrued liabilities	30,192,717	26,057,612
Accrued payroll, taxes, and fringe benefits	21,540,030	18,360,043
Unearned fees and deposits	8,955,537	10,236,872
Insurance and other claims payable (Note 7)	1,924,475	2,021,669
Total current liabilities	<u>65,817,759</u>	<u>60,286,196</u>
Noncurrent liabilities:		
Accrued compensated absences (Note 6)	4,504,086	4,763,283
Long-term debt (Note 5)	234,145,000	237,350,000
Fair value of derivative instruments (Note 5)	15,734,165	22,439,956
Federal portion of Perkins Loan program	10,796,240	10,796,240
Total noncurrent liabilities	<u>265,179,491</u>	<u>275,349,479</u>
Total liabilities	<u>\$ 330,997,250</u>	<u>\$ 335,635,675</u>
NET ASSETS		
Invested in capital assets - Net of related debt	\$ 205,293,222	\$ 166,147,463
Restricted - University development and Perkins Loans	10,001,486	8,878,841
Unrestricted	40,471,333	56,045,952
Total net assets	<u>\$ 255,766,041</u>	<u>\$ 231,072,256</u>

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY FOUNDATION
BALANCE SHEET
As of June 30, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents (Note 2)	\$ 2,147,902	\$ 4,203,817
Accrued interest and dividends	46,020	58,643
Accounts receivable	15,489	100,451
Contributions receivable (Note 3)	3,506,263	1,004,220
Life insurance cash surrender value	276,780	269,996
Property and equipment - Net	2,020,223	1,977,217
Investments (Note 1)	45,242,754	36,633,172
Investments held under split-interest agreements (Note 1)	1,105,190	1,051,253
	<u>54,360,621</u>	<u>45,298,769</u>
Total assets	\$ 54,360,621	\$ 45,298,769
LIABILITIES		
Accounts payable	\$ 799,886	\$ 854,511
Accrued liabilities	8,926	8,635
Liabilities under split-interest agreements	794,927	783,682
	<u>1,603,739</u>	<u>1,646,828</u>
Total liabilities	\$ 1,603,739	\$ 1,646,828
NET ASSETS		
Unrestricted	\$ 999,309	\$ 836,921
Temporarily restricted	16,318,848	10,422,838
Permanently restricted	35,438,725	32,392,182
	<u>52,756,882</u>	<u>43,651,941</u>
Total net assets	\$ 52,756,882	\$ 43,651,941
Total liabilities and net assets	\$ 54,360,621	\$ 45,298,769

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Student tuition and fees	\$ 199,208,625	\$ 193,390,482
Scholarship allowances	(36,460,589)	(33,363,145)
Net student tuition and fees	162,748,036	160,027,337
Federal grants and contracts	9,550,088	10,486,459
Federal financial aid	2,669,020	2,760,161
State grants and contracts	452,447	852,541
State financial aid	428,532	671,970
Nongovernmental grants and contracts	3,230,617	1,377,605
Departmental activities	7,178,278	7,057,011
Auxiliary activities revenue - Net (Note 1)	33,433,115	32,577,628
Other	1,691,934	1,987,988
Total operating revenues	221,382,067	217,798,700
OPERATING EXPENSES		
Instruction	122,248,658	114,485,059
Research	6,253,890	5,574,705
Public service	12,400,042	14,309,799
Academic support	23,785,560	24,854,887
Student services	31,108,399	29,696,466
Institutional support	32,585,530	31,820,605
Scholarships and fellowships	34,124,549	28,537,990
Operation and maintenance of plant	28,282,188	26,350,384
Auxiliary activities expenses - Net (Note 1)	25,646,781	25,414,267
Depreciation	15,827,688	15,302,408
Other	423,132	427,078
Total operating expenses	332,686,417	316,773,648
Operating loss	(111,304,350)	(98,974,948)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	76,026,203	75,965,595
Gifts	4,285,059	4,491,024
Investment income:		
Interest, dividends, and investment gains & losses	6,716,471	5,375,956
Change in value of derivative instruments	6,705,791	(7,101,178)
Interest expense	(13,540,544)	(14,692,442)
Interest ARRA subsidy	1,880,893	1,280,051
Federal stabilization funds (ARRA)	332,368	2,080,316
Pell grants	35,345,729	29,929,900
Write off of library subscriptions	(3,391,299)	-
Other	276,138	187,482
Net nonoperating revenues before capital items	114,636,809	97,516,704
Capital Appropriations	20,978,386	-
Capital gifts	382,940	55,144
Total net nonoperating revenues	135,998,135	97,571,848
Increase (Decrease) in net assets	24,693,785	(1,403,100)
NET ASSETS - Beginning of year	231,072,256	232,475,356
NET ASSETS - End of year	<u>\$ 255,766,041</u>	<u>\$ 231,072,256</u>

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
Year ended June 30, 2011
(With comparative totals for year ended June 30, 2010)

	2011	2010
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 6,876,117	\$ 5,361,138
Investment income	750,687	831,914
Net realized and unrealized gains (losses)	8,533,396	4,571,161
Administrative and management fee	1,175,000	2,155,000
Other revenue	86,394	74,169
Total revenue, gains and other support	<u>17,421,594</u>	<u>12,993,382</u>
EXPENSES		
Contributions to EMU:		
Expendable contributions	\$ 3,179,090	\$ 4,677,940
Contributions from endowment income	1,383,425	1,175,038
General and administrative - Foundation management	559,552	541,074
Fundraising	3,056,136	2,795,232
Total expenses	<u>\$ 8,178,203</u>	<u>\$ 9,189,284</u>
Increase (Decrease) in Net Assets Before Other Changes in Net Assets	9,243,391	3,804,098
OTHER CHANGES IN NET ASSETS		
Funds transferred from EMU	2,659	21,491
Change in value of split-interest agreements	<u>(141,109)</u>	<u>(129,635)</u>
Increase (Decrease) in Net Assets	9,104,941	3,695,954
NET ASSETS - Beginning of year	<u>43,651,941</u>	<u>39,955,987</u>
NET ASSETS - End of year	<u>\$ 52,756,882</u>	<u>\$ 43,651,941</u>

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY
STATEMENT OF CASH FLOWS
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from students for tuition and fees	\$ 198,990,858	\$ 196,451,028
Cash received from auxiliary activities	37,177,820	36,938,533
Cash received from other sources	14,702,995	10,067,636
Grants and contracts	16,298,815	12,867,559
Student loans granted - Net of repayments	319,566	(648,158)
Scholarship allowances	(41,061,867)	(37,709,147)
Cash paid to suppliers and employees	(240,956,285)	(222,784,087)
Cash paid for financial aid	(73,047,008)	(66,591,680)
Net cash used in operating activities	<u>(87,575,106)</u>	<u>(71,408,316)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from State appropriations	76,347,555	76,435,811
Cash received from Federal stabilization funds (ARRA)	332,368	2,080,316
Pell grants	35,345,729	29,929,902
Gifts received from EMU Foundation	4,530,658	4,733,637
Net cash provided by noncapital financing activities	<u>116,556,310</u>	<u>113,179,666</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments/defeasance under debt obligations	(3,205,000)	(3,835,000)
Cash received from State Building Authority	(20,978,386)	-
Interest paid	(13,540,544)	(13,412,391)
Purchases of capital assets	(73,462,728)	(68,995,637)
Net cash (used in) capital and related financing activities	<u>(111,186,658)</u>	<u>(86,243,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(84,772,725)	(1,097,710,868)
Proceeds from sales and maturities of investments	135,065,519	1,141,674,642
Interest received	6,865,914	5,182,976
Net cash provided by investing activities	<u>57,158,708</u>	<u>49,146,750</u>
Net increase (decrease) in cash and cash equivalents	(25,046,746)	4,675,072
CASH AND CASH EQUIVALENTS - Beginning of year	<u>33,471,300</u>	<u>28,796,228</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 8,424,554</u></u>	<u><u>\$ 33,471,300</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS		
Disposal of fixed assets, net of depreciation	\$ <u>3,420,289</u>	\$ <u>566,823</u>
Capital gifts received in kind	\$ <u>382,940</u>	\$ <u>55,144</u>

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY
STATEMENT OF CASH FLOWS
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (111,304,350)	\$ (98,974,948)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	15,827,688	15,302,408
Changes in assets and liabilities:		
Accounts receivable - Net	60,717	517,567
Inventories	(40,906)	36,009
Deposits and prepaid expenses	(83,980)	(259,961)
Student loans receivable - Net	407,466	(552,254)
Accounts payable and accrued liabilities	4,135,105	11,497,659
Accrued payroll	784,838	802,883
Payroll taxes and accrued fringe benefits	2,395,149	(1,725,317)
Unearned fees and deposits	599,558	1,891,497
Insurance and other claims payable	(97,194)	136,647
Accrued compensated absences	(259,197)	(80,506)
Total change in assets and liabilities	<u>7,901,556</u>	<u>12,264,224</u>
Net cash used in operating activities	<u>\$ (87,575,106)</u>	<u>\$ (71,408,316)</u>

The accompanying notes are an integral part of this statement

EASTERN MICHIGAN UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS
Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 9,104,941	\$ 3,695,954
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	110,811	90,401
Net realized and unrealized gain on investments	(8,533,396)	(4,571,161)
Change in value of split-interest agreements	141,109	129,635
Change in cash surrender value of life insurance	(6,784)	(18,029)
Contributions restricted for long-term purposes	(3,046,543)	(962,843)
Contribution received - land held for investment	(31,000)	-
Changes in assets and liabilities:		
Contributions receivable	(2,502,043)	(569,353)
Accrued interest and dividends	12,623	58,915
Other assets	84,962	6,401
Accounts payable	(54,625)	450,641
Accrued and other liabilities	291	541
Net cash used in operating activities	<u>\$ (4,719,654)</u>	<u>\$ (1,688,898)</u>
Cash Flows from Investing Activities		
Purchases of equipment	\$ (153,817)	\$ (82,497)
Purchases of investments	(16,894,638)	(24,455,876)
Proceeds from the sale of investments	16,795,515	28,863,116
Net cash provided by (used in) investing activities	<u>\$ (252,940)</u>	<u>\$ 4,324,743</u>
Cash Flows from Financing Activities		
Net payments on mortgage	\$ -	\$ (2,031,499)
Payments on split-interest agreements	(162,025)	(156,022)
Proceeds from new split-interest agreements	32,161	65,611
Proceeds from contributions restricted for long-term purposes	3,046,543	962,843
Net cash (used in) provided by financing activities	<u>\$ 2,916,679</u>	<u>\$ (1,159,067)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,055,915)	1,476,778
Cash and Cash Equivalents - Beginning of year	<u>4,203,817</u>	<u>2,727,039</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 2,147,902</u></u>	<u><u>\$ 4,203,817</u></u>
Supplemental Cash Flow Information - Cash paid for:		
Interest	\$ 115,382	\$ 113,655

The accompanying notes are an integral part of this statement.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The financial statements of Eastern Michigan University (the “University”) have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

The University follows the “business-type” activities reporting requirements of GASB Statement No. 34. GASB 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following categories:

- **Invested in Capital Assets, Net of Related Debt** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets.
- **Restricted, expendable** - Net assets subject to externally imposed constraints that they may be maintained permanently by the University, or net assets 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.
- **Unrestricted** - Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents (the “Board”) or may otherwise be limited by contractual agreements with outside parties. The University has committed the unrestricted net assets to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and postemployment benefits.

These statements have also been prepared in accordance with criteria established by GASB for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 39). These criteria include significant operational or financial relationships with the University. Based on application of the criteria, the University has one component unit.

Summary of Significant Accounting Policies

Component Unit - The University is an institution of higher education located in Ypsilanti, Michigan, and is considered to be a component unit of the State of Michigan (the “State”) because its Board of Regents is appointed by the governor of the state of Michigan. Accordingly, the University is included in the State’s financial statements as a discrete component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, and payments to state retirement programs for the benefit of University employees.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Significant Accounting Policies (continued)

Component Units of the University - The Eastern Michigan University Foundation financial statements are discretely presented as part of the University's reporting entity. These statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). The officers of Eastern Michigan University Foundation include certain University administrative officials, but the University does have controlling interest in the Foundation's board. The Internal Revenue Service has determined that the Foundation is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The Eastern Michigan University Foundation exists for the sole purpose of soliciting, collecting, and investing donations for the benefit of Eastern Michigan University. A complete copy of the audited financial statements of Eastern Michigan University Foundation is available at the Foundation offices located near the campus of the University.

Cash and Investments - As a matter of cash management, the University invests substantially all of its cash in interest-bearing instruments. Investments are reported at fair value, based on quoted market prices, with changes in fair value reported as investment income in the statement of revenue, expenses, and changes in net assets. Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Inventories - Inventories consist primarily of supplies, food, pharmaceuticals, and bookstore items, and are stated at the lower of cost or market, with cost determined by the retail method.

Capital Assets - Capital assets are stated at cost if purchased or at appraised value at the date of the gift for donated property. Certain net assets have been designated to provide for significant repair and maintenance costs to residence facilities. Physical properties, with the exception of land, are depreciated on the straight-line method over the estimated useful service lives of the respective assets. Estimated service lives are as follows:

Land improvements	12 to 60 years
Leasehold improvements	12 to 20 years
Buildings	40 to 60 years
Equipment	5 to 10 years
Library holdings	5 to 10 years

Bond Issuance Costs - Bond issuance costs are amortized over the life of the bonds based on the outstanding balance of the related debt using the straight-line method.

Unearned Fees and Deposits - Unearned fees and deposits primarily include deferred tuition and fee revenue for future semesters, exclusivity contract deferred revenue, and agency fund balances held in custody for others. Retirement benefit costs are funded as accrued.

Accrued Compensated Absences - Accrued compensated absences are comprised of the portion of unused sick leave accrued as of June 30 but not expected to be paid within one year. The portion of sick leave expected to be paid within one year and all accrued vacation leave are included in accrued payroll, taxes, and fringe benefits. The current portions of accrued sick leave and vacation leave were approximately \$400,000 and \$3,781,000 as of June 30, 2011, respectively.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Significant Accounting Policies (continued)

The current portions of accrued sick leave and vacation leave were approximately \$400,000 and \$3,614,000 as of June 30, 2010, respectively.

Reclassifications - Certain prior year balances have been reclassified to conform with the current year presentation. The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Auxiliary Activities - Auxiliary activities consist of the following as of June 30, 2011 and 2010:

	2011	2010
<u>Operating Revenues:</u>		
Auxiliary Activities, Gross	\$ 38,529,346	\$ 37,458,342
Less: Internal Sales	(494,953)	(534,712)
Less: Scholarship Allowances	(4,601,278)	(4,346,002)
Auxiliary Activities Revenue - Net	<u>\$ 33,433,115</u>	<u>\$ 32,577,628</u>
 <u>Operating Expenses:</u>		
Auxiliary Activities, Gross	\$ 30,743,012	\$ 30,294,981
Less: Internal Sales	(494,953)	(534,712)
Less: Scholarship Allowances	(4,601,278)	(4,346,002)
Auxiliary Activities Expenses - Net	<u>\$ 25,646,781</u>	<u>\$ 25,414,267</u>

Operating and Nonoperating Revenues - The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net assets is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statement No. 34, including State appropriations and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the University's department within the guidelines of donor restrictions, if any. Pell grant revenue is classified as nonoperating due to its nonexchange nature. The amounts received for 2011, 2010, and 2009 are \$35.3 million, \$29.9 million, and \$17.2 million, respectively.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Cash and Investments

The University utilizes the pooled cash method of accounting for substantially all of its cash and cash equivalents. The University's investment policy, as set forth by the Board of Regents, authorizes investment in securities of the U.S. Treasury and agencies, corporate bonds and notes, commercial paper, time savings deposits, Eurodollars and certain external mutual funds, separate managed funds and other pooled funds. Restricted cash and investments represent unspent bond proceeds utilized for capital projects.

Cash and investments consist of the following as of June 30, 2011:

	Fair Market Value	Less than 1 year	1-5 years	6-10 years	More than 10 years
Cash and cash equivalents:					
Unrestricted:					
Time deposits	\$ 3,780,619	\$ 3,780,619	\$ -	\$ -	\$ -
Money market funds	239,002	239,002	-	-	-
Total unrestricted cash and cash equivalents	\$ 4,019,622	\$ 4,019,622	\$ -	\$ -	\$ -
Restricted:					
Certificates of deposit	\$ 4,404,933	\$ 4,404,933	\$ -	\$ -	\$ -
Total restricted cash and cash equivalents	\$ 4,404,933	\$ 4,404,933	\$ -	\$ -	\$ -
Short-term investments:					
Restricted:					
Certificates of deposit	\$ 4,857,585	\$ -	\$ 4,857,585	\$ -	\$ -
Corporate bond mutual fund	5,673,019	4,510,916	1,162,104	-	-
Total short-term restricted investments	\$ 10,530,604	\$ 4,510,916	\$ 6,019,689	\$ -	\$ -
Long-term investments:					
Unrestricted:					
Corporate bond mutual fund	\$ 38,264,997	\$ -	\$ 38,264,997	\$ -	\$ -
Government bonds	63,949	-	-	-	63,949
Domestic equities	11,535,311	-	-	11,535,311	-
Foreign equities	2,306,227	-	-	2,306,227	-
Total long-term unrestricted investments	\$ 52,170,484	\$ -	\$ 38,264,997	\$ 13,841,538	\$ 63,949
Restricted:					
Government bonds	\$ 9,996,546	\$ -	\$ 9,996,546	\$ -	\$ -
Total long-term restricted investments	\$ 9,996,546	\$ -	\$ 9,996,546	\$ -	\$ -

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Cash and Investments (continued)

Cash and investments consist of the following as of June 30, 2010:

	Fair Market Value	Less than 1 year	1-5 years	6-10 years	More than 10 years
Cash and cash equivalents:					
Unrestricted:					
Time deposits	\$ 13,048,328	\$ 13,048,328	\$ -	\$ -	\$ -
Money market funds	15,615,776	15,615,776	-	-	-
Total unrestricted cash and cash equivalents	\$ 28,664,104	\$ 28,664,104	\$ -	\$ -	\$ -
Restricted:					
Time deposits	\$ 4,807,196	\$ 4,807,196	\$ -	\$ -	\$ -
Total restricted cash and cash equivalents	\$ 4,807,196	\$ 4,807,196	\$ -	\$ -	\$ -
Short-term investments:					
Restricted:					
Certificates of deposit	\$ 4,129,782	\$ 4,129,782	\$ -	\$ -	\$ -
Government bonds	15,921,783	15,921,783	-	-	-
Total short-term restricted investments	\$ 20,051,565	\$ 20,051,565	\$ -	\$ -	\$ -
Long-term investments:					
Unrestricted:					
Corporate bond mutual fund	\$ 45,046,285	\$ -	\$ 45,046,285	\$ -	\$ -
Government bonds	62,426	-	-	-	62,426
Domestic equities	9,829,659	-	-	9,829,659	-
Foreign equities	1,745,268	-	-	1,745,268	-
Total long-term unrestricted investments	\$ 56,683,638	\$ -	\$ 45,046,285	\$ 11,574,927	\$ 62,426
Restricted:					
Certificates of deposit	\$ 9,527,427	\$ -	\$ 9,527,427	\$ -	\$ -
Corporate bond mutual fund	5,722,370	-	5,722,370	-	-
Government bonds	10,215,740	-	10,215,740	-	-
Total long-term restricted investments	\$ 25,465,537	\$ -	\$ 25,465,537	\$ -	\$ -

Interest Rate Risk - As a means of limiting its exposure to fair value losses due to rising interest rates, the University's operating investment policy provides for a diversified portfolio comprised of short, intermediate, and long-term investments. The investment policy does not specifically limit or restrict asset allocation except for the long-term investment pool. The asset allocation, as a percentage of the total market value of the long-term investment pool, is targeted as follows:

Asset Category	Target
Fixed Income Securities	70%
Domestic Large Cap equities	15%
Domestic Mid Cap equities	7%
Domestic Small Cap equities	4%
Global/International equities	4%

The University is also exposed to risk indirectly since its mutual fund investees hold investments such as futures, options, and collateralized mortgage obligations (generally referred to as "derivatives"). This risk is minimal.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Cash and Investments (continued)

Credit Risk - Investment policies for cash and investments as set forth by the Board of Regents shall be to preserve investment principal while deriving a reasonable return consistent with the prevailing market and economic conditions. The University is not currently restricted to a minimum rating by Moody's Investor Service or equivalent rating. At June 30, 2011 and 2010, the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	2011		2010	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
Bond Mutual Funds:				
Corporate Bonds	\$ 43,938,017	AA	\$ 50,768,655	AA
U.S. Government Agency Bonds	10,060,495	Aaa	26,137,524	Aaa
Total	<u>\$ 53,998,512</u>		<u>\$ 76,906,179</u>	

The nationally recognized statistical rating organizations (NRSRO) utilized were Moody's Investors Services or Morningstar. The corporate bonds NRSRO rating is based on a weighted average of the individual investment ratings.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the University will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The University's cash investment policy does not limit the value of deposits or investments that may be held by an outside party. Investments in external investment pools and in open-ended mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. All cash and cash equivalents are held in the University's name as of June 30, 2011 and 2010. As of June 30, 2011, the banks reported balances in the disbursement accounts at \$6,889,882. Of these balances, \$474,066 was covered by federal depository insurance and \$6,415,816 was uninsured and uncollateralized. As of June 30, 2010, the banks reported balances in the disbursement accounts at \$17,566,201. Of these balances, \$750,000 was covered by federal depository insurance and \$16,816,201 was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

Concentration of Credit 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 provides that investments will be diversified within equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Cash and Investments (continued)

The following investments comprise more than 5% of the total investments portfolio as of June 30, 2011 and 2010:

June 30, 2011:

<u>Instrument</u>	<u>Fair Market Value</u>
JPMorgan Core Bond Select	\$ 5,520,372
PIMCO Total Return Bond Fund	18,586,527
Loomis Sales Bond Fund Instl	5,215,039
Total	<u>\$ 29,321,938</u>

June 30, 2010:

<u>Instrument</u>	<u>Fair Market Value</u>
PIMCO Low Duration Inst Fund	\$ 7,683,730
PIMCO Total Return Bond Fund	24,370,367
Western Asset Intermediate Bond Cl 1	7,718,442
Vanguard Inst Index VINIX	7,807,706
Total	<u>\$ 47,580,245</u>

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At June 30, 2011 and 2010, the University had \$2,306,227 and \$1,745,268, respectively, invested in mutual funds that have funds invested in various countries throughout the world and therefore, exposes the University to foreign currency risk indirectly. The University did not have any direct investments or deposits denominated in foreign currencies at June 30, 2011 and 2010.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Cash and Investments (continued)

Investments at the Eastern Michigan University Foundation are as follows:

	2011	2010
Corporate stocks	\$ 30,733,874	\$ 23,490,166
Corporate bonds	3,765,624	3,522,949
Treasury/Federal securities	4,475,814	4,354,365
Venture capital	9,107	8,630
Real estate	55,000	55,000
Mutual funds	6,665,191	5,640,981
Total	<u>\$ 45,704,610</u>	<u>\$ 37,072,091</u>

Net gains/losses from security transactions for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Unrealized appreciation	\$ 6,259,817	\$ 2,822,427
Realized income	3,024,266	2,580,648
Total	<u>\$ 9,284,083</u>	<u>\$ 5,403,075</u>

Trustee and brokerage fees associated with the maintenance of the endowment securities portfolio were \$326,959 and \$383,786 for the years ended June 30, 2011 and 2010, respectively, for Eastern Michigan University Foundation. For recording purposes, these fees have been netted with investment income.

Note 3 - Accounts Receivable

Accounts receivable consist of the following as of June 30, 2011 and 2010:

	2011	2010
Sponsor accounts	\$ 5,535,242	\$ 6,874,369
Student accounts	6,389,252	6,935,444
Charter school appropriation	4,422,607	4,153,897
Third party tuition	741,569	960,336
Other	4,672,949	3,347,261
Subtotal	<u>21,761,619</u>	<u>22,271,307</u>
Less allowances for possible collection losses	<u>(1,408,265)</u>	<u>(1,857,234)</u>
Accounts receivable - Net	<u>\$ 20,353,354</u>	<u>\$ 20,414,073</u>

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 3 - Accounts Receivable (continued)

In addition, the University has student loans receivable of \$12,125,323 and \$12,532,789, net of the related allowance of \$358,666 for both June 30, 2011 and 2010. Included in contributions receivable for the Foundation are the following unconditional promises to give at June 30, 2011 and 2010:

	2011	2010
Contributions receivable:		
Gross contributions promised	\$ 4,513,735	\$ 1,434,699
Less allowance for uncollectibles	(980,767)	(385,422)
Subtotal	3,532,968	1,049,277
Less unamortized discount	(26,705)	(45,057)
Net unconditional promises to give	<u>\$ 3,506,263</u>	<u>\$ 1,004,220</u>
Amounts due in:		
Less than one year	\$ 4,227,469	\$ 1,046,399
One to five years	219,766	388,300
More than five years	66,500	0
Total	<u>\$ 4,513,735</u>	<u>\$ 1,434,699</u>

Note 4 - Capital Assets

The following table presents the changes in various fixed asset class categories for the year ended June 30, 2011:

	2010	Additions/ Transfers	Retirements/ Transfers	2011
Non-depreciable:				
Land	\$ 11,654,068	\$ -	\$ (90)	\$ 11,653,978
Construction in progress	48,414,516	42,927,407	(48,414,516)	42,927,407
Total non-depreciable	<u>60,068,584</u>	<u>42,927,407</u>	<u>(48,414,606)</u>	<u>54,581,385</u>
Depreciable:				
Infrastructure	33,926,663	799,613	-	34,726,276
Leasehold improvements	3,408,874	-	-	3,408,874
Buildings	418,588,800	72,538,875	-	491,127,675
Library holdings	48,766,758	2,320,038	(7,459,429)	43,627,367
Equipment	79,571,433	3,291,401	(1,994,080)	80,868,754
Total depreciable	<u>584,262,528</u>	<u>78,949,927</u>	<u>(9,453,509)</u>	<u>653,758,946</u>
Total capital assets	<u>644,331,112</u>	<u>121,877,334</u>	<u>(57,868,115)</u>	<u>708,340,331</u>
Less: Accumulated depreciation:				
Infrastructure	24,247,077	1,014,792	-	25,261,869
Leasehold improvements	3,408,592	282	-	3,408,874
Buildings	134,753,533	7,318,057	-	142,071,590
Library holdings	40,700,558	2,920,963	(4,068,130)	39,553,391
Equipment	61,998,232	4,573,594	(1,965,000)	64,606,826
Total accumulated depreciation	<u>265,107,992</u>	<u>15,827,688</u>	<u>(6,033,130)</u>	<u>274,902,550</u>
Capital assets - Net	<u>\$ 379,223,120</u>	<u>\$ 106,049,646</u>	<u>\$ (51,834,985)</u>	<u>\$ 433,437,781</u>

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 4 - Capital Assets (continued)

The following table presents the changes in various fixed asset class categories for the year ended June 30, 2010:

	2009	Additions/ Transfers	Retirements/ Transfers	2010
Non-depreciable:				
Land	\$ 11,079,068	\$ 575,000	\$ -	\$ 11,654,068
Construction in progress	14,912,292	48,414,516	(14,912,292)	48,414,516
Total non-depreciable	25,991,360	48,989,516	(14,912,292)	60,068,584
Depreciable:				
Infrastructure	32,680,730	1,245,933	-	33,926,663
Leasehold improvements	3,408,874	-	-	3,408,874
Buildings	394,758,622	23,830,178	-	418,588,800
Library holdings	46,144,327	2,622,431	-	48,766,758
Equipment	74,779,724	7,219,871	(2,428,162)	79,571,433
Total depreciable	551,772,277	34,918,413	(2,428,162)	584,262,528
Total capital assets	577,763,637	83,907,929	(17,340,454)	644,331,112
Less: Accumulated depreciation:				
Infrastructure	23,249,429	997,648	-	24,247,077
Leasehold improvements	3,323,088	85,504	-	3,408,592
Buildings	128,197,332	6,556,201	-	134,753,533
Library holdings	37,586,431	3,114,127	-	40,700,558
Equipment	59,310,643	4,548,928	(1,861,339)	61,998,232
Total accumulated depreciation	251,666,923	15,302,408	(1,861,339)	265,107,992
Capital assets - Net	\$ 326,096,714	\$ 68,605,521	\$ (15,479,115)	\$ 379,223,120

The University has encumbrances of \$28,490,523 on various construction projects in progress as of June 30, 2011.

Certain University facilities, including the Bruce T. Halle Library, John W. Porter College of Education, Boone Hall, Everett L. Marshall College of Health and Human Services Building, the William H. Smart Physical Plant, the Student Center, and the Pray-Harrold Building have been or are scheduled to be financed in whole or in part by State Building Authority ("SBA") bond issues which are secured by a pledge of rentals to be received from the State of Michigan pursuant to lease agreements between the SBA, the State of Michigan, and the University. During the lease terms, the SBA will hold title to the respective buildings, the State of Michigan will make all lease payments to the SBA, and the University will pay all operating and maintenance costs. At the expiration of the individual leases, the SBA has agreed to sell each building to the University for one dollar.

EASTERN MICHIGAN UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt

Long-term debt consists of the following as of June 30, 2011 and 2010:

			Outstanding Principal					
	Interest Rates	Maturity	2010	Additions	Retirements/ Defeasance	2011	Current Portion	
Build America								
Bonds of 2009D	4.21 - 7.21	2014-2038	\$ 79,220,000	\$ -	\$ -	\$ 79,220,000	\$ -	
General Revenue								
Bonds of 2009C	4.00 - 5.00	2022-2027	23,160,000	-	-	23,160,000	-	
Refunding Bonds								
of 2009B	variable	2038-2049	50,795,000	-	-	50,795,000	-	
Refunding Bonds								
of 2009A	variable	2038-2049	75,000,000	-	-	75,000,000	-	
Refunding Bonds								
of 2003A	2.00 - 5.00	2011-2014	3,940,000	-	925,000	3,015,000	975,000	
General Revenue								
Bonds of 2002B	3.00-5.00	2011-2013	720,000	-	230,000	490,000	240,000	
General Revenue								
Bonds of 2002A	5.8	2011-2014	5,480,000	-	1,695,000	3,785,000	1,790,000	
General Revenue								
Bonds of 2000B	4.50-5.875	2011	315,000	-	315,000	-	-	
General Revenue								
Bonds of 2000	5.00-6.00	2011-2024	2,330,000	-	445,000	1,885,000	200,000	
			240,960,000	\$ -	\$ 3,610,000	237,350,000	\$ 3,205,000	
Less current portion long-term debt			3,610,000			3,205,000		
Long-term debt			\$ 237,350,000			\$ 234,145,000		

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt (continued)

Long-term debt consisted of the following as of June 30, 2010 and 2009:

	Interest			<u>Outstanding Principal</u>				
	Rates	Maturity	2009	Additions	Retirements/ Defeasance	2010	Current Portion	
Build America								
Bonds of 2009D	4.21 - 7.21	2014-2038	\$ 79,220,000	\$ -	\$ -	\$ 79,220,000	\$ -	
General Revenue								
Bonds of 2009C	4.00 - 5.00	2022-2027	23,160,000	-	-	23,160,000	-	
Refunding Bonds								
of 2009B	variable	2038-2049	50,795,000	-	-	50,795,000	-	
Refunding Bonds								
of 2009A	variable	2038-2049	75,000,000	-	-	75,000,000	-	
Refunding Bonds								
of 2003A	2.00 - 5.00	2010-2014	4,840,000	-	900,000	3,940,000	925,000	
General Revenue								
Bonds of 2002B	3.00-5.00	2010-2013	945,000	-	225,000	720,000	230,000	
General Revenue								
Bonds of 2002A	5.8	2010-2014	7,415,000	-	1,935,000	5,480,000	1,695,000	
General Revenue								
Bonds of 2000B	4.50-5.875	2010-2011	615,000	-	300,000	315,000	315,000	
General Revenue								
Bonds of 2000	5.00-6.00	2010-2024	2,805,000	-	475,000	2,330,000	445,000	
			<u>244,795,000</u>	<u>\$ -</u>	<u>\$ 3,835,000</u>	<u>240,960,000</u>	<u>\$ 3,610,000</u>	
Less current portion long-term debt			3,835,000			3,610,000		
Long-term debt			<u>\$ 240,960,000</u>			<u>\$ 237,350,000</u>		

On May 5, 2009, the University issued \$75,000,000 of General Revenue Variable Rate Demand Refunding Bonds, Series 2009A, and \$50,795,000 of General Revenue Variable Rate Demand Refunding Bonds, Series 2009B. These bonds refunded \$125,795,000 General Revenue Variable Rate Demand Refunding Bonds, Series 2009. 2009 Series A&B bonds amortize over 40 years with principal payments beginning June 30, 2038.

On June 10, 2009, the University issued \$102,380,000 of General Revenue Bonds, Series 2009C and 2009D, to fund capital projects. Series 2009C for \$23,160,000 are tax-exempt bonds. Series 2009D for \$79,220,000 are taxable issuer Build America Bonds authorized by Section 1531 of the American Recovery and Reinvestment Act of 2009. The University will receive payments from the Federal Treasury equal to 35% of the total coupon interest paid by the University.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt (continued)

On April 10, 2008, the University issued \$125,795,000 of General Revenue Variable Rate Demand Refunding Bonds, Series 2008. These were issued to refund the \$41,395,000 General Revenue and Refunding Bonds 2001 and the \$85,680,000 General Revenue and Refunding Bonds Series 2006A bonds.

The Series 2008 bonds were refunded during fiscal year 2009 as indicated above due to market conditions.

As bonds are defeased, certain funds that will be paid to bondholders are deposited in trust and distributions are made by the trustee accordingly. The trust account assets and the liability for the defeased bonds are not recorded as assets or liabilities in the financial statements of the University. At June 30, 2011 and 2010, the aggregate amount of outstanding principal on all bonds which have been defeased is \$41,201,930 and 46,446,330, respectively.

Certain debt agreements require student fees to equal or exceed 200% of the related debt service. The University is in compliance with these covenants.

Principal and interest on long-term debt are payable from operating revenues, allocated student fees and the excess of revenues over expenditures of specific auxiliary activities. The obligations are generally callable. The future amounts of principal and interest payments required by the debt agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,205,000	\$ 14,156,593	\$ 17,361,593
2013	2,965,000	13,985,126	16,950,126
2014	2,460,000	13,827,765	16,287,765
2015	2,580,000	13,678,301	16,258,301
2016	2,670,000	13,519,580	16,189,580
2017 - 2021	15,185,000	64,480,994	79,665,994
2022 - 2026	19,195,000	58,558,325	77,753,325
2027 - 2031	24,530,000	51,554,533	76,084,533
2032 - 2036	30,610,000	41,804,128	72,414,128
2037 - 2041	40,410,000	30,057,379	70,467,379
2042 - 2046	53,725,000	17,952,033	71,677,033
2047 - 2049	<u>39,815,000</u>	<u>3,620,171</u>	<u>43,435,171</u>
Total	<u>\$ 237,350,000</u>	<u>\$ 337,194,928</u>	<u>\$ 574,544,928</u>

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt (continued)

Interest Rate Swaps:

The University currently holds three interest rate swap instruments. The University entered into three of the agreements at the same time and for the same amount as the issuance of certain variable rate debt with the intent of creating a synthetic fixed rate debt, at an interest rate that is lower than if fixed rate debt were to have been issued directly. The University entered into a single mini-swap while refunding \$125,795,000 in variable rate debt for a notional amount of \$2,490,000 to replace, over time, the amortizing notional amounts of the 2001 swap and the 2006 swap. The intention of the 2009 swap was to retain an effective synthetic fixed rate for the 2009A and 2009B bonds. All of the swap agreements are deemed ineffective hedges at June 30, 2011 and 2010. The ineffective swap agreements did not utilize consistent critical terms as the underlying variable rate debt and a calculation of the actual cash flows demonstrates a difference from fixed rate cash flows.

As of June 30, 2011 and 2010, the swap agreements can be summarized as follows:

	Changes in Fair Value of derivative instruments at June 30:		Fair Value of Derivative Instruments at June 30:		Outstanding Notional Amount at June 30:	
Cash flow hedges: Pay	2011	\$ 6,705,791	2011	\$ (15,734,165)	\$ 125,795,000	
fixed interest rate swap (receive variable)	2010	\$ (7,101,178)	2010	\$ (22,439,956)	\$ 125,795,000	

Due to the swaps being considered ineffective hedges, the change in fair value annually is recorded as a component of nonoperating revenue in the statement of revenues, expenses and changes in net assets.

The fair values of the interest rate swaps were estimated on midmarket values and do not include bid/offer spread that would be reflected in an actual price quotation. Such mid-market values attempt to approximate the current economic value of a given position using prices and rates at the average of the estimated bid and offer for respective underlying asset(s) or reference rate(s) and/or mathematical models, as we have deemed appropriate. In absence of sufficient or meaningful market information available to us, such valuations, or the components thereof, may be theoretical in whole or in part. Discussions of the trade values in general, and indicative or firm price quotations and actual trade prices in particular, may vary significantly from these written estimated values as a result of various factors, which may include (but not limited to) prevailing credit spreads, market liquidity, position size, transaction and financing costs.

<u>Effective Date</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Pay terms</u>	<u>Receive terms</u>	<u>Maturity date</u>	<u>Counterparty credit rating</u>
8/29/2001	Pay-fixed, Receive variable	Cash flow hedge for Series 2001	\$15,802,000 \$23,703,000	4.72%	40% - SIFMA 60% - 68% of LIBOR	6/1/2026	Aa1 (Moody's) AA- (Standard & Poor's)
2/22/2006	Pay-fixed, Receive variable	Cash flow hedge for Series 2006	\$81,845,000	3.317%	62% LIBOR + 20 bps	5/1/2036	A2 (Moody's) A (Standard & Poor's)
6/2/2009	Pay-fixed, Receive variable	Cash flow hedge for Series 2009	\$4,445,000	3.096%	68% LIBOR	3/1/2049	A1 (Moody's) AA- (Standard & Poor's)

EASTERN MICHIGAN UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt (continued)

Credit Risk The University is not exposed to credit risk on the hedging derivative instruments because they are in a liability position.

Interest Rate Risk The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, 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 swaps due to variable-rate payments received by the University on these instruments based on a rate of index other than interest rates the University pays on its variable-rate debt, which is remarketed every 30 days. As of June 30, 2011, the weighted average interest rate on the University's hedged variable-rate debt is 0.10 percent, while the SIFMA swap index rate is 0.09 percent and 68 percent of LIBOR is 0.126 percent. As of June 30, 2010, the weighted average interest rate on the University's hedged variable-rate debt was 0.16 percent, while the SIFMA swap index rate was 0.25 percent and 68 percent of LIBOR was 0.237 percent.

Termination Risk The University may terminate a derivative instrument on any business day and terminate and cash settle the instrument by providing prior written notice to the counterparty. Additional termination events will apply if either party fails to maintain the appropriate long-term senior debt credit ratings; or if the University fails to post collateral in accordance with the terms and conditions set forth in the ISDA Credit Support Annex.

Using rates as of June 30, 2011, debt service requirements of the variable rate debt associated with the 2001 swap agreement, 2006 swap agreement, and the 2009 swap agreement and net swap payments, assuming current interest rates remain the same for term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

**Variable Rate Bonds Associated with
2009 Bonds Swap Agreement**

Fiscal Year	Principal	Fixed Interest Paid	Variable Interest Paid	Net Counterparty Interest Exchanged	Total Paid
2012	\$ -	\$ 4,717,052	\$ 125,795	\$ (205,194)	\$ 4,637,653
2013	-	4,710,304	125,795	(204,330)	4,631,769
2014	-	4,703,408	125,795	(203,448)	4,625,755
2015	-	4,675,446	125,795	(202,621)	4,598,620
2016	-	4,634,649	125,795	(201,106)	4,559,338
2017-2021	-	22,488,458	628,975	(980,453)	22,136,980
2022-2026	-	21,144,720	628,975	(937,246)	20,836,449
2027-2031	-	19,834,763	628,975	(878,835)	19,584,903
2032-2036	-	18,803,002	605,625	(778,393)	18,630,234
2037-2041	32,255,000	18,115,780	585,136	(737,270)	50,218,646
2042-2046	53,725,000	11,330,276	365,965	(461,116)	64,960,125
2047-2049	39,815,000	2,509,153	81,045	(102,117)	42,303,081
Total	\$ 125,795,000	\$ 137,667,011	\$ 4,153,671	\$ (5,892,129)	\$ 261,723,553

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long-term Debt (continued)

Capitalized Bond Expenses, Net as of June 30, 2011 include:

Series	Capitalized Amount	Accumulated Amortization	Capitalized Bond Expenses, Net
2009C&D	\$ 1,453,516	\$ -	\$ 1,453,516
2009A&B	536,076	-	536,076
2003	241,385	159,533	81,852
2002A	285,616	194,576	91,040
2002B	185,556	140,492	45,064
2000A	63,145	63,145	-
2000B	145,867	112,037	33,830
Total	<u>\$ 2,911,161</u>	<u>\$ 669,783</u>	<u>\$ 2,241,378</u>

Capitalized Bond Expenses, Net as of June 30, 2010 include:

Series	Capitalized Amount	Accumulated Amortization	Capitalized Bond Expenses, Net
2009C&D	\$ 1,453,516	\$ -	\$ 1,453,516
2009A&B	536,076	-	536,076
2003	241,385	132,881	108,504
2002A	285,616	164,229	121,387
2002B	185,556	117,960	67,596
2000A	63,145	24,673	38,472
2000B	145,867	123,936	21,931
Total	<u>\$ 2,911,161</u>	<u>\$ 563,679</u>	<u>\$ 2,347,482</u>

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 6 - Retirement Benefits

Through December 31, 1995, the University offered participation in one of two retirement plans for all qualified employees: the Michigan Public School Employees' Retirement System ("MPERS") and the Teachers Insurance and Annuities Association - College Retirement Equities Fund ("TIAA-CREF"). As of January 1, 1996, the University no longer offered participation in MPERS to new employees due to the Michigan Public Act 272 of 1995 which enabled the University to withdraw from MPERS.

MPERS is a cost-sharing, multiple-employer noncontributory defined benefit retirement plan through the Michigan State Employees' Retirement System. The University's costs for the MPERS plan include 1) contributions based on member payroll to fund normal pension costs, 2) contributions to fund a portion of the plan's unfunded actuarial accrued liability, and 3) contributions for retiree health insurance, at a fixed dollar amount determined annually by MPERS.

The cost of the MPERS plan allocated to the University, all of which was contributed in the applicable year, was approximately \$6,128,000, \$5,945,000, and \$6,036,000 for the years ended June 30, 2011, 2010, and 2009, respectively. Further pension data audited by the Office of the Auditor General of the State of Michigan, for the Michigan State Employees' Retirement System is included in the State of Michigan's Comprehensive Annual Financial Report.

TIAA-CREF is a defined contribution retirement plan. Substantially all full-time employees of the University are eligible to participate in the TIAA-CREF plan. Employee benefits generally vest immediately. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2011, 2010, and 2009, the University contributed approximately \$12,480,000, \$12,184,000, and \$11,404,000, respectively, to the TIAA-CREF plan. The University has no liability beyond its own contribution under the TIAA-CREF plan.

The University provides termination benefits upon retirement resulting from unused sick days. The University calculates its sick pay liability in accordance with the provisions of GASB Statement No.16, *Accounting for Compensated Absences*. The liability is approximately \$4,904,000 and \$5,223,000 as of June 30, 2011 and 2010, respectively. Approximately \$400,000 is included in accrued payroll, taxes, and fringe benefits for the years ended June 30, 2011 and 2010. The remaining portion is included in accrued compensated absences.

Note 7 - 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 any and 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 Michigan Universities Self-Insurance Corporation ("MUSIC"), which provides indemnity to members against comprehensive general liability, errors and omissions, and property losses commonly covered by insurance. MUSIC also provides risk management and loss control services and programs.

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 7 - Contingencies and Commitments (continued)

Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer and commercial carriers covering the third. Comprehensive general liability coverage is provided on an occurrence basis. Errors and omissions and property coverage are provided on a claims-made basis.

The University is also self-insured for workers' compensation, unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University under MUSIC and reserves for claims incurred but not reported under self-insurance programs have been established.

Under current accounting standards, the University is required to estimate expected pollution remediation outlays, when specified obligating events occur, and to determine whether these outlays should be accrued for as a liability. As a result, the University has accrued an abatement liability for approximately \$43,000 and \$1,036,000 for the years ended June 30, 2011 and 2010, respectively.

Note 8 – Issued but not adopted accounting pronouncements

The Governmental Accounting Standings Board (GASB) has issued the following Statements for future implementation:

Service concession arrangements: In December 2010 the GASB issued statement number 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)*. An SCA is an agreement between a University and another legally-separate University or private sector entity in which two things happen. First, the University transfers to the other entity the right and related obligation to provide public services through the use of a public asset (such as using a part of a university facility as a bookstore) in exchange for significant consideration from the other entity. In the context of these agreements the University that transfers rights and obligations is referred to as the transferor. The entity to which these rights and obligations are transferred is referred to as the operator. Second, this operator—whether it is in the public or private sector—collects fees from the users or customers of the public asset (for example, students at the university). Finally, the transferor maintains control over the services provided. For example, the University has the ability to modify or approve the rates that can be charged for the services and the type of services that are provided.

For an SCA that involves an existing facility, the transferor should continue to report the capital asset. For a new facility or an improvement to an existing facility, the transferor should report the new facility or the improvement as a capital asset at fair value when the facility is placed in operation. The transferor should also report any related contractual obligations as liabilities. Finally, the transferor should report the difference between those two amounts as a deferred inflow of resources. This pronouncement must be applied for years that begin after December 15, 2011.

Reporting Entity Standards: In December 2010, the GASB issued statement number 61, *Financial Reporting Entity: Omnibus*. This standard is intended to improve the information presented about the financial reporting entity, which is made up of the University financial reporting entity and related entities (component units). The statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criteria, a financial benefit or burden relationship is also needed

EASTERN MICHIGAN UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Issued but not adopted accounting pronouncements (continued)

between the University and that organization for it to be included in the reporting entity as a component unit. The statement also modifies the criteria for reporting component units as if they were part of the University (ie: blending). Blending should be used when the University and the component unit have a financial benefit or burden relationship, or management has operational responsibility for the component units. Additionally, for equity interests in legally separate organizations, the entity is required to report its interest as “restricted net assets – nonspendable.” This standard is effective for financial statements for reporting periods beginning after June 15, 2012; however, earlier application is encouraged.

Private sector accounting rules: In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This changes the requirement for the University to apply any private sector accounting guidance that existed as of November 30, 1989 and instead incorporates all such guidance in this statement. The University will no longer have the ability to choose to continue to follow FASB statements written after that date, although such guidance still qualifies as “other accounting literature” in the GAAP hierarchy. This pronouncement must be applied for years that begin after December 15, 2011.

Deferred inflows/outflows and Net Position: In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides financial reporting guidance for deferred inflows and outflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The standard also incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions for this standard are effective for financial statements for periods beginning after December 15, 2011.

Derivative Instruments – Termination Provisions: In June 2011, GASB issued Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. This Statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider and sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

The University will continue to assess the impact of these new accounting pronouncements on the University’s financial statements for adoption in fiscal 2012 or 2013.

Report of Independent Auditors on Supplemental Information

To the Board of Regents
Eastern Michigan University

The report on our audit of the financial statements of Eastern Michigan University (the “University”) as of June 30, 2011 and 2010 and for the years then ended appears on page 1 of this document. These audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules accompanying the financial statements are not necessary for a fair presentation of the statements of net assets, and the related statements of revenues, expenses and changes in net assets and cash flows of the University in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules are presented only for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

September 30, 2011

University Notes to Supplemental Schedules

Basis of Presentation:

The University utilizes four current and three noncurrent fund groupings for internal operating purposes, as follows:

Current Fund Groupings:

General Fund is used to account for general operating activities.

Designated Fund is used to account for funds designated by the University.

Auxiliary Activities Fund is used to account for services and facilities provided to students, faculty, staff, and the public and is managed to operate as a self-supporting activity.

Expendable Restricted Fund is used to account for funds restricted by donor or supporting agency.

Noncurrent Fund Groupings:

Student Loan Fund is used to account for transactions related to loans to students.

Plant Fund is used to account for transactions relating to investments in physical properties, indebtedness incurred in the financing thereof and reserves for maintenance, replacement, insurance, and debt service.

Agency Fund is used to account for amounts held in custody for students, University-related organizations, and others.

The eliminations on the Schedules of Revenues, Expenses, and Changes in Net Assets by Fund represent the reclass of scholarship allowances as required by Governmental Accounting Standards Board Statement No. 35 - *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF NET ASSETS
BY FUND
as of June 30, 2011

	General Fund	Designated Fund	Auxiliary Activities Fund
ASSETS			
Current assets:			
Cash and cash equivalents - unrestricted	\$ (18,507,948)	\$ 6,437,822	\$ 7,440,388
Cash and cash equivalents - restricted	-	-	-
Short-term investments - restricted	-	-	-
Accounts receivable - Net	5,881,852	818,884	3,285,197
Appropriation receivable	13,822,946	-	-
Inventories	463,240	-	486,475
Deposits and prepaid expenses	740,785	431	188,746
Accrued interest receivable	144,602	3,798	-
Total current assets	<u>2,545,477</u>	<u>7,260,935</u>	<u>11,400,806</u>
Noncurrent assets:			
Student loans receivable - Net	-	-	-
Long-term investments - unrestricted	52,106,535	-	-
Long-term investments - restricted	-	-	-
Capital assets - Net	-	-	-
Capitalized bond expenses - Net	-	-	-
Total noncurrent assets	<u>52,106,535</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 54,652,012</u>	<u>\$ 7,260,935</u>	<u>\$ 11,400,806</u>
LIABILITIES			
Current liabilities:			
Current portion of long-term debt	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	2,392,334	60,390	2,641,748
Accrued payroll	11,697,310	-	-
Payroll taxes and accrued fringe benefits	8,935,631	-	907,089
Unearned fees and deposits	7,668,777	117,489	366,451
Insurance and other claims payable	1,317,967	-	606,508
Total current liabilities	<u>32,012,019</u>	<u>177,879</u>	<u>4,521,796</u>
Noncurrent liabilities:			
Accrued compensated absences	4,107,526	-	396,560
Long-term debt	-	-	-
Fair value of derivative instruments	-	-	-
Federal Perkins	-	-	-
Total noncurrent liabilities	<u>4,107,526</u>	<u>-</u>	<u>396,560</u>
Total liabilities	<u>\$ 36,119,545</u>	<u>\$ 177,879</u>	<u>\$ 4,918,356</u>
NET ASSETS			
Invested in capital assets - Net of related debt restated	\$ -	\$ -	\$ -
Restricted, expendable	-	-	-
Unrestricted			
Designated	-	7,083,056	6,482,450
Undesignated	18,532,467	-	-
Total net assets	<u>\$ 18,532,467</u>	<u>\$ 7,083,056</u>	<u>\$ 6,482,450</u>

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF NET ASSETS
BY FUND
as of June 30, 2011

<u>Expendable Restricted Fund</u>	<u>Student Loan Fund</u>	<u>Plant Fund</u>	<u>Agency Fund</u>	<u>Consolidated Total</u>
\$ 3,339,628	\$ (378,644)	\$ 5,079,859	\$ 608,516	\$ 4,019,621
-	-	4,404,933	-	4,404,933
-	-	10,530,605	-	10,530,605
9,736,749	633,542	(2,870)	-	20,353,354
-	-	20,978,386	-	34,801,332
-	-	-	-	949,715
585	-	595,111	-	1,525,658
-	379	57,784	-	206,563
<u>13,076,962</u>	<u>255,277</u>	<u>41,643,808</u>	<u>608,516</u>	<u>76,791,781</u>
-	12,125,323	-	-	12,125,323
63,949	-	-	-	52,170,484
-	-	9,996,546	-	9,996,546
-	-	433,437,781	-	433,437,781
-	-	2,241,378	-	2,241,378
<u>63,949</u>	<u>12,125,323</u>	<u>445,675,705</u>	<u>-</u>	<u>509,971,512</u>
\$ <u>13,140,911</u>	\$ <u>12,380,600</u>	\$ <u>487,319,513</u>	\$ <u>608,516</u>	\$ <u>586,763,293</u>
\$ -	\$ -	\$ 3,205,000	\$ -	\$ 3,205,000
4,529,081	-	20,568,764	400	30,192,717
-	-	-	-	11,697,310
-	-	-	-	9,842,720
194,704	-	-	608,116	8,955,537
-	-	-	-	1,924,475
<u>4,723,785</u>	<u>-</u>	<u>23,773,764</u>	<u>608,516</u>	<u>65,817,759</u>
-	-	-	-	4,504,086
-	-	234,145,000	-	234,145,000
-	-	15,734,165	-	15,734,165
-	10,796,240	-	-	10,796,240
-	10,796,240	249,879,165	-	265,179,491
\$ <u>4,723,785</u>	\$ <u>10,796,240</u>	\$ <u>273,652,929</u>	\$ <u>608,516</u>	\$ <u>330,997,250</u>
\$ -	\$ -	\$ 205,293,222	\$ -	\$ 205,293,222
8,417,126	1,584,360	-	-	10,001,486
-	-	8,373,360	-	21,938,866
-	-	-	-	18,532,467
\$ <u>8,417,126</u>	\$ <u>1,584,360</u>	\$ <u>213,666,582</u>	\$ <u>-</u>	\$ <u>255,766,041</u>

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BY FUND
For June 30, 2011

	General Fund	Designated Fund	Auxiliary Fund
OPERATING REVENUES			
Student tuition and fees	\$ 198,308,995	\$ 151,386	\$ -
Scholarship allowances	-	-	-
Net student tuition and fees	198,308,995	151,386	-
Federal grants and contracts	-	-	-
Federal financial aid	-	-	-
State grants and contracts	-	-	-
State financial aid	-	-	-
Nongovernmental grants and contracts	-	3,643	-
Departmental activities	3,147,505	4,030,773	-
Auxiliary activities - Net	-	-	38,034,393
Indirect cost recovery (deduction)	674,669	869,717	-
Other	901,553	-	-
Total operating revenues	203,032,722	5,055,519	38,034,393
OPERATING EXPENSES			
Instruction	121,295,428	567,862	-
Research	952,016	187,124	-
Public service	4,224,703	213,208	-
Academic support	22,737,386	488,412	-
Student services	28,479,677	1,988,972	-
Institutional support	31,887,382	513,350	-
Scholarships and fellowships	30,678,581	6,735	-
Operation and maintenance of plant	26,461,127	19,255	-
Auxiliary activities expenses - Net	-	-	30,248,059
Depreciation	-	-	-
Capital additions - Net	3,618,422	94,066	72,291
Other	-	-	-
Total operating expenses	270,334,722	4,078,984	30,320,350
Operating income (loss)	(67,302,000)	976,535	7,714,043
NONOPERATING REVENUES (EXPENSES)			
State appropriations	76,026,203	-	-
Gifts	-	(56,994)	-
Investment income	5,759,489	-	937,714
Change in value of derivative instruments	-	-	-
Interest expense	-	-	-
Interest ARRA subsidy	-	-	-
Federal stabilization funds (ARRA)	-	-	-
Pell grants	-	-	-
Write off of library subscriptions	-	-	-
Other	-	-	-
Net nonoperating revenues (expenses) before transfers and capital items	81,785,692	(56,994)	937,714
TRANSFERS IN (OUT)			
Mandatory:			
Funds for debt service	(11,768,000)	-	(3,141,027)
Matching funds	(374,537)	1,150	-
Non-mandatory:			
Other	(1,945,794)	(1,786,713)	447,957
Total transfers	(14,088,331)	(1,785,563)	(2,693,070)
Capital Appropriations	-	-	-
Capital grants and gifts	-	-	-
Total net nonoperating revenues (expenses)	67,697,361	(1,842,557)	(1,755,356)
Increase (Decrease) in net assets	395,361	(866,022)	5,958,687
NET ASSETS, Beginning of year restated	18,137,106	7,949,078	523,763
NET ASSETS, End of year	\$ 18,532,467	\$ 7,083,056	\$ 6,482,450

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BY FUND

Draft September 29

For June 30, 2011

Expendable Restricted Fund	Student Loan Fund	Plant Fund	Eliminations	Consolidated
\$ 748,244	\$ -	\$ -	\$ -	199,208,625
-	-	-	(36,460,589)	(36,460,589)
748,244	-	-	(36,460,589)	162,748,036
9,481,572	68,516	-	-	9,550,088
2,669,020	-	-	-	2,669,020
452,447	-	-	-	452,447
428,532	-	-	-	428,532
3,226,974	-	-	-	3,230,617
-	-	-	-	7,178,278
-	-	-	(4,601,278)	33,433,115
(1,544,386)	-	-	-	-
743,911	44,438	2,032	-	1,691,934
16,206,314	112,954	2,032	(41,061,867)	221,382,067
385,368	-	-	-	122,248,658
5,114,750	-	-	-	6,253,890
7,962,131	-	-	-	12,400,042
559,762	-	-	-	23,785,560
639,750	-	-	-	31,108,399
184,798	-	-	-	32,585,530
39,899,822	-	-	(36,460,589)	34,124,549
178,087	-	1,623,719	-	28,282,188
-	-	-	(4,601,278)	25,646,781
-	-	15,827,688	-	15,827,688
444,383	-	(4,229,162)	-	-
-	240,521	182,611	-	423,132
55,368,851	240,521	13,404,856	(41,061,867)	332,686,417
(39,162,537)	(127,567)	(13,402,824)	-	(111,304,350)
-	-	-	-	76,026,203
4,311,362	-	30,691	-	4,285,059
-	168,571	(149,303)	-	6,716,471
-	-	6,705,791	-	6,705,791
-	-	(13,540,544)	-	(13,540,544)
-	-	1,880,893	-	1,880,893
332,368	-	-	-	332,368
35,345,729	-	-	-	35,345,729
-	-	(3,391,299)	-	(3,391,299)
276,138	-	-	-	276,138
40,265,597	168,571	(8,463,771)	-	114,636,809
-	-	14,909,027	-	-
373,387	-	-	-	-
(394,806)	-	3,679,356	-	-
(21,419)	-	18,588,383	-	-
-	-	20,978,386	-	20,978,386
-	-	382,940	-	382,940
40,244,178	168,571	31,485,938	-	156,976,521
1,081,641	41,004	18,083,114	-	24,693,785
7,335,485	1,543,356	195,583,468	-	231,072,256
\$ 8,417,126	\$ 1,584,360	\$ 213,666,582	\$ -	\$ 255,766,041

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF NET ASSETS
BY FUND
as of June 30, 2010

	General Fund	Designated Fund	Auxiliary Activities Fund
ASSETS			
Current assets:			
Cash and cash equivalents - unrestricted	\$ 31,567,899	\$ 8,219,569	\$ 1,640,851
Cash and cash equivalents - restricted	-	-	-
Short-term investments - restricted	-	-	-
Accounts receivable - Net	6,226,204	280,969	2,443,319
Appropriation receivable	13,811,930	-	-
Inventories	410,294	-	498,515
Deposits and prepaid expenses	485,532	499	210,787
Accrued interest receivable	144,602	3,798	-
Total current assets	<u>52,646,461</u>	<u>8,504,835</u>	<u>4,793,472</u>
Noncurrent assets:			
Student loans receivable - Net	-	-	-
Long-term investments - unrestricted	-	-	-
Long-term investments - restricted	-	-	-
Capital assets - Net	-	-	-
Capitalized bond expenses - Net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 52,646,461</u>	<u>\$ 8,504,835</u>	<u>\$ 4,793,472</u>
LIABILITIES			
Current liabilities:			
Current portion of long-term debt	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	3,036,597	506,268	2,007,266
Accrued payroll	10,912,472	-	-
Payroll taxes and accrued fringe benefits	6,575,002	-	872,569
Unearned fees and deposits	8,209,060	49,489	381,146
Insurance and other claims payable	1,378,079	-	643,590
Total current liabilities	<u>30,111,210</u>	<u>555,757</u>	<u>3,904,571</u>
Noncurrent liabilities:			
Accrued compensated absences	4,398,145	-	365,138
Long-term debt	-	-	-
Fair value of derivative instruments	-	-	-
Federal Perkins	-	-	-
Total noncurrent liabilities	<u>4,398,145</u>	<u>-</u>	<u>365,138</u>
Total liabilities	<u>\$ 34,509,355</u>	<u>\$ 555,757</u>	<u>\$ 4,269,709</u>
NET ASSETS			
Invested in capital assets - Net of related debt restated	\$ -	\$ -	\$ -
Restricted, expendable	-	-	-
Unrestricted			
Designated	-	7,949,078	523,763
Undesignated	18,137,106	-	-
Total net assets	<u>\$ 18,137,106</u>	<u>\$ 7,949,078</u>	<u>\$ 523,763</u>

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF NET ASSETS
BY FUND
as of June 30, 2010

<u>Expendable Restricted Fund</u>	<u>Student Loan Fund</u>	<u>Plant Fund</u>	<u>Agency Fund</u>	<u>Consolidated Total</u>
\$ 943,873	\$ (694,774)	\$ (13,643,554)	\$ 630,240	\$ 28,664,104
-	-	4,807,196	-	4,807,196
-	-	20,051,565	-	20,051,565
10,478,810	501,202	483,569	-	20,414,073
-	-	-	-	13,811,930
-	-	-	-	908,809
99,085	-	645,775	-	1,441,678
-	379	207,231	-	356,010
<u>11,521,768</u>	<u>(193,193)</u>	<u>12,551,782</u>	<u>630,240</u>	<u>90,455,365</u>
-	12,532,789	-	-	12,532,789
59,555	-	56,624,083	-	56,683,638
-	-	25,465,537	-	25,465,537
-	-	379,223,120	-	379,223,120
-	-	2,347,482	-	2,347,482
59,555	12,532,789	463,660,222	-	476,252,566
<u>\$ 11,581,323</u>	<u>\$ 12,339,596</u>	<u>\$ 476,212,004</u>	<u>\$ 630,240</u>	<u>\$ 566,707,931</u>
\$ -	\$ -	\$ 3,610,000	\$ -	\$ 3,610,000
4,219,060	-	16,288,133	288	26,057,612
-	-	-	-	10,912,472
-	-	-	-	7,447,571
26,778	-	940,447	629,952	10,236,872
-	-	-	-	2,021,669
<u>4,245,838</u>	<u>-</u>	<u>20,838,580</u>	<u>630,240</u>	<u>60,286,196</u>
-	-	-	-	4,763,283
-	-	237,350,000	-	237,350,000
-	-	22,439,956	-	22,439,956
-	10,796,240	-	-	10,796,240
-	10,796,240	259,789,956	-	275,349,479
<u>\$ 4,245,838</u>	<u>\$ 10,796,240</u>	<u>\$ 280,628,536</u>	<u>\$ 630,240</u>	<u>\$ 335,635,675</u>
\$ -	\$ -	166,147,463	\$ -	\$ 166,147,463
7,335,485	1,543,356	-	-	8,878,841
-	-	29,436,005	-	37,908,846
-	-	-	-	18,137,106
<u>\$ 7,335,485</u>	<u>\$ 1,543,356</u>	<u>\$ 195,583,468</u>	<u>\$ -</u>	<u>\$ 231,072,256</u>

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BY FUND
For June 30, 2010

	General Fund	Designated Fund	Auxiliary Fund
OPERATING REVENUES			
Student tuition and fees	\$ 192,496,007	\$ 166,410	\$ -
Scholarship allowances	-	-	-
Net student tuition and fees	192,496,007	166,410	-
Federal grants and contracts	-	-	-
Federal financial aid	-	-	-
State grants and contracts	-	-	-
State financial aid	-	-	-
Nongovernmental grants and contracts	-	23,534	-
Departmental activities	2,540,585	4,516,426	-
Auxiliary activities revenue, net	-	-	36,923,630
Indirect cost recovery (deduction)	723,077	969,142	-
Other	1,296,846	-	-
Total operating revenues	197,056,515	5,675,512	36,923,630
OPERATING EXPENSES			
Instruction	113,859,894	450,248	-
Research	1,056,079	205,809	-
Public service	3,844,315	91,783	-
Academic support	23,973,839	525,583	-
Student services	26,420,906	2,448,484	-
Institutional support	30,444,873	848,235	-
Scholarships and fellowships	27,499,658	-	-
Operation and maintenance of plant	25,690,823	135,393	-
Auxiliary activities expenses, net	-	-	29,760,269
Depreciation	-	-	-
Capital additions, net	3,709,165	171,964	161,647
Other	-	-	-
Total operating expenses	256,499,552	4,877,499	29,921,916
Operating income (loss)	(59,443,037)	798,013	7,001,714
NONOPERATING REVENUES (EXPENSES)			
State appropriations	75,965,595	-	-
Gifts	-	(76,642)	-
Investment income	3,159,927	-	614,183
Change in value of derivative instruments	-	-	-
Interest expense	-	-	-
Interest ARRA subsidy	-	-	-
Federal stabilization funds (ARRA)	-	-	-
Pell grants	-	-	-
Other	-	-	-
Net nonoperating revenues (expenses) before transfers and capital items	79,125,522	(76,642)	614,183
TRANSFERS IN (OUT)			
Mandatory:			
Funds for debt service	(8,468,000)	-	(3,306,330)
Matching funds	(500,293)	-	-
Non-mandatory:			
Other	(9,387,201)	1,664,986	(4,421,372)
Total transfers	(18,355,494)	1,664,986	(7,727,702)
Capital grants and gifts	-	-	-
Total net nonoperating revenues (expenses)	60,770,028	1,588,344	(7,113,519)
Increase (Decrease) in net assets	1,326,991	2,386,357	(111,805)
NET ASSETS, Beginning of year restated	16,810,115	5,562,721	635,568
NET ASSETS, End of year	\$ 18,137,106	\$ 7,949,078	\$ 523,763

EASTERN MICHIGAN UNIVERSITY
SCHEDULE OF
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BY FUND
For June 30, 2010

Expendable Restricted Fund	Student Loan Fund	Plant Fund	Eliminations	Consolidated
\$ 728,065	\$ -	\$ -	\$ -	\$ 193,390,482
-	-	-	(33,363,145)	(33,363,145)
728,065	-	-	(33,363,145)	160,027,337
10,486,459	-	-	-	10,486,459
2,760,161	-	-	-	2,760,161
852,541	-	-	-	852,541
671,970	-	-	-	671,970
1,354,071	-	-	-	1,377,605
-	-	-	-	7,057,011
-	-	-	(4,346,002)	32,577,628
(1,692,219)	-	-	-	-
710,330	36,305	(55,493)	-	1,987,988
15,871,378	36,305	(55,493)	(37,709,147)	217,798,700
174,917	-	-	-	114,485,059
4,312,817	-	-	-	5,574,705
10,373,701	-	-	-	14,309,799
355,465	-	-	-	24,854,887
827,076	-	-	-	29,696,466
527,497	-	-	-	31,820,605
34,401,477	-	-	(33,363,145)	28,537,990
6,228	-	517,940	-	26,350,384
-	-	-	(4,346,002)	25,414,267
-	-	15,302,408	-	15,302,408
550,155	-	(4,592,931)	-	-
-	257,425	169,653	-	427,078
51,529,333	257,425	11,397,070	(37,709,147)	316,773,648
(35,657,955)	(221,120)	(11,452,563)	-	(98,974,948)
-	-	-	-	75,965,595
3,746,094	-	821,572	-	4,491,024
-	136,757	1,465,089	-	5,375,956
-	-	(7,101,178)	-	(7,101,178)
-	-	(14,692,442)	-	(14,692,442)
-	-	1,280,051	-	1,280,051
2,080,316	-	-	-	2,080,316
29,929,900	-	-	-	29,929,900
187,475	-	7	-	187,482
35,943,785	136,757	(18,226,901)	-	97,516,704
-	-	11,774,330	-	-
500,293	-	-	-	-
(689,213)	-	12,832,800	-	-
(188,920)	-	24,607,130	-	-
-	-	55,144	-	55,144
35,754,865	136,757	6,435,373	-	97,571,848
96,910	(84,363)	(5,017,190)	-	(1,403,100)
7,238,575	1,627,719	200,600,658	-	232,475,356
\$ 7,335,485	\$ 1,543,356	\$ 195,583,468	\$ -	\$ 231,072,256