

University of Massachusetts
Report on Federal Financial Assistance Programs
In Accordance With OMB Circular A-133
June 30, 2008

University of Massachusetts

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PART I
FINANCIAL STATEMENTS

Report of Independent Auditors

To the Board of Trustees of the
University of Massachusetts:

In our opinion, based on our audits and the report of other auditors the accompanying consolidated statements of net assets, and the related consolidated statements of revenues, expenses and changes in net assets, and of cash flows present fairly, in all material respects, the financial position of The University of Massachusetts (the "University") and its discretely presented component units, at June 30, 2008 and 2007, and its revenues, expenses and changes in net assets, and of cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. 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 did not audit the financial statements of The University of Massachusetts Building Authority (a blended component unit included in the column titled University) or the University of Massachusetts Dartmouth Foundation, Inc. (a discretely-presented component unit included in the column titled University Related Organizations), which statements reflect total net assets of \$217 million of the University and \$33 million of the University Related Organizations, and \$200 million of the University and \$30 million of the University Related Organizations as of June 30, 2008 and 2007, respectively, and total revenues of \$66 million of the University and \$6 million of the University Related Organizations and \$121 million of the University and \$9 million of the University Related Organizations for the years then ended, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these components of the University, is based solely on the reports of the other auditors. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2008. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit and the audit of other auditors were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management's Discussion and Analysis on pages 3 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits and audits of other auditors were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2008 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 5, 2008

**University of Massachusetts
Management's Discussion and Analysis
June 30, 2008**

Introduction

This unaudited section of the University of Massachusetts (the "University") Annual Financial Report presents our discussion and analysis of the financial position and performance of the University and its component units during the fiscal year ended June 30, 2008 with comparative information as of June 30, 2007, and June 30, 2006. This discussion and analysis has been prepared by management along with the accompanying financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The accompanying financial statements, footnotes and this discussion are the responsibility of management.

The University of Massachusetts is a state coeducational institution for higher education with separate campuses at Amherst, Boston, Dartmouth, Lowell and Worcester all located in the Commonwealth of Massachusetts (the "Commonwealth"). The University was established in 1863 in Amherst, under the provisions of the 1862 Morrill Land Grant Acts, as the Massachusetts Agricultural College. It became known as the Massachusetts State College in 1932 and in 1947 became the University of Massachusetts. The Boston campus was opened in 1965 and the Worcester campus, Medical School, was opened in 1970. The Lowell and Dartmouth campuses (previously the University of Lowell and Southeastern Massachusetts University, respectively) were made a part of the University by a legislative act of the Commonwealth, effective September 1, 1991.

The University's mission is to provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation and the world. In the fall of 2007, the University enrolled approximately 51,069 full-time equivalent ("FTE") students. The University is committed to providing, without discrimination, diverse program offerings to meet the needs of the whole of the state's population. The University's five campuses are geographically dispersed throughout Massachusetts and possess unique and complementary missions.

Basis of Presentation

The annual financial report and statements include the University and certain other organizations that have a significant relationship with the University. The statements include the University's blended component units, which are the University of Massachusetts Building Authority (the "Building Authority"), a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960 of the Commonwealth, Worcester City Campus Corporation ("WCCC"), a not-for-profit 501(C)(3) organization and the University of Massachusetts Amherst Foundation, Inc. (the "UMass Amherst Foundation") which was established in fiscal year 2003. The purpose of the Building Authority is to provide dormitories, dining commons and other buildings and structures for use by the University and entities associated with the University and to issue bonds to finance such projects. On November 4, 1992, the University created WCCC as a Massachusetts not-for-profit corporation to purchase various assets of Worcester City Hospital, to operate as a real estate holding company and to foster and promote the growth, progress and general welfare of the University. WCCC includes the Worcester Foundation for Biomedical Research, Inc. (WFBR) as a subsidiary. The University's discrete component units are the University of Massachusetts Foundation, Inc. (the "Foundation") and the University of Massachusetts Dartmouth Foundation, Inc. (the "Dartmouth Foundation"). These foundations are related tax exempt organizations founded to foster and promote the growth, progress and general welfare of the University, and to solicit, receive, and administer gifts and donations for such purposes. The University of Massachusetts Foundation manages the majority of the University's endowment.

Financial Highlights

The University's combined net assets increased \$89.1 million from \$1.56 billion in fiscal year 2007 to \$1.65 billion in fiscal year 2008. The major components of this increase relate to positive operating margins due primarily to increased student fee revenues as a result of increased enrollment and fees along with significant physical plant improvements.

Using the Annual Financial Report

One of the most important questions asked about University finances is whether the University as a whole is better off or worse off as a result of the year's activities. The key to understanding this question are the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The University's net assets (the difference between assets and liabilities) are one indicator of the University's financial health. Over time, increases or decreases in net assets is one indicator of the improvement or erosion of an institution's financial health when considered with non-financial facts such as enrollment levels, operating expenses, and the condition of the facilities.

The statement of net assets includes all assets and liabilities of the University. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services are provided and expenses and liabilities are recognized when services are received, regardless of when cash is exchanged. Net assets are further broken down into three categories: Investment in capital assets, net of related debt, restricted and unrestricted. Invested in capital assets, net of related debt represents the historical cost of property and equipment, reduced by the balance of related debt outstanding and depreciation expense charged over the years. Net assets are reported as restricted when constraints are imposed by third parties, such as donors, or enabling legislation. Restricted net assets are either non-expendable, as in the case of endowment gifts to be held in perpetuity, or expendable, as in the case of funds to be spent on scholarships and research. All other assets are unrestricted; however, they may be committed for use under contract or designation by the Board of Trustees.

The statement of revenues, expenses and changes in net assets presents the revenues earned or received and expenses incurred during the year. Activities are reported as either operating or nonoperating. Operating revenues and expenses include tuition and fees, grant and contract activity, auxiliary enterprises and activity for the general operations of the institution not including appropriations from state and federal sources. Non-operating revenues and expenses include appropriations, capital grants and contracts, endowment, gifts and investment income. All things being equal, a public University's dependency on state aid and gifts will result in operating deficits. That is because the prescribed financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation expense, which amortizes the cost of a capital asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the University's ability to meet financial obligations as they mature. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and non-capital, financing and investing activities.

The footnotes provide additional information that is essential to understanding the information provided in the external financial statements.

Reporting Entity

The financial statements report information about the University as a whole using accounting methods similar to those used by private-sector companies. The financial statements of the University are separated between University (including its blended component units) and its discretely presented Component Unit activities. The University's discretely presented Component Units (or Related Organizations) are the University of Massachusetts Foundation, Inc., and the University of Massachusetts Dartmouth Foundation, Inc.

Condensed Financial Information

University of Massachusetts				
Condensed Statement of Net Assets				
As of June 30, 2008, 2007 and 2006				
(in thousands of dollars)				
	University June 30, 2008	University June 30, 2007	Change	University June 30, 2006
ASSETS				
Current Assets	\$494,957	\$475,147	\$19,810	\$504,691
Noncurrent Assets				
Investment In Plant Net of Accumulated Depreciation	1,918,770	1,719,316	199,454	1,499,607
All other noncurrent assets	1,119,528	964,875	154,653	900,789
Total Assets	\$3,533,255	\$3,159,338	\$373,917	\$2,905,087
LIABILITIES				
Current Liabilities	\$431,664	\$472,682	(\$41,018)	\$508,972
Noncurrent Liabilities	1,448,144	1,122,339	325,805	1,046,337
Total Liabilities	\$1,879,808	\$1,595,021	\$284,787	\$1,555,309
NET ASSETS				
Invested in Capital Assets Net of Related Debt	\$1,027,045	\$884,138	\$142,907	\$804,053
Restricted				
Nonexpendable	16,605	16,264	341	16,136
Expendable	161,732	212,302	(50,570)	146,903
Unrestricted	448,065	451,613	(3,548)	382,686
Total Net Assets	\$1,653,447	\$1,564,317	\$89,130	\$1,349,778

University of Massachusetts				
Condensed Statement of Net Assets for Related Organizations				
As of June 30, 2008, 2007 and 2006				
(in thousands of dollars)				
	University Related Organizations June 30, 2008	University Related Organizations June 30, 2007	Change	University Related Organizations June 30, 2006
ASSETS				
Current Assets	\$8,344	\$6,841	\$1,503	\$4,594
Noncurrent Assets				
Investment In Plant Net of Accumulated Depreciation	979	992	(13)	1,003
All other noncurrent assets	301,506	289,812	11,694	249,525
Total Assets	\$310,829	\$297,645	\$13,184	\$255,122
LIABILITIES				
Current Liabilities	\$9,263	\$7,746	\$1,517	\$6,136
Noncurrent Liabilities	3,636	2,983	653	2,914
Total Liabilities	\$12,899	\$10,729	\$2,170	\$9,050
NET ASSETS				
Invested in Capital Assets Net of Related Debt	\$979	\$992	(\$13)	\$1,003
Restricted				
Nonexpendable	212,017	193,100	18,917	178,692
Expendable	77,192	85,809	(8,617)	61,091
Unrestricted	7,742	7,015	727	5,286
Total Net Assets	\$297,930	\$286,916	\$11,014	\$246,072

At June 30, 2008, total University assets were \$3.53 billion, an increase of \$373.9 million over the \$3.16 billion in assets recorded for fiscal year 2007. Much of the increase can be attributed to increases in the cash and securities held by the trustees, investment in plant assets, and investments. The receivable from UMass Memorial to the University decreased by \$118.4 million between June 30, 2008 and 2007 primarily due to the timing of payments. The University's largest asset continues to be its net investment in its physical plant of \$1.92 billion at June 30, 2008 (\$1.72 billion in fiscal year 2007).

At June 30, 2007, total University assets were \$3.16 billion, an increase of \$254.3 million over the \$2.91 billion in assets recorded for fiscal year 2006. Much of the increase was attributed to increases in investment in plant assets, accounts receivable from UMass Memorial and investments. The University's largest asset was its net investment in its physical plant of \$1.72 billion at June 30, 2007 (\$1.50 billion in fiscal year 2006).

University liabilities totaled \$1.88 billion at June 30, 2008, an increase of \$284.8 million over fiscal year 2007 (\$1.60 billion). Long-term debt largely consists of bonds payable and capitalized lease obligations amounting to \$1.43 billion at June 30, 2008. This represents an increase of approximately \$328.3 million over long-term debt obligations of \$1.10 billion in fiscal year 2007. This increase reflects new debt issued by the Building Authority. Other Liabilities decreased \$45.5 million due to timing of payments at year end.

University liabilities totaled \$1.60 billion at June 30, 2007, an increase of \$39.7 million over fiscal year 2006 (\$1.56 billion). Long-term debt largely consists of bonds payable and capitalized lease obligations amounting to \$1.10 billion at June 30, 2007. This represents an increase of approximately \$90.7 million over long-term debt obligations of \$1.01 billion in fiscal year 2006. This increase reflects new debt issued by WCCC and draw downs on a new line of credit at the Building Authority. Other Liabilities decreased \$54.2 million primarily due to a decline in payables to the Commonwealth of Massachusetts at Worcester in the amount of \$45.0 million. In addition, the liability for Securities on Loan decreased \$2.6 million.

The University's current assets as of June 30, 2008 of \$495.0 million were sufficient to cover current liabilities of \$431.7 million, as the current ratio was 1.15 dollars in assets to every one-dollar in liabilities. June 30, 2007 current assets of \$475.1 million were sufficient to cover current liabilities of \$472.7 million, a current ratio of was 1.01. At June 30, 2006, the current ratio was 0.99 (\$504.7 million in assets for \$509.0 million in liabilities).

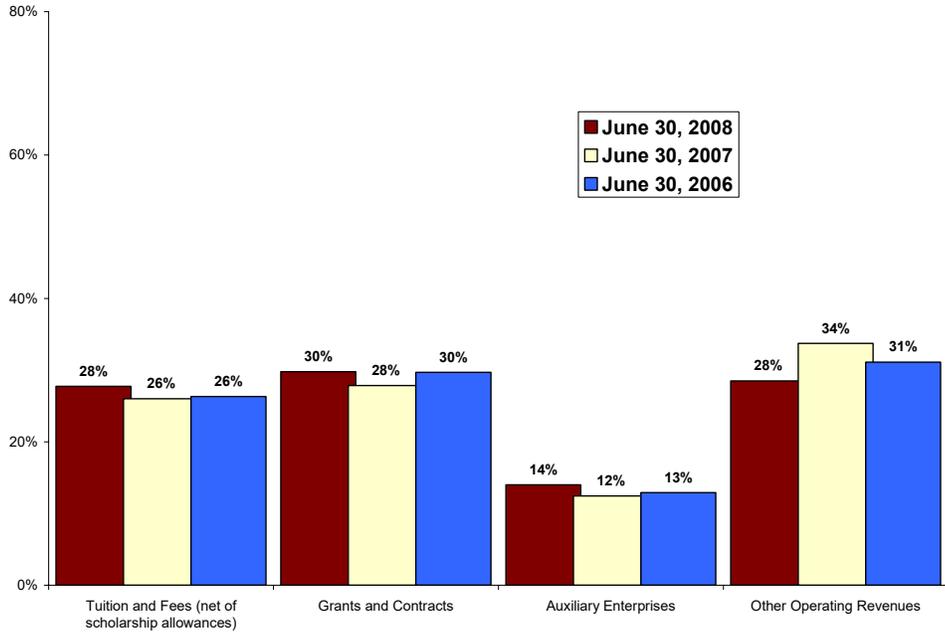
The unrestricted and restricted expendable net assets totaled \$609.8 million in fiscal year 2008, which represents 27.7% of total operating expenditures of \$2.20 billion. The unrestricted and restricted expendable net assets totaled \$663.9 million in fiscal year 2007, which represents 30.5% of total operating expenditures of \$2.18 billion. In fiscal year 2006, expendable net assets of \$529.6 million to \$2.06 billion of total operating expenditures resulted in a ratio of 25.8%.

University of Massachusetts				
Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
For The Year Ended June 30, 2008, 2007 and 2006				
(in thousands of dollars)				
	University June 30, 2008	University June 30, 2007	Change	University June 30, 2006
Operating Revenues				
Tuition and Fees (net of scholarship allowances of \$113,738 at June 30, 2008, \$105,414 at June 30, 2007 and \$88,628 at June 30, 2006)	\$458,439	\$429,528	\$28,911	\$401,636
Grants and Contracts	492,171	459,890	32,281	452,837
Auxiliary Enterprises	231,306	205,312	25,994	196,957
Other Operating Revenues	470,768	557,278	(86,510)	474,818
Total Operating Revenues	1,652,684	1,652,008	676	1,526,248
Operating Expenses	2,199,067	2,178,558	20,509	2,056,484
Operating Loss	(546,383)	(526,550)	(19,833)	(530,236)
Nonoperating Revenues				
Federal Appropriations	7,099	5,777	1,322	7,044
State Appropriations	617,271	579,416	37,855	526,749
Other Nonoperating Income	9,678	85,660	(75,982)	44,166
Net Nonoperating Revenues	634,048	670,853	(36,805)	577,959
Income/(Loss) Before Other Revenues, Expenses, Gains or Losses	87,665	144,303	(56,638)	47,723
Capital Appropriations	21,170	73,590	(52,420)	27,147
Capital Grants and Contracts	1,500	4,000	(2,500)	-
Disposal of Plant Facilities	(10,462)	(6,964)	(3,498)	(11,276)
University Related Organization Transactions and Other	(10,743)	(390)	(10,353)	(5,345)
Total Other Revenues, Expenses, Gains, and Losses	1,465	70,236	(68,771)	10,526
Total Increase in Net Assets	89,130	214,539	(125,409)	58,249
Net Assets				
Net Assets at Beginning of Year	1,564,317	1,349,778	214,539	1,291,529
Net Assets at End of Year	\$1,653,447	\$1,564,317	\$89,130	\$1,349,778

University of Massachusetts				
Condensed Statement of Revenues, Expenses, and Changes in Net Assets for University Related Organizations				
For The Year Ended June 30, 2008, 2007 and 2006				
(in thousands of dollars)				
	University Related Organizations June 30, 2008	University Related Organizations June 30, 2007	Change	University Related Organizations June 30, 2006
Operating Expenses	\$19,104	\$16,064	\$3,040	\$16,939
Operating Loss	(19,104)	(16,064)	(3,040)	(16,939)
Nonoperating Revenues				
Other Nonoperating Income	11,111	36,646	(25,535)	28,844
Net Nonoperating Revenues	11,111	36,646	(25,535)	28,844
Income/(Loss) Before Other Revenues, Expenses, Gains or Losses	(7,993)	20,582	(28,575)	11,905
Additions to Permanent Endowments	19,935	19,684	251	14,401
University Related Organization Transactions and Other	(928)	578	(1,506)	4,071
Total Other Revenues, Expenses, Gains, and Losses	19,007	20,262	(1,255)	18,472
Total Increase in Net Assets	11,014	40,844	(29,830)	30,377
Net Assets				
Net Assets at Beginning of Year	286,916	246,072	40,844	215,695
Net Assets at End of Year	\$297,930	\$286,916	\$11,014	\$246,072

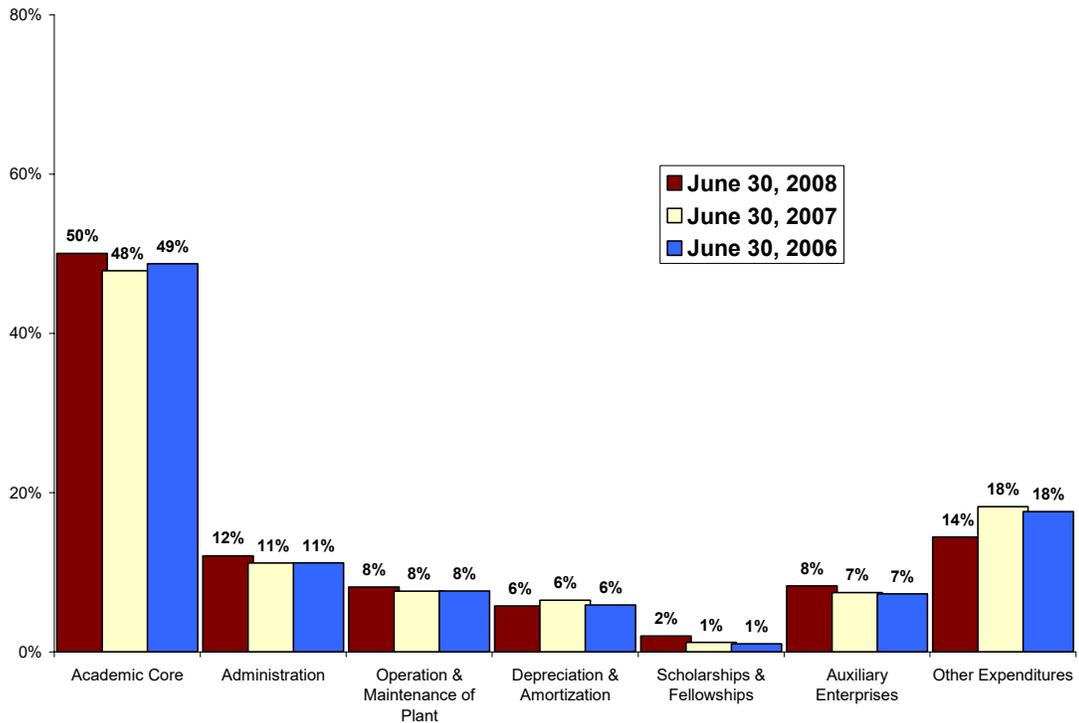
Total operating revenues for fiscal year 2008 were \$1.65 billion. This is consistent with the \$1.65 billion in operating revenues in fiscal year 2007. The most significant sources of revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester Medical School campus categorized in the following chart as "Other Operating Revenues". The following chart displays operating revenues by source for the University in fiscal years 2008, 2007 and 2006. Total operating revenues for fiscal year 2007 were \$1.65 billion, \$125.8 million more than the fiscal year 2006 operating revenues of \$1.53 billion.

Sources of Operating Revenues in Relation to Total Revenues, Fiscal Year 2006 to Fiscal Year 2008



In fiscal year 2008, operating expenditures, including depreciation and amortization of \$126.9 million, totaled \$2.20 billion. Of this total, \$1.11 billion or 50% was used to support the academic core activities of the University, including \$342.1 million in research. The chart below displays fiscal year 2008, 2007 and 2006 operating spending.

Operating Expenses in Relation to Total Expenses, Fiscal Year 2006 to Fiscal Year 2008



Public Service Activities

Public Service Activities consist largely of sales and services provided to third parties by the UMass Medical School campus under its Commonwealth Medicine (CWM) programs, which provide public consulting and services in health financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are Commonwealth Medicine revenues of \$323.2 million and \$324.6 million for the years ended June 30, 2008 and 2007, respectively. Included in expenditures are Commonwealth Medicine expenditures of \$300.2 million and \$296.5 million for the years ended June 30, 2008 and 2007, respectively.

In addition to CWM activities, Public Service Activities also includes payments received by the Medical School for educational services it provides to its clinical affiliate UMass Memorial as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$75.0 million and \$143.7 million for the years ended June 30, 2008, and 2007, respectively. The decline in revenue activity relative to the educational services is predicated on an annually negotiated amount which may vary from period to period. Finally, Public Service Activity expenditures also include payments made to the Commonwealth of Massachusetts of \$20.4 million and \$95.0 million for the years ended June 30, 2008 and 2007, respectively, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts. Payments made to the Commonwealth are negotiated annually and may fluctuate year to year.

State Appropriations

State appropriations represent approximately 27% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly 100% of the state appropriation supports payroll and benefits for University employees.

In fiscal year 2008, the net state appropriation increased \$37.9 million over fiscal year 2007 amounts. This increase is attributed to increased state fringe benefit support as well as an increase for general operations.

Unless otherwise permitted by the Massachusetts Legislature, the University is required to remit tuition revenue received to the Commonwealth. Therefore, the University collects student tuition on behalf of the Commonwealth and remits it to the Commonwealth's General Fund. There is no direct connection between the amount of tuition revenues collected by the University and the amount of state funds appropriated in any given year. During fiscal year 2004, the Amherst campus was able to retain tuition for out of state students as part of a pilot program authorized by the Commonwealth. This pilot program was extended indefinitely in 2005. The amount of tuition retained by the University during 2008, 2007, and 2006 was \$32.7 million, \$31.1 million, and \$27.8 million, respectively.

The following details the Commonwealth operating appropriations received by the University for fiscal years ending June 30, 2008, 2007 and 2006 (in thousands):

	June 30, 2008	June 30, 2007	June 30, 2006
Gross Commonwealth Appropriations	\$485,199	\$474,909	\$450,324
Plus: Fringe Benefits*	<u>178,236</u>	<u>151,106</u>	<u>123,949</u>
	\$663,435	\$626,015	\$574,273
Less: Tuition Remitted	(\$46,164)	(\$46,599)	(\$47,524)
Net Commonwealth Support	\$617,271	\$579,416	\$526,749

*The Commonwealth pays the fringe benefit cost for University employees paid from Commonwealth operating appropriations. Therefore, such fringe benefit support is added to the "State Appropriations" financial statement line item as presented in the above table. The University pays the Commonwealth for the fringe benefit cost of the employees paid from funding sources other than Commonwealth operating appropriations.

Capital Appropriations from the Commonwealth

The University faces a financial challenge to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. In order to have a successful capital program, the University must rely on a combination of revenue sources to fund its investment in capital improvements, including appropriations provided by the Commonwealth of Massachusetts. In fiscal year 2008, the \$27.1 million of capital appropriations provided to the University were \$52.4 million less than the appropriations provided in fiscal year 2007. This variance is primarily due to the fact that in July of 2006 the Commonwealth finalized a supplemental funding bill, Chapter 122 of the Acts of 2006, which approved the transfer of \$50.0 million to the University to address the rehabilitation, renovation and maintenance of facilities and infrastructure. The fiscal year 2007 capital appropriations of \$73.6 million were \$46.5 million greater than the \$27.1 million appropriated from the Commonwealth in fiscal year 2006. Although fiscal year 2008 capital appropriations represent approximately .46% of all revenues, this form of state support plays an important role in the University's efforts to address deferred maintenance projects at our campuses.

Grant and Contract Revenue

The University's Amherst Campus and Medical School campus in Worcester have been the primary catalyst in the University's research funding growth in recent years accounting for approximately 75% of University grant and contract activity collectively. However, each of the other campuses has also experienced growth in sponsored research activity in recent years.

The following table details the University's grant and contract revenues (in millions) for the fiscal years ended June 30, 2008, 2007 and 2006:

	June 30, 2008	June 30, 2007	June 30, 2006
Federal Grants and Contracts	\$318,288	\$297,647	\$300,685
State Grants and Contracts	72,034	66,775	66,172
Local Grants and Contracts	2,507	2,815	3,746
Private Grants and Contracts	99,342	92,653	82,234
Total Grants and Contracts	\$492,171	\$459,890	\$452,837

Discretely Presented Component Units

University of Massachusetts Foundation, Inc.

The combined University and Foundation endowment has increased to approximately \$407.1 million at June 30, 2008 up from \$354.5 million at June 30, 2007 and up from \$258.4 million at June 30, 2006.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of approximately 5% of their beginning market value as of July 1 subject to review and approval by the Foundation's Board of Directors. The distribution amount will be made available at the beginning of the following fiscal year. The actual spending rate was 4% for fiscal years 2008, 2007 and 2006. The total investment returns of the Foundation for fiscal year 2008, including realized and unrealized investment activity, was a net loss of approximately \$1.2 million as compared to a net gain of \$37.8 million in 2007.

University of Massachusetts Dartmouth Foundation, Inc.

Total marketable securities for the Dartmouth Foundation were \$25.1 million at June 30, 2008 up from \$23.7 million in fiscal year 2007 and \$18.7 million in fiscal year 2006 which are held by the University of Massachusetts Foundation, Inc. The increase was primarily due to new gifts. The Dartmouth Foundation total investment returns for fiscal year 2008, including realized and unrealized investment activity, was a net gain of approximately \$171,585 as compared to a net gain of approximately \$3.0 million in 2007.

Tuition and Fees

The University strives to provide students with the opportunity to obtain a quality education. Future University enrollments may be affected by a number of factors, including any material increase in tuition and other mandatory charges and any material decrease in Commonwealth appropriations. Starting in fiscal year 2004, the University has followed the practice of limiting the annual increases in total mandatory student charges (tuition and mandatory fees) for resident undergraduate students to rate increases of no greater than the rate of inflation.

Enrollment

Except for the Medical School, which admits only Massachusetts residents (as required by Massachusetts Session Laws, 1987, Chapter 199, Section 99); admission to the University is open to residents and non-residents of the Commonwealth on a competitive basis. In the fall 2007 semester, Massachusetts residents accounted for approximately 80% and 41% of the University's total undergraduate and graduate enrollment, respectively. Total enrollment in the fall of 2007 was 51,069 FTE (61,034 headcount students).

Enrollments at the University have shown modest increases overall since 1997 (44,853 FTE). The enrollment changes are consistent with the University's efforts to manage housing and class enrollment. In the fall of 2007, freshman applications were up at the Amherst campus 21%, up at Boston 15%, up at Dartmouth 6% and up 8% at the Lowell campus. Transfer applications were up at the Amherst and Dartmouth campuses by 5%, steady at the Boston Campus, and down approximately 7% at the Lowell campus.

The average Scholastic Aptitude Test ("SAT") scores for entering University freshmen ranged from 1053 to 1142 at the University's campuses in the fall of 2007. The 2007 national average SAT composite score was 1017.

Degrees Awarded

The University awards four levels of degrees, including associate, bachelors, masters and doctoral/professional degrees. A total of 11,704 degrees were awarded in 2006-2007: 162 associate degrees, 8,191 bachelor degrees, 2,785 master degrees, 478 doctoral degrees and 88 MD degrees.

Bonds Payable

As of June 30, 2008, the University had outstanding bonds of approximately \$1.385 billion representing \$978.0 million of University of Massachusetts Building Authority bonds (the "Building Authority Bonds"), \$84.0 million of University of Massachusetts bonds financed through the Massachusetts Health and Educational Facilities Authority (the "UMass HEFA Bonds"), and \$323.0 million of bonds financed through the Worcester City Campus Corporation (the "WCCC Bonds"). Bonds payable is the University's largest liability at June 30, 2008 and 2007. Projects initially financed by the Building Authority Bonds consisted primarily of dormitories, apartments, dining commons, athletic and multi purpose facilities and parking garages at the University campuses. The Building Authority's active projects include dormitory rehabilitations, renovation of general education buildings, and construction of academic and science facilities. The proceeds from the UMass HEFA Bonds were used to create a revolving loan program and to fund the construction of two new campus centers at the Boston and Lowell campuses (funded jointly with the Commonwealth).

In fiscal year 2008, the Authority issued \$381.5 million of bonds and refunded \$242.5 million of previously issued bonds in a series of transactions. The proceeds were to be used for various construction and renovation projects for the Amherst, Dartmouth, Lowell, and Worcester campuses. Further, in fiscal year 2008,

- The Building Authority issued its Series 2008-1 bonds. The bonds were issued in the amount of \$232.5 million and the proceeds were to be used for various construction and renovation projects for the Amherst and Lowell campuses.
- The Building Authority issued Series 2008-A bonds. The bonds were issued in the amount of \$26.6 million and the proceeds were to be used for various construction and renovation projects for the Dartmouth and Lowell campuses.
- The Building Authority issued Series 2008-2 bonds. The bonds were issued in the amount of \$120.6 million and the proceeds were to be used for various construction and renovation projects for the University's Amherst and Worcester campuses.
- The Building Authority issued its Series 2008-3 bonds. The bonds were issued in the amount of \$138.6 million and the proceeds were used to currently refund a portion of the 2006-1 bonds.
- The Building Authority issued Series 2008-4 bonds. The bonds were issued in the amount of \$104.0 million and the proceeds were used to currently refund a portion of the 2006-1 bonds.
- In connection with the Series 2008-1 bonds, the Building Authority entered into an interest rate swap (the 2008-1 Swap). The intention of the swap is to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 3.388%.

Capitalized Lease Obligations

At June 30, 2008, the University had capital lease obligations with remaining principal payments of approximately \$42.4 million which is a decrease from fiscal year 2007 of \$54.6 million. The capital leases primarily consist of telecommunications, software and co-generation systems, and campus energy conversions. The decrease in obligations is due to scheduled debt service payments.

University Rating

As of June 30, 2008, the credit ratings for the University of Massachusetts bonds are "A+" as rated by Fitch IBCA and Standard & Poor's rating agencies. The highest achievable rating is "AAA" based upon the scale used in the University's rating. The University's rating is two tiers below the "AA" rating of the Commonwealth of Massachusetts.

Limitations on Additional Indebtedness

The University may, without limit, issue additional indebtedness or request the Building Authority to issue additional indebtedness on behalf of the University so long as such indebtedness is payable from all available funds of the University. However, the University may request that the Building Authority issue additional indebtedness not payable from all available funds of the University provided that the additional indebtedness is secured by certain pledged revenues and the maximum annual debt service on all revenue indebtedness does not exceed 10% of the University's available revenues.

The Building Authority is authorized by its enabling act to issue bonds with the unconditional guarantee of the Commonwealth of Massachusetts for the punctual payment of the interest and principal payments on the guaranteed bonds. The full faith and credit of the Commonwealth are pledged for the performance of its guarantee. The enabling act, as amended, presently limits to \$200 million the total principal amount of notes and bonds of the Building Authority that may be Commonwealth guaranteed and outstanding at any one time.

Capital Plan

In September of 2008, the University Trustees approved of an approximately \$3.43 billion five-year (fiscal years 2009-2013) update to its capital plan to be financed from all available funding including projects already in process with prior approval of the University Trustees, as well as new projects. The University generally has funded its capital plans through a combination of funding received from University operations, bonds issued by the Building Authority, Massachusetts Health and Educational Facilities Authority financing, Commonwealth appropriations, and private fund raising. The execution of the University's capital plan is contingent upon sufficient funding from the Commonwealth.

The University's five-year capital plan for fiscal years 2009-2013 includes both new projects and major projects that were previously approved by the University Trustees in prior year capital plans. The major projects in the 2009-2013 capital plan and their estimated total project cost include:

Amherst campus

- deferred maintenance and new construction on the central heating plant for approximately \$133.3 million
- the construction of a laboratory science building for approximately \$100.0 million
- the construction of an academic classroom building for approximately \$85 million
- renovations to the Lederle Graduate Research Complex totaling approximately \$41.3 million
- the construction of a life sciences facility for approximately \$95 million
- the construction of an integrated science building to provide modern teaching laboratory facilities for chemistry and life sciences for approximately \$109.0 million
- the construction of a new student recreation center for \$53.3 million
- student housing renovation and repair projects of \$22.5 million
- upgrades to residential housing sprinkler systems for \$32.0 million
- projects focusing on deferred maintenance for approximately \$30.0 million
- renovations to increase capacity at the Worcester Dining Commons for \$20.0 million

- construction of swing buildings in order to support renovation and construction activity for \$50.0 million
- design and construction of a new police facility for \$12.0 million
- renovations to the interior space of the DuBois Library for \$13 million
- renovations and systems upgrades to the Morrill Buildings Complex totaling approximately \$51.3 million

Boston campus

- major interim stabilization work to ensure the safety of the campus substructure and to allow for continuity of operations for \$21.8 million is the most pressing capital concern for the campus
- the implementation of phase 1 of the Campus Master Plan for \$60 million will include improvements such as utility relocation, roadway relocation, and plaza and building demolition needed to reconstruct the existing center of the Campus
- the construction of a two new academic buildings for \$252.0 million
- the construction of a 1,200 vehicle parking garage to meet current demand for approximately \$35 million
- the purchase of new and replacement instructional and scientific equipment for existing programs for approximately \$15.0 million
- construction of a 1,000-bed living and learning center to enrich the student experience on Campus for \$88.0 million

Dartmouth campus

- in order to accommodate a growing enrollment and to deal with deteriorating housing units the campus plans to expend \$97.0 million for the renovation and replacement of student housing
- the construction of a facilities building and the retrofit of vacated space to centralize functions and to create more academic space for approximately \$12.7 million
- the construction of an addition to the Campus Center to meet the needs of the expanding student population for approximately \$16.4 million
- the construction of a multipurpose field house for approximately \$20.8 million
- library renovations to address deferred maintenance and to improve services for approximately \$18.0 million
- an energy/water conservation project for \$14.6 million
- expansion of the Charlton College of Business for \$14.0 million

Lowell campus

- construction of the Emerging Technology Innovation Center for approximately \$90.0 million
- the construction of an academic building on the South Campus for \$40.0 million
- upgrading of laboratory space for approximately \$19.3 million
- the modernization of the North Quad area to include security improvements, systems upgrades, and access enhancements for \$21.3 million
- acquisition of several properties neighboring the Campus for \$55 million
- renovation of Fox Hall to increase the amount of dormitory rooms on the Campus for \$15.0 million
- construction of a parking garage on the north campus to increase capacity for approximately \$15.0 million

Worcester campus

- construction of a new science facility to support new programs in stem cell research, RNAi therapies, and gene silencing for approximately \$330.0 million
- construction of a medical education and clinical practice building for \$115.0 million
- expansion of the existing power plant to improve efficiency and meet the energy requirements of the growing Campus for approximately \$35.0 million
- HVAC upgrades and replacements for approximately \$30.0 million
- the construction of a parking garage to meet increased demand for \$26.4 million
- the construction of a new building to support vaccine production and product warehousing for \$35.0 million
- the construction of a mixed-use building for office space and research and development work for \$50.0 million
- addressing deferred maintenance priorities at the Jamaica Plain and Shriver campuses for \$25.9 million.

In 1996, the University initiated a more active program to address deferred maintenance needs at its campuses. As a result, the University has made investments to repair and renovate facilities at the University's campuses from a combination of University sources and direct Commonwealth support. Addressing deferred maintenance remains a priority within the University's capital plan. The University's 2009-2013 capital plan includes approximately \$678.4 million of deferred maintenance projects. During fiscal year 2008, the University expended approximately \$178.9 million on plant operations and maintenance activities.

Factors Impacting Future Periods

There are a number of issues of University-wide importance that directly impact the financial operations of the University. Many of these issues such as improving academic quality and financial performance, investing in capital assets, expanding fundraising capacity, and measuring performance are ongoing activities of continuous importance to the Board of Trustees and University leadership that impact the financial and budget planning each year.

The level of state support, the impact of collectively bargained wage increases, and the ability of student fee supported activities to meet inflationary pressures determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

The ability to address priority capital needs and requirements for deferred maintenance, technology, repairs and adaptation, and selected new construction projects is one of the largest challenges facing the University in years to come. The commitment of operating funds for servicing debt and/or funding capital expenditures has an ongoing impact on the overall financial

picture of the University.

In recent years the University's UMASS On-Line program has shown significant growth in enrollments, course offerings and revenue generation benefiting the campuses and raising the profile of the University throughout this important sector of the higher education market.

The University has recently launched a coordinated effort in international activities to develop partnerships and programs to bring faculty, visiting scholars and students from other countries to the University; to integrate study abroad opportunities into the undergraduate and graduate curriculum; and to encourage faculty to engage in research, teaching and service activities around the world.

Since July of 2007, the University had appointed new Chancellors for the Amherst, Boston, Lowell, and Worcester campuses. These appointments further strengthen a leadership team already focused on expanding the University's impact on the Commonwealth and the world as a leader in research, teaching and public service.

The University of Massachusetts Medical School's (UMMS) Craig C. Mello, PhD, and his colleague Andrew Fire, PhD, of Stanford University, were awarded the 2006 Nobel Prize in Physiology or Medicine for their discoveries related to ribonucleic acid (RNA). The findings of Drs. Mello and Fire demonstrated that a particular form of RNA, the cellular material responsible for the transmission of genetic information, can silence (RNAi process) targeted genes. Due to these findings, companies worldwide at the forefront of pharmaceutical innovation have purchased licenses to RNAi technology, co-owned by the UMMS, to aid in their development of treatments for disease. In addition, UMMS researchers are using RNAi technology to speed investigation into a variety of diseases. The work of Dr. Mello has not only produced revenue streams for the University and aided the work of his fellow researchers, but it has also enhanced the overall view of the University of Massachusetts. This recognition highlights the strength of UMMS research and can enhance the overall reputation of the entire University.

In July of 2007, Governor Patrick launched a significant new initiative to stimulate the Life Sciences industry in Massachusetts. As a result, the Commonwealth passed a \$1 billion Life Sciences Investment Bill that will provide at least \$240 million of capital support to the University over the next 10 years. The Medical School and Amherst campuses are well positioned to take a lead in the development of new technologies in the life sciences and the University has been identified to play a significant role in the development of a stem cell bank for researchers throughout the world.

Also, in the fall of 2007 Governor Patrick filed a higher education bond bill to fund capital improvements and new facilities at all University campuses over the next ten years. The Commonwealth passed the largest higher education bond bill, Chapter 258 of the Acts of 2008, on August 6, 2008, which included over \$1 billion for University projects to be funded over the next 10 years.

On October 15, 2008, faced with an estimated state budget deficit of \$1.4 billion, Governor Deval Patrick started implementing a fiscal action plan to close the gap that includes more than \$1 billion in immediate cuts and spending controls across state government, identifying additional revenues and a draw on state reserves. These steps were taken because state tax revenue estimates have had to be revised as the state reacts to the effects of the national financial crisis and slow down in the state and national economy. As part of this action plan, the administration reduced the University's fiscal year 2009 state appropriation by 5% or approximately \$24.6 million. The University has taken appropriate steps to manage this mid-fiscal year reduction in state support and is working with state officials to understand the impacts of further changes to the economic environment on state support for the operating requirements and capital priorities of the University.

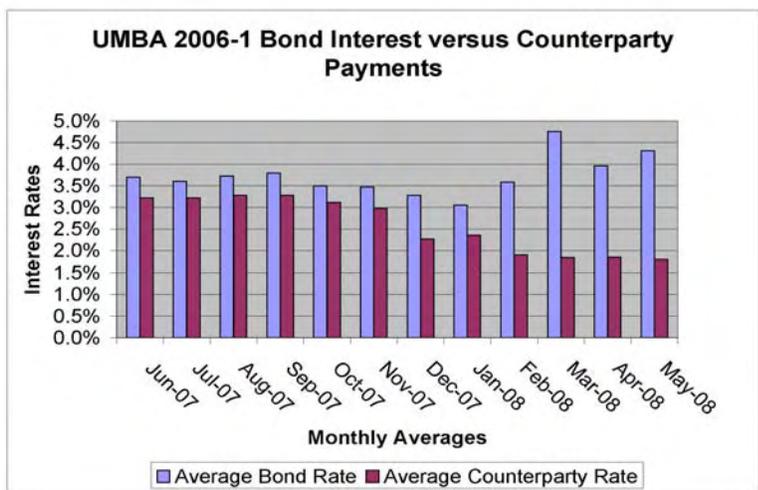
Market Dislocation and the Authority's 2006-1 Bonds

During fiscal 2008 a number of economic factors caused unusual events in the capital markets of the United States and abroad. Chief among these factors was the slow down in the U.S. housing market. Normally, this slowdown would have little direct impact on the University. However, the decrease in market values of certain housing assets raised questions related to the companies that provided insurance related to those investments. During calendar 2008 the nationally known rating agencies began issuing negative reports relating to these insurance companies, which also insured tax-exempt bonds. Bonds insured by these companies began trading unfavorably in the secondary markets when compared to uninsured bonds or bonds supported by non-insurance credit enhancements. Long-term bonds issued at a fixed rate of interest declined in value during this time but, while detrimental to the bondholders, generally did not directly impact bond issuers. Short-term variable rate or auction rate bonds, which trade generally at par, were also impacted as their interest rates began to rise. This increase in interest rates directly raised the cost of debt to bond issuers.

In fiscal 2006 the Building Authority issued its Series 2006-1 bonds. The bonds were issued in a variable-rate mode with interest rates reset each week. To hedge against interest rate fluctuations, the Building Authority entered into an interest rate swap whereby it agreed to pay a fixed rate of interest to the swap counterparty and received a variable rate equal to 60% of the 3-month LIBOR rate plus .18%. The primary purpose for the bond issue was to refund certain outstanding fixed rate bonds. The net-present-value savings from this refunding was in excess of \$15 million.

In January, 2008 the variable rate due to the 2006-1 bondholders increased significantly when Fitch, Inc., one of the nationally known rating agencies, downgraded the 2006-1 bond insurer, Ambac Assurance Corporation (AMBAC). In addition to facing higher interest costs, the Building Authority also was required to pay higher fees for the Standby Bond Purchase Agreement (SBPA) for the bonds with Depfa Bank plc (DEPFA). At the same time overall interest rates began to decrease and the variable rate payments due from the swap counterparty, Citigroup, based on the London Interbank Offered Rate (LIBOR), also decreased, further widening the Building Authority's exposure.

The chart below illustrates the increased costs of the debt obligations related to the market conditions.



In March of 2008 the Bond Trustee informed the Building Authority that some of the 2006-1 bonds had been tendered by the bondholders and the remarketing agent had been unable to remarket the bonds. Under the SBPA, the bonds were then purchased by the standby bank, DEPFA. During the month of March a total of \$40.4 million in bonds were tendered to the bank. While the bonds were held by the bank the interest on the bank’s bonds, per the terms of the SBPA, was the bank’s prime interest rate. The remarketing agent was able to successfully remarket all of the bank bonds prior to the current refunding of the 2006-1 bonds.

In June of 2008, due to the ongoing issues with the bond insurer, the Building Authority currently refunded the 2006-1 bonds by issuing its Series 2008-3 and Series 2008-4 bonds. The Series 2008-3 bonds are credit enhanced by a Letter of Credit from Bank of America, N.A. while the Series 2008-4 bonds are backed by the Building Authority’s available Commonwealth Guarantee. The Commonwealth Guarantee, as explained in Note 10, allows the Building Authority to issue bonds that receive the credit rating of the Commonwealth of Massachusetts.

Additionally, the Series 2008-3 and Series 2008-4 bonds may be insured by AMBAC three years after the issue date at the option of the Building Authority. The cost of the insurance policy, if the option is exercised, will be paid out of the unused premium paid at the closing of the 2006-1 bond issue.

The Building Authority estimates that the cost of the “AMBAC penalty” to the Building Authority was approximately \$1.786 million. This amount does not include the additional amount borrowed over and above the outstanding par amount of the 2006-1 bonds at the time of the refunding. This additional amount totaled \$1.815 million.

University of Massachusetts
Statement of Net Assets
As of June 30, 2008 and 2007
(in thousands of dollars)

	University	University Related Organizations	University	University Related Organizations
	June 30, 2008	June 30, 2008	June 30, 2007	June 30, 2007
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$29,499		\$50,028	
Cash Held By State Treasurer	10,965		9,834	
Accounts, Grants and Loans Receivable	195,363	\$22	202,666	\$22
Pledges Receivable	1,002	7,293	1,922	5,520
Short Term Investments	212,483		62,873	
Inventories	14,387		13,283	
Accounts Receivable UMass Memorial	4,138		122,508	
Due From Related Organizations	111	990	191	1,280
Other Assets	27,009	39	11,842	19
Total Current Assets	494,957	8,344	475,147	6,841
Noncurrent Assets				
Cash and Cash Equivalents		3,753		3,040
Cash Held By State Treasurer	7,272		6,311	
Cash and Securities Held By Trustees	642,210		437,494	
Accounts, Grants and Loans Receivable	34,749		34,949	
Pledges Receivable	1,854	5,179	4,900	6,267
Investments	420,234	292,526	470,900	280,459
Other Assets	13,209	48	10,321	46
Investment In Plant Net of Accumulated Depreciation	1,918,770	979	1,719,316	992
Total Noncurrent Assets	3,038,298	302,485	2,684,191	290,804
Total Assets	\$3,533,255	\$310,829	\$3,159,338	\$297,645
LIABILITIES				
Current Liabilities				
Accounts Payable	\$83,974	\$266	\$96,767	\$1,171
Accrued Salaries and Wages	64,835		56,979	
Accrued Liability for Compensated Absences	67,375		62,446	
Accrued Liability for Workers' Compensation	3,125		3,733	
Arbitrage Rebate Payable	956		641	
Accrued Interest Payable	9,912		9,690	
Bonds Payable	45,915		40,070	
Capital Lease Obligations	8,251		12,285	
Accounts Payable UMass Memorial	3,056		3,339	
Due To Related Organizations	990	111	1,280	191
Deferred Revenues and Credits	61,373	8,886	56,566	6,384
Advances and Deposits	8,552		10,576	
Other Liabilities	73,350		118,310	
Total Current Liabilities	431,664	9,263	472,682	7,746
Noncurrent Liabilities				
Accrued Liability for Compensated Absences	21,707		21,936	
Accrued Liability for Workers' Compensation	11,274		11,140	
Arbitrage Rebate Payable	519		493	
Bonds Payable	1,339,110		1,004,539	
Capital Lease Obligations	34,177		42,300	
Deferred Revenues and Credits	13,556		12,885	
Advances and Deposits	27,383		28,087	
Other Liabilities	418	3,636	959	2,983
Total Noncurrent Liabilities	1,448,144	3,636	1,122,339	2,983
Total Liabilities	\$1,879,808	\$12,899	\$1,595,021	\$10,729
Net Assets:				
Invested in Capital Assets Net of Related Debt Restricted	\$1,027,045	\$979	\$884,138	\$992
Nonexpendable	16,605	212,017	16,264	193,100
Expendable	161,732	77,192	212,302	85,809
Unrestricted	448,065	7,742	451,613	7,015
Total Net Assets	\$1,653,447	\$297,930	\$1,564,317	\$286,916

The accompanying notes are an integral part of the financial statements.

University of Massachusetts
Statements of Revenues, Expenses, and Changes in Net Assets
For The Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	University	University Related	University	University Related
	June 30, 2008	June 30, 2008	June 30, 2007	June 30, 2007
REVENUES				
Operating Revenues				
Tuition and Fees (net of scholarship allowances of \$113,738 at June 30, 2008 and \$105,414 at June 30, 2007)	\$458,439		\$429,528	
Federal Grants and Contracts	318,288		297,647	
State Grants and Contracts	72,034		66,775	
Local Grants and Contracts	2,507		2,815	
Private Grants and Contracts	99,342		92,653	
Sales & Service, Educational	20,657		17,150	
Auxiliary Enterprises	231,306		205,312	
Other Operating Revenues:				
Sales & Service, Independent Operations	65,588		99,344	
Sales & Service, Public Service Activities	325,758		381,214	
Other	58,765		59,570	
Total Operating Revenues	1,652,684		1,652,008	
EXPENSES				
Operating Expenses				
<i>Educational and General</i>				
Instruction	548,850		526,781	
Research	342,109		320,889	
Public Service	79,213	\$13,349	75,058	\$10,961
Academic Support	130,293		120,240	
Student Services	91,157		87,085	
Institutional Support	174,358		156,014	
Operation and Maintenance of Plant	178,940		166,082	
Depreciation and Amortization	126,896	19	141,360	18
Scholarships and Fellowships	28,111	5,736	25,714	5,085
<i>Auxiliary Enterprises</i>	182,379		162,134	
<i>Other Expenditures</i>				
Independent Operations	49,562		66,870	
Public Service Activities	267,199		330,331	
Total Operating Expenses	2,199,067	19,104	2,178,558	16,064
Operating Loss	(546,383)	(19,104)	(526,550)	(16,064)
NONOPERATING REVENUES/(EXPENSES)				
Federal Appropriations	7,099		5,777	
State Appropriations	617,271		579,416	
Gifts	20,654	12,304	18,621	5,226
Investment Income	7,494	(11,189)	87,106	23,876
Endowment Income	11,036	9,996	7,031	7,544
Interest on Indebtedness	(40,990)		(36,737)	
Other Nonoperating Income	11,484		9,639	
Net Nonoperating Revenues	634,048	11,111	670,853	36,646
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	87,665	(7,993)	144,303	20,582
Capital Appropriations	21,170		73,590	
Capital Grants and Contracts	1,500		4,000	
Additions to Permanent Endowments		19,935		19,684
Disposal of Plant Facilities	(10,462)		(6,964)	
Other Additions/Deductions	(10,743)	(928)	(390)	578
Total Other Revenues, Expenses, Gains, and Losses	1,465	19,007	70,236	20,262
Total Increase in Net Assets	89,130	11,014	214,539	40,844
NET ASSETS				
Net Assets at Beginning of Year	1,564,317	286,916	1,349,778	246,072
Net Assets at End of Year	\$1,653,447	\$297,930	\$1,564,317	\$286,916

The accompanying notes are an integral part of the financial statements.

University of Massachusetts
Statements of Cash Flows
For The Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	University June 30, 2008	University June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$494,210	\$455,658
Grants and Contracts	483,167	436,775
Payments to Suppliers	(745,330)	(778,444)
Payments to Employees	(1,059,274)	(1,035,469)
Payments for Benefits	(266,863)	(227,503)
Payments for Scholarships and Fellowships	(28,111)	(28,200)
Loans Issued to Students and Employees	(5,733)	(8,146)
Collections of Loans to Students and Employees	4,253	8,259
Auxiliary Enterprises Receipts	232,694	212,545
Sales and Service, Educational	25,230	24,400
Sales & Service, Independent Operations	87,052	104,254
Sales & Service, Public Service Activities	451,119	351,655
Net Cash Used for Operating Activities	(327,586)	(484,216)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	673,134	636,372
Tuition Remitted to the State	(46,164)	(46,599)
Federal Appropriations	7,099	5,777
Gifts and Grants for Other Than Capital Purposes	22,675	18,018
Private Gifts for Endowment Purposes	1,557	1,076
Student Organization Agency Transactions	151	(290)
Net Cash Provided by Noncapital Financing Activities	658,452	614,354
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from Capital Debt	393,037	232,079
Bond Issuance Costs Paid	(1,129)	(824)
Capital Appropriations	20,246	73,590
Capital Grants and Contracts	1,250	2,750
Purchases of Capital Assets and Construction	(143,596)	(214,763)
Principal Paid on Capital Debt and Leases	(65,588)	(148,229)
Interest Paid on Capital Debt and Leases	(42,871)	(38,993)
Use of Debt Proceeds on Deposit with Trustees	(188,045)	(150,568)
Net Cash Used for Capital Financing Activities	(26,696)	(244,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	1,532,642	1,489,153
Interest on Investments	23,810	31,628
Purchase of Investments	(1,674,343)	(1,419,361)
Net Cash (Used for)/Provided by Investing Activities	(117,891)	101,420
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	186,279	(13,400)
Cash and Cash Equivalents - Beginning of the Year	503,667	517,067
Cash and Cash Equivalents - End of Year	\$689,946	\$503,667
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	(\$546,383)	(\$526,550)
<i>Adjustments to reconcile loss to net cash used by Operating Activities:</i>		
Depreciation and Amortization Expense	126,896	141,360
<i>Changes in Assets and Liabilities:</i>		
Receivables, net	11,469	(17,245)
Inventories	(1,104)	3,870
Due to/from Related Organizations	(210)	(130)
Accounts Receivable/Payable UMass Memorial	118,087	(11,823)
Other Assets	(2,118)	1,337
Accounts Payable (non-capital)	(17,368)	(17,675)
Accrued Liabilities	12,082	7,176
Deferred Revenue	5,478	14,067
Advances and Deposits	(2,728)	4,693
Other Liabilities	(31,687)	(83,296)
Net Cash Used for Operating Activities	(327,586)	(484,216)
NONCASH CAPITAL FINANCING ACTIVITY		
Assets acquired and included in accounts payable	\$38,061	\$33,145
Assets acquired through capital leases	713	754

The accompanying notes are an integral part of the financial statements.

University of Massachusetts
Notes to Financial Statements
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The financial statements herein present the financial position, results of operations, changes in net assets, and cash flows of the University of Massachusetts (University), a federal land grant institution. The financial statements of the University include the Amherst, Boston, Dartmouth, Lowell and Worcester Medical School campuses, and the Central Administration office of the University, Worcester City Campus Corporation (WCCC), the University of Massachusetts Amherst Foundation (UMass Amherst Foundation), as well as the University of Massachusetts Building Authority (Building Authority).

The Building Authority is a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960, whose purpose is to provide dormitories, dining commons, and other buildings and structures for use by the University. WCCC, of which the Worcester Foundation for Biomedical Research, Inc. (WFBR) is a subsidiary, is a tax exempt organization founded to support research and real property activities for the University. The UMass Amherst Foundation was established in 2003 as a tax exempt organization founded to foster and promote the growth, progress, and general welfare of the University. These component units are included in the financial statements of the University because of the significance and exclusivity of their financial relationships with the University.

The University Related Organizations' column in the financial statements includes the financial information of the University's discretely presented component units. The University of Massachusetts Foundation, Inc. (Foundation) and the University of Massachusetts Dartmouth Foundation, Inc. (the Dartmouth Foundation) are related tax exempt organizations founded to foster and promote the growth, progress and general welfare of the University, and are reported in a separate column to emphasize that they are Massachusetts not-for-profit organizations legally separate from the University. These component units are included as part of the University's financial statements because of the nature and the significance of their financial relationship with the University. The financial statement presentation of the discretely presented component units has been reclassified to conform to the University presentation.

The University is a component unit of the Commonwealth of Massachusetts. The financial balances and activities included in these financial statements are, therefore, also included in the Commonwealth's comprehensive annual financial report.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resources measurement focus and the accrual basis of accounting. These statements are reported on a combined basis, and all intra-University transactions are eliminated. In accordance with GASB Statement No. 20, the University follows all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities (including royalties from licensing agreements) and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, subcontracts on grants and contracts, supplies and services, and depreciation and amortization. All other revenues and expenses of the University are reported as non-operating revenues and expenses including state general appropriations, non-capital gifts, short term investment income, endowment income used in operations, interest expense, and capital additions and deductions. Capital items represent all other changes in long term plant and endowment net assets. Revenues are recognized when earned and expenses are recognized when incurred with the exception of revenue earned on certain public service activities (see Note 5). Restricted grant revenue is recognized only when all eligibility requirements have been met, that is to the extent grant revenues are expended or in the case of fixed price contracts, when the contract terms are met or completed. Contributions, including unconditional promises to give (pledges) for non-endowment or non-capital purposes, are recognized as revenues in the period received. Promises of additions to non-expendable endowments are not recognized until cash or other assets are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The University applies restricted net assets first when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and revenues and expenditures recognized during the reporting period. Significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, the allowance for doubtful accounts, valuation of certain investments and depreciation expense. Actual results could differ from those estimates.

The University reports its financial statements as a "business-type activity" ("BTA") under GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services.

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the University are maintained internally in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are maintained in separate funds in accordance with the activities or objectives specified. GASB 35 requires that external financial statements to be reported on a consolidated basis and establishes standards for external financial reporting by public colleges and universities that resources be classified into the following net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, at historical cost, or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Nonexpendable:** Net assets subject to externally imposed stipulations that they be maintained permanently by the University.
- **Restricted Expendable:** Net assets whose use by the University is subject to externally imposed stipulations. Such assets include restricted grants and contracts, the accumulated net gains/losses on true endowment funds, as well as restricted funds loaned to students, restricted gifts and endowment income, and other similar restricted funds.
- **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Substantially all unrestricted net assets are designated to support academic, research, auxiliary enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

Revenues are reported net of discounts and allowances. As a result, student financial aid expenditures are reported as an allowance against tuition and fees revenue while stipends and other payments made directly to students are recorded as scholarship and fellowship expenditures on the statement of revenues, expenses, and other changes to net assets, and included in supplies and services on the statement of cash flows. Discounts and allowances for tuition and fees and auxiliary enterprises are calculated using the Alternate Method.

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* – This standard provides guidance on the accounting and reporting of obligations and costs related to existing pollution remediation, such as obligations to clean up spills of hazardous wastes or to remove contamination (e.g., asbestos). This standard also sets forth triggers that would signal when the University should determine if it has to estimate and report a remediation liability. The requirements of this Statement are effective for financial statements of periods beginning after December 15, 2007 (fiscal 2009 for the University). The University is currently evaluating the effect that GASB Statement No. 49 will have on its financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* - This standard was issued in June 2007 and is effective for financial statements for periods beginning after June 15, 2009 (fiscal 2010 for the University). This standard requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This standard also provides authoritative guidance that specifically addresses the nature of these intangible assets which should be applied in addition to the existing authoritative guidance for capital assets. The guidance specific to intangible assets also includes guidance on recognition and requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this standard establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. If there are no factors that limit the useful life of an intangible asset, this standard provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances. The provisions of this standard generally are required to be applied retroactively. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this standard and those considered to be internally generated. The University is currently evaluating the effect that GASB Statement No. 51 will have on its financial statements.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* - This standard was issued in June 2008 and is effective for periods beginning after June 15, 2009 (fiscal 2010 for the University) and encourages earlier application. This standard requires that for potential hedging derivative instruments existing prior to the fiscal period during which this Statement is implemented, the evaluation of effectiveness should be performed as of the end of the current period. If determined to be effective, hedging derivative instruments are reported as if they were effective from their inception. If determined to be ineffective, the potential hedging derivative instrument is then evaluated as of the end of the prior reporting period. The implementation guide on the standard is expected to be issued by GASB in Q1, 2009. The University is currently evaluating the effect that Statement No. 53 will have on its financial statements.

CLASSIFICATION OF ASSETS AND LIABILITIES

The University presents current and non-current assets and liabilities in the statement of net assets. Assets and liabilities are considered current if they mature in one year or less, or are expected to be received, used, or paid within one year or less. Investments with a maturity of greater than one year and balances that have externally imposed restrictions as to use are considered non-current. Cash held by state treasurer includes balances with restrictions as to use and balances that may be rolled forward for use toward the restricted purposes in future years, and such balances are classified as non-current. Cash held by trustees is presented based upon its expected period of use and to the restrictions imposed on the balances by external parties.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value approximates carrying value for cash and cash equivalents, cash held by state treasurer, investments, accounts receivable, accounts payable, accrued expenses and interest, and deposits. The estimated fair values of bonds payable are disclosed in footnote 8.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts, with a maturity of three months or less when purchased.

Investments are carried at fair value. Short-term investments consist of deposits with original maturities of less than one year and are available for current use. Securities received as a gift are recorded at estimated fair value at the date of the gift. The University holds certain investment securities in publicly traded and privately held companies as the result of agreements entered into by the University's Commercial Ventures and Intellectual Property (CVIP) program. Securities received or purchased as the result of these agreements are recorded at fair value, where readily determinable by quoted market prices, or if fair value is not known or practicable to estimate, the investment is carried at cost which is deemed to be the estimated fair value.

Certain securities held by the Foundation do not have readily determinable quoted market prices and are carried at valuations provided by third-party investment managers. The Foundation believes that the carrying amount of these investments are a reasonable estimate of fair value, however, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investment existed. Venture capital investments represent initial investments made to certain funds and are reported at cost until distributions are made from the funds or until market values are reported on the funds.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined statement of net assets.

Investment income includes dividends and interest income and is recognized on the accrual basis. In computing realized gains and losses, cost is determined on a specific identification basis.

RESTRICTED GRANTS AND CONTRACTS

The University receives monies from federal and state government agencies under grants and contracts for research and other activities including medical service reimbursements. The University records the recovery of indirect costs applicable to research programs, and other activities which provide for the full or partial reimbursement of such costs, as revenue. Recovery of indirect costs for the years ended June 30, 2008 and 2007 was \$99.6 million and \$89.3 million, respectively, and is a component of grants and contracts revenue. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University believes that any audit adjustments would not have a material effect on the University's financial statements.

PLEDGES AND ENDOWMENT SPENDING

Pledges for non-endowment purposes are presented net of amounts deemed uncollectible, and after discounting to the present value of the expected future cash flows. Because of uncertainties with regard to their realizability and valuation, bequests and intentions and other conditional promises are not recognized as assets until the specified conditions are met.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of approximately 5% of their beginning market value as of July 1 subject to review and approval by the Foundation's Board of Directors. The distribution amount will be made available at the beginning of the following fiscal year. The actual spending rate was 4% for fiscal years 2008 and 2007. Future utilization of gains is dependent on market performance. Deficiencies for donor-restricted endowment funds, resulting from declines in market value, would be offset by an allocation from unrestricted net assets to restricted expendable net assets within the Foundation. The Foundation believes that, if applicable, these adjustments would be temporary and will not require permanent funding. In fiscal year 2008 and 2007 there were no deficiencies.

INVENTORIES

The University's inventories consist of books, general merchandise, central stores, vaccines, and operating supplies which are carried at the lower of cost (first-in, first-out and average cost methods) or market.

INVESTMENT IN PLANT

Capital assets are stated at cost. Net interest costs incurred during the construction period for major capital projects are added to the cost of the asset. Repairs and maintenance costs are expensed as incurred, whereas major improvements that extend the estimated useful lives of the assets are capitalized as additions to property and equipment. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets. The University records a full year of depreciation in the year of acquisition. Land is not depreciated. The University does not capitalize works of art or historical treasures.

Following is the range of useful lives for the University's depreciable assets:

Buildings	20-50 years
Building Improvements	5-20 years
Equipment and Furniture	3-15 years
Software	5 years
Library Books	15 years
Land Improvements	20 years

COMPENSATED ABSENCES

Employees earn the right to be compensated during absences for annual vacation leave and sick leave. The accompanying statement of net assets reflects an accrual for the amounts earned and ultimately payable for such benefits as of the end of the fiscal year. The accrual equates to the entire amount of vacation time earned and an actuarially determined liability for the sick leave component of compensated absences. Employees are only entitled to 20% of their sick leave balance upon retirement. The actuarial calculation utilized the probability of retirement for this estimated accrual.

DEFERRED REVENUE

Deferred revenue consists of amounts billed or received in advance of the University providing goods or services. Deferred revenue is recognized as revenue as expenses are incurred and therefore earned.

ADVANCES AND DEPOSITS

Advances from the U.S. Government for Federal Perkins Loans to students are reported as part of advances and deposits. Future loans to students are made available from repayments of outstanding principal amounts plus accumulated interest received thereon.

TUITION AND STATE APPROPRIATIONS

The combined financial statements for the years ended June 30, 2008 and 2007 record as tuition revenue approximately \$46.2 million and \$46.6 million, respectively, of tuition received by the University and remitted to the State Treasurer's Office for the general fund of the Commonwealth of Massachusetts. During fiscal year 2004, the Amherst campus was granted authority to retain tuition for out of state students as part of a pilot program authorized by the Commonwealth. This pilot program was extended indefinitely in 2005. The amount of tuition retained by the University during 2008 and 2007 was \$32.7 million and \$31.1 million, respectively. The recorded amount of State Appropriations received by the University has been reduced by a corresponding amount of tuition remitted as shown below (in thousands):

	<u>2008</u>	<u>2007</u>
Gross Commonwealth Appropriations	\$485,199	\$474,909
Plus: Fringe Benefits	178,236	151,106
	<u>663,435</u>	<u>626,015</u>
Less: Tuition Remitted	(46,164)	(46,599)
State Appropriations, Net	<u>\$617,271</u>	<u>\$579,416</u>

AUXILIARY ENTERPRISES

Auxiliary Enterprise revenue of \$231.3 million and \$205.3 million for the years ended June 30, 2008 and 2007 respectively are stated net of room and board charge allowances of \$1.2 million and \$1.7 million, respectively.

OTHER OPERATING REVENUES AND EXPENDITURES, SALES AND SERVICES, PUBLIC SERVICE ACTIVITIES

Public Service Activities consist largely of sales and services provided to third parties by the UMass Medical School campus under its Commonwealth Medicine (CWM) programs, which provide public consulting and services in health financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are Commonwealth Medicine revenues of \$323.2 million and \$324.6 million for the years ended June 30, 2008 and 2007, respectively. Included in expenditures are Commonwealth Medicine expenditures of \$300.2 million and \$296.5 million for the years ended June 30, 2008 and 2007, respectively.

In addition to CWM activities, Public Service Activities also includes payments received by the Medical School for educational services it provides to its clinical affiliate UMass Memorial as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$75.0 million and \$143.7 million for the years ended June 30, 2008, and 2007, respectively. Finally, Public Service Activity expenditures also include payments made to the Commonwealth of Massachusetts of \$20.4 million and \$95.0 million for the years ended June 30, 2008 and 2007, respectively, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts.

FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST EMPLOYMENT OBLIGATIONS – PENSION AND NON-PENSION

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post – employment health insurance, unemployment, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth and currently the liability is borne by the Commonwealth. Consequently, no amounts have been reported by the University under GASB Statement No. 45. Workers' compensation costs are assessed separately based on actual University experience.

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Commonwealth's Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns and a small amount of municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC administers a plan included within the State Retiree Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios.

The GIC is a quasi-independent state agency governed by an eleven-member body (the Commission) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal year that ended on June 30, 2008, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Pursuant to the provisions of Paragraph (e), Section 5 of Chapter 163 of the Acts of 1997 and consistent with the September 22, 1992 Memorandum of Understanding between the Commonwealth of Massachusetts Executive Office of Administration and Finance and the University of Massachusetts, the University's Worcester Medical School campus has assumed the obligation for the cost of fringe benefits provided by the Commonwealth to University employees (other than those employees paid from state appropriated funds) for all periods on or after July 1, 1989. The University determines the actual costs for the health insurance benefits and actuarially calculates the incurred service costs for pensions and retiree health insurance.

INCOME TAX STATUS

The University of Massachusetts is an agency of the Commonwealth of Massachusetts and is exempt from Federal income tax under Section 115(a) of the Internal Revenue Code. The University Related Organizations are 501(c)(3) organizations and are exempt from Federal Income tax under the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying combined financial statements.

COMPARATIVE INFORMATION AND RECLASSIFICATIONS

The University's financial statements include prior year comparative information. Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications, revised classification and adjustments have no effect on total net assets at June 30, 2008.

During 2008, the University determined that it had incorrectly reported unrealized gains on investments in the 2007 financial statements in the amount of \$19.1 million. Management believes that this amount is immaterial to the 2007 financial statements, and has corrected the impacted investment related accounts in the 2008 financial statements by the same amount. In addition, subsequent to the original issuance of this report, an error was detected and corrected in the Statements of Cash Flows. A correction in the amount of \$4.7 million was made to decrease the Operating Loss in the reconciliation section of the statement with offsetting corrections made to Net Cash Used for Operating Activities and Net Cash Used for Capital Financing Activities.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2005, the University implemented the disclosures which are required by the Governmental Accounting Standards Board, Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40). For fiscal years ending June 30, 2008 and 2007, the University assessed and completed the following statements: Custodial Credit Risk, Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash, Cash Equivalents and Investments.

The University's investments are made in accordance with the Investment Policy and Guidelines Statement adopted in May 2005 by the Board of Trustees (the Investment Policy). The goals of the Investment Policy are to preserve capital, provide liquidity, and generate investment income. The University of Massachusetts has statutory authority under Massachusetts General Laws Chapter 75 to collect, manage and disburse trust funds of the University.

The Investment Policy and Guidelines Statement adopted by the Board of Trustees in May of 2005 set forth the diversification limits for each asset class as shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Exposure Range</u>
Equities	20%	15% - 25%
Fixed Income	57%	50% - 65%
Cash	23%	15% - 30%

Investments are reported at their respective fair values. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Private equities and certain other non-marketable securities are valued using current estimates in fair value by management based on information provided by the general partner or investment manager for the respective securities. Investments in units of non-publicly traded pooled funds are valued at the unit value determined by the fund's administrator based on quoted market prices of the underlying investments. Private equities and other non-marketable securities represent approximately 6.8% and 12.0% of the Universities investments at June 30, 2008 and 2007, respectively.

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a failure of the counterparty, the University would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2008 and 2007, all cash and investment accounts were held on behalf of the University by the Trustees, in the Trustee's name.

The University maintains depository accounts with Bank of America N.A., Bank North, Fifth Third, and U.S. Bank. The University maintains payroll, disbursement and receipt and imprest accounts with Bank of America N.A. None of these accounts are collateralized. Accounts carry FDIC insurance up to \$100,000 per account. The following balances on deposit on June 30, 2008 were \$45.5 million in Bank of America, \$1.6 million in Bank North, \$1.2 million in Fifth Third Bank, \$.9 million in BNY Mellon, \$.1 million in US Bank, and \$.3 million in Citizens. The following comparable balances on deposit on June 30, 2007 were \$51.0 million in Bank of America, \$1.1 million in Bank North, \$.2 million in Citizens, \$.2 million in Fifth Third Bank, and \$.1 million in US Bank. At June 30, 2008 and 2007, the carrying amount of the University's bank account deposits were \$29.5 million and \$50.0 million, respectively, as compared to bank balances of \$49.6 million and \$52.6 million, respectively. In 2008 and 2007, the differences between the carrying amount and bank balances were primarily caused by outstanding checks, deposits in-transit, and securities lending of \$19.2 million and \$29.8 million, respectively. Of such said bank balances, \$2.8 million at June 30, 2008 and \$3.0 million at June 30, 2007 are covered by federal deposit insurance. The remaining \$46.8 million at June 30, 2008 and \$49.6 million at June 30, 2007 are uninsured and uncollateralized and therefore subject to custodial credit risk.

In addition to bank account deposits, at June 30, 2008, the University held money market instruments which are classified as investments. At June 30, 2008 and 2007, the carrying amounts of the University's money market accounts were \$173.1 million and \$42.6 million, respectively, as compared to bank balances of \$173.1 million and \$42.6 million, respectively. The difference between the carrying amount and bank balances were primarily caused by outstanding checks. Of such said money market balances, \$.7 million at June 30, 2008 and \$.5 million at June 30, 2007 are covered by federal deposit insurance. The remaining \$172.4 million at June 30, 2008 and \$42.1 million at June 30, 2007 are uninsured and uncollateralized, therefore subject to custodial credit risk. At June 30, 2008, the University maintained money market accounts of \$84.8 million in American Beacon Funds, \$45.1 million in Bank of America N.A., \$40.1 million in Fidelity Investors, \$1.0 million in Janus Intech, \$1.0 million in Commonfund, and \$.1 million in Berkshire. In addition to money market fair market value, the University held \$5.3 million of cash to be used to settle open trades at June 30, 2008 and \$19.1 million at June 30, 2007. On September 18, 2008, American Beacon Funds temporarily suspended fund redemptions. Fund redemptions of 100% of ownership interest will be available no later than December 12, 2008.

At June 30, 2008 the University held a carrying and fair market value of \$285.2 million in non-money market investments compared to a carrying and fair market value of \$406.7 million at June 30, 2007. In the event of negligence due to the University's custodian and/or investment manager(s), investment balances of \$285.2 million and \$406.7 million at June 30, 2008 and 2007, respectively, would be fully recovered. However, these amounts are subject to both interest rate risk and credit risk. Custody of assets is held with The Bank of New York Mellon or with the individual Investment Manager who is responsible for executing investment transactions.

Concentration of Credit Risk - Concentration of Credit Risk is assumed to arise when the amount of investments that the University has with one issuer exceeds 5 percent or more of the total value of the University's investments.

As of June 30, 2008 there is no portion of the University portfolio, excluding U. S. Government guaranteed obligations, which exceed 5% of the portfolio. As of June 30, 2007, there was no portion of the University portfolio excluding U. S. Government guaranteed obligations, which exceeded 5% of the portfolio.

As of June 30, 2008 three fund managers had aggregate portfolio responsibility of 46% of the total investment portfolio.

Credit Risk - Credit risk is the risk that the University will lose money because of the default of the security issuer or investment counterparty. The University's Investment Policy and Guidelines Statement gives each Portfolio Manager full discretion within the parameters of the investment guidelines specific to that manager.

The table below shows the fair value (in thousands) and average credit quality of the fixed income component of the University's investment portfolio as of June 30, 2008 and 2007, respectively:

<u>Asset Class</u>	<u>June 30, 2008</u> <u>Fair Value</u>	<u>Average Credit</u> <u>Quality</u>	<u>June 30, 2007</u> <u>Fair Value</u>	<u>Average Credit</u> <u>Quality</u>
Short Duration	\$337,748	AAA	\$102,314	AAA
Intermediate Duration	151,406	A	225,858	A
Convertible Bonds	-	NA	14,575	A
High Yield Bonds	138	BB	20,681	BB

The table below shows the fair value (in thousands) by credit quality of the rated debt investments component of the University's investment portfolio as of June 30, 2008 and 2007, respectively:

Rated Debt Investments - 2008

(in thousands)

	S&P Quality Ratings									
	Fair Value	AAA	AA	A	BBB	BB	B	CCC	D	Unrated
U.S Agencies	\$ 21,847	\$ 1,132	\$ 912	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 19,783
U.S Government	18,571	18,571	-	-	-	-	-	-	-	-
Corporate Debt	106,816	46,025	9,382	20,529	15,110	2,321	1,033	725	287	11,404
Money Market Funds	342,058	203,615	-	15,014	-	-	-	-	-	123,429
	<u>\$ 489,292</u>	<u>\$ 269,343</u>	<u>\$ 10,294</u>	<u>\$ 35,543</u>	<u>\$ 15,110</u>	<u>\$ 2,321</u>	<u>\$ 1,053</u>	<u>\$ 725</u>	<u>\$ 287</u>	<u>\$ 154,616</u>

Rated Debt Investments - 2007

(in thousands)

	S&P Quality Ratings									
	Fair Value	AAA	AA	A	BBB	BB	B	CCC	D	Unrated
U.S Agencies	\$ 34,492	\$ 33,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,258
U.S Government	21,910	21,910	-	-	-	-	-	-	-	-
Corporate Debt	177,879	68,606	19,397	27,687	19,146	10,406	12,988	1,006	-	18,643
Money Market Funds	129,147	43,602	-	-	-	-	-	-	-	85,545
	<u>\$ 363,428</u>	<u>\$ 167,352</u>	<u>\$ 19,397</u>	<u>\$ 27,687</u>	<u>\$ 19,146</u>	<u>\$ 10,406</u>	<u>\$ 12,988</u>	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ 105,446</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Investment Policy establishes targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through targeted allocations to different asset classes.

The table below shows the current target allocation for each asset class and the fair value (in thousands) for each as of June 30, 2008 and 2007, respectively:

<u>Asset Class</u>	<u>6/30/08</u> <u>Target Allocation</u>	<u>6/30/08</u> <u>Fair Value</u>	<u>6/30/07</u> <u>Target Allocation</u>	<u>6/30/07</u> <u>Fair Value</u>
Short Duration	45%	\$337,748	45%	\$102,314
Intermediate Duration	25%	151,406	25%	225,858
Convertible Bonds	3%	-	3%	14,575
High Yield Bonds	5%	138	5%	20,681
Alternative Assets	8%	91,701	8%	63,456
Equities	9%	45,501	9%	101,439
Real Estate	0%	6,223	0%	5,450

Investments - 2008
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Debt Securities					
US Government	\$ 18,571	\$ -	\$ 16,494	\$ 2,055	\$ 22
US Agencies	19,531	420	1,621	1,818	15,672
Corporate Debt	106,816	3,102	36,599	11,844	55,271
Municipal/Public Bonds	2,316	-	1,881	-	435
Money Market Mutual Funds	342,058	342,058	-	-	-
	<u>\$ 489,292</u>	<u>\$ 345,580</u>	<u>\$ 56,595</u>	<u>\$ 15,717</u>	<u>\$ 71,400</u>

	Fair Value
Other Investments	
Alternative Assets	\$ 91,701
Equity Securities- Domestic	26,876
Equity Securities- International	18,625
Real Estate	6,223
	<u>\$ 143,425</u>

Investments - 2007
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Debt Securities					
US Government	\$ 21,910	\$ -	\$ -	\$ 21,519	\$ 391
US Agencies	31,822	-	3,100	5,762	22,960
Corporate Debt	177,879	5,312	61,264	19,481	91,822
Municipal/Public Bonds	2,670	821	1,250	599	-
Money Market Mutual Funds	129,147	129,147	-	-	-
	<u>\$ 363,428</u>	<u>\$ 135,280</u>	<u>\$ 65,614</u>	<u>\$ 47,361</u>	<u>\$ 115,173</u>

	Fair Value
Other Investments	
Alternative Assets	\$ 63,456
Equity Securities- Domestic	57,753
Equity Securities- International	43,686
Real Estate	5,450
	<u>\$ 170,345</u>

Securities Lending: In efforts to offset custodian fees, the University participates in a securities lending program to generate income. The University's custodian, The Bank of New York Mellon, conducts business on behalf of the University with potential borrowers who are prescreened for creditworthiness prior to transactions. In exchange for the use of a particular security, cash collateral of 101-105% of the security's fair market value is collected from the potential borrower to offset any likelihood of loss. If a loss occurs, The Bank of New York Mellon will promptly replace the security in question with an exact or similar security of the same value. Also, any potential earnings lost will also be credited back to the University.

The University of Massachusetts has been participating in a securities lending program since March 18, 2005. Administration of securities lending is overseen by the University's custodian, The Bank of New York Mellon. Strict controls are set in place to minimize losses and substantiate gains. The purpose of this program is to generate additional revenue for the University at minimal risk. As indicated before, earned income is used to partially offset custodian fees, increase cash flows, and reduce operating expenses. The amount of securities on loan at fiscal year end are reported as investments in the statement of net assets and the collateral is reported as cash and cash equivalents and an equal amount as other liabilities.

All lending opportunities are initiated through The Bank of New York Mellon. The Bank of New York Mellon maintains a reputable list of clients and borrowers, who are matched up when lending opportunities arise. To ensure fairness, The Bank of New York Mellon maintains a mathematically regulated client queue. When a particular security is desired by a borrower, the first client in queue who holds the security is given the opportunity to lend.

As of June 30, 2008 the University held a fair market value of \$89.2 million in lendable securities, compared to \$162.0 million in 2007, respectively. Out of these lendable securities, as of June 30, 2008, \$18.8 million was out on loan with 23 borrowers compared to \$29.2 million with 71 borrowers on June 30, 2007. The loans were outstanding for an average of 46 days in 2008, compared to 86 days in 2007.

Securities Lending 2008 (in thousands)

Securities Lent	Underlying Security Value	Cash Collateral Rec'd Value	Collateral Percentage
Corporate Debt	\$1,773	\$1,821	102.70%
Equity Securities	438	455	103.88%
US Govt. - T-Notes	<u>16,621</u>	<u>16,904</u>	101.70%
	\$18,832	\$19,180	101.85%

Securities Lending 2007 (in thousands)

Securities Lent	Underlying Security Value	Cash Collateral Rec'd Value	Collateral Percentage
U.S. Agencies	\$5,455	\$5,568	102.07%
Corporate Debt	8,103	8,318	102.65%
Equity Securities	790	815	103.17%
US Govt. - TIPS	2,035	2,067	101.58%
US Govt. - T-Bonds	10,737	10,913	101.63%
US Govt. - T-Notes	<u>2,106</u>	<u>2,148</u>	102.01%
	\$29,226	\$29,829	102.06%

The cost and fair value of cash, cash equivalents and investments of the University Related Organizations at June 30, 2008 and 2007, respectively are as follows (in thousands):

University Related Organizations:	Total Fair Value		Total Cost	
	6/30/08	6/30/08	6/30/07	6/30/07
Cash and Cash Equivalents	\$3,753	\$3,753	\$3,040	\$3,040
Money Market Instruments	207,322	188,151	144,872	125,818
Corporate and Municipal Bonds	40,557	38,976	51,917	51,185
Common and Preferred Stock	39,127	35,173	73,244	52,958
Mutual Funds	29	29	658	484
Other	<u>5,491</u>	<u>6,732</u>	<u>9,768</u>	<u>9,618</u>
	\$296,279	\$272,814	\$283,499	\$243,103

Pursuant to Trust Agreements between the Building Authority and its bond trustees, all funds deposited with those trustees (approximately \$514.9 million at June 30, 2008 and \$281.1 million at June 30, 2007) shall be continuously maintained for the benefit of the Building Authority and Registered owners of the Bonds. All investments shall be (a) held with a bank or trust company approved by the Trustees and the Building Authority, as custodians, or (b) in such other manner as may be required or permitted by applicable state and Federal laws and regulations. Investments shall consist of (a) direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America, or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof; or (b) other marketable securities eligible as collateral for the deposit of trust funds under regulations of the Comptroller of the Currency having a market value not less than the amount of such deposit. Direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof may be subject to repurchase upon demand by the owner pursuant to a repurchase agreement with a bank or trust company.

3. CASH HELD BY STATE TREASURER

Accounts payable, accrued salaries and outlays for future capital projects to be funded from state-appropriated funds totaled approximately \$18.2 million at June 30, 2008 and \$16.1 million at June 30, 2007. The University has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the University, which will be subsequently utilized to pay for such liabilities.

4. CASH AND SECURITIES HELD BY TRUSTEES

Cash and securities held by trustees primarily consist of unspent bond proceeds and amounts held for the future payment of debt service on such borrowings. At June 30, 2008 and June 30, 2007, there are investments of \$13.3 million and \$14.2 million, respectively, available from Master Lease agreements entered into by the University for capital asset purchases at the Amherst and Boston campuses. Additionally, there is \$27.5 million and \$21.7 million, respectively, available from the Revolving Loan Fund established with 2000 Series A bond proceeds issued to acquire and implement enterprise resource planning technology along with other projects (see Note 8) and \$514.9 million and \$281.1 million, respectively, held by trustees related to the Building Authority. In addition, at June 30, 2008 and 2007, \$86.5 million and \$120.4 million, respectively were available to be used by WCCC for capital construction purposes.

Funds deposited with trustees include \$232.9 million and \$5.3 million of investments in repurchase agreements at June 30, 2008 and 2007, respectively. These repurchase agreements are collateralized by cash or investments with a fair market value between 100% and 105% of the repurchase price, depending on the type of assets used as security. These repurchase agreements can be redeemed at any time for the repurchase price provided the redemption proceeds are used for the purpose permitted by the respective repurchase agreement.

5. ACCOUNTS, GRANTS AND LOANS RECEIVABLE

Accounts, grants and loans receivable at June 30 consist of the following (in thousands):

University:

	2008	2007
Students Accounts Receivable	\$29,569	\$27,260
Less allowance for uncollectible accounts	(11,532)	(10,167)
	<u>18,037</u>	<u>17,093</u>
Grants and Contracts Receivable	92,850	91,186
Less allowance for uncollectible accounts	(2,107)	(1,936)
	<u>90,743</u>	<u>89,250</u>
Students Loans Receivable	42,309	41,483
Less allowance for uncollectible accounts	(2,879)	(3,236)
	<u>39,430</u>	<u>38,247</u>
Commonwealth Medicine	50,974	61,375
Less allowance for uncollectible accounts	(604)	(2,754)
	<u>50,370</u>	<u>58,621</u>
Other	33,630	53,062
Less allowance for uncollectible accounts	(2,098)	(18,658)
	<u>31,532</u>	<u>34,404</u>
Total, net	\$230,112	\$237,615
Less current portion, net	(195,363)	(202,666)
Long-term, net	<u>\$34,749</u>	<u>\$34,949</u>

Related Organizations:

	2008	2007
Other Accounts Receivable	\$22	\$22
Less allowance for uncollectible accounts	-	-
	<u>22</u>	<u>22</u>
Less current portion	(22)	(22)
Long-term	<u>\$-</u>	<u>\$-</u>

Effective March 31, 1998, the former University of Massachusetts Clinical Services Division (which was comprised of the University of Massachusetts Medical School Teaching Hospital Trust Fund, University of Massachusetts Medical School - Group Practice Plan, and the University of Massachusetts Medical Center Self Insurance Trust), was merged into a separate Massachusetts not-for-profit corporation named UMass Memorial Health Care, Inc. (UMass Memorial). UMass Memorial is not a component of these financial statements. In connection with the merger of UMass Memorial and the former Clinical Services Division of the University in 1998, the University and UMass Memorial have the following ongoing agreements:

- UMass Memorial has been granted the right to occupy portions of the University's Worcester Medical School campus for a period of 99 years and UMass Memorial has agreed to share responsibility for various capital and operating expenses relating to the occupied premises. UMass Memorial has also agreed to contribute to capital improvements to shared facilities.
- UMass Memorial has agreed to make certain payments to the University and its related organizations, including: 1) an annual fee of \$12.0 million (plus an inflation adjustment), for 99 years as long as the University continues to operate a medical school; 2) a percentage of net operating income of UMass Memorial based upon an agreed upon formula which revenue is recognized by the University when the amounts are agreed; and 3) a \$31.5 million contribution plus interest by UMass Memorial to jointly fund and develop a new research facility with the University, the final payment of which was received during April 2001.
- The University will lease certain employees to UMass Memorial or its affiliates during a transition period ending in 2008.

The University is reimbursed by, and reimburses UMass Memorial for shared services, leased employees, and other agreed upon activities provided and purchased. For the years ended June 30, 2008 and 2007, the reimbursement for services provided to UMass Memorial were \$120.4 million and \$118.1 million, respectively. Included in these amounts is payroll paid by the University on behalf of UMass Memorial in an agency capacity in the amount of \$72.5 million for fiscal year 2008 and \$72.0 million for fiscal year 2007. At June 30, 2008 and 2007, the University has recorded a net receivable in the amount of \$4.1 million and \$122.5 million, respectively from UMass Memorial consisting of \$0.2 million, respectively related to capital projects at the Medical School, and \$3.9 million and \$122.3 million, respectively in payroll and related fringe charges. The receivable amount also contains \$(4.8) million at June 30, 2008 and \$113.4 million at June 30, 2007 representing the negotiated amount under the agreed upon formula noted above. The University has recorded a payable at June 30, 2008 and 2007 of \$3.1 million and \$3.3 million, respectively for amounts due to UMass Memorial for capital projects and cross-funded payroll.

6. RELATED ORGANIZATIONS

Related party activity with the Foundation includes advances under a line of credit, loan and lease agreements, and investment of the University's endowment assets with the Foundation. As of June 30, 2008, the net assets of the Foundation included as related organizations in the combined financial statements of the University are \$317.8 million, of which \$309.6 million are restricted funds and \$8.2 million are unrestricted funds. During the fiscal year ended June 30, 2008, the University received approximately \$6.9 million from the Foundation, and disbursed approximately \$87.6 million to the Foundation of which \$84.0 was for the establishment of quasi-endowment. At June 30, 2008, the University's investments include approximately \$0.3 million current restricted funds and \$174.2 million of endowment funds held in a custodial relationship at the Foundation.

As of June 30, 2007, the net assets of the Foundation included as related organizations in the combined financial statements of the University are \$300.7 million, of which \$293.2 million are restricted funds and \$7.5 million are unrestricted funds. During the fiscal year ended June 30, 2007, the University received approximately \$6.5 million from the Foundation, and disbursed approximately \$42.6 million to the Foundation of which \$40.0 was for the establishment of quasi-endowment. At June 30, 2007, the University's investments include approximately \$0.3 million current restricted funds and \$84.1 million of endowment funds held in a custodial relationship at the Foundation.

The University leases office space from the Foundation for an annual rent of approximately \$0.5 million.

During 2001, the Worcester Medical School and UMass Memorial Health Ventures, Inc. formed Public Sector Partners (PSP). PSP is a Massachusetts not-for-profit corporation organized to provide administrative support to agencies of state and local governments that provide health care and health related services to recipients under the auspices of government sponsored and funded health care programs and initiatives. PSP is governed by a board of trustees that are comprised equally of representatives from the Worcester Medical School and UMass Memorial Health Ventures, Inc. (an subsidiary of UMass Memorial). Neither entity has an equity interest in PSP; therefore, for financial reporting purposes the University treats PSP as a joint venture for which there is no equity interest. Accordingly, PSP's results of operations, statement of position, and cash flows are not included herein. A separate financial statement for PSP is published and is available upon request of the UMass Medical School.

Condensed, summary financial information for 2008 and 2007 is as follows (in thousands)

	2008 <u>Unaudited</u>	2007 <u>Audited</u>
Total assets	\$38,222	\$38,590
Total liabilities	<u>20,123</u>	<u>17,931</u>
Total net assets	\$18,099	\$20,659
Total revenues	\$148,878	\$123,189
Total expenses	152,223	119,915
Cancellation of indebtedness	<u>285</u>	<u>0</u>
Change in net assets	\$ (3,060)	\$ 3,274
Net cash provided from/(used in) operating activities	\$ (8,866)	\$ 14,611
Net cash used in investing activities	(416)	(479)

Subsequent to June 30, 2008, the Bylaws of PSP have been amended to remove UMass Memorial Health Ventures, Inc. as the Class B Member and naming Worcester City Campus Corporation as the sole member of the Corporation. On October 3, 2008, the Worcester City Campus Corporation Board of Trustees voted to become the sole member of Public Service Partners, Incorporated.

The Building Authority and the Commonwealth of Massachusetts have entered into various lease agreements under which the Commonwealth leases to the Building Authority certain property for nominal amounts.

In August 2005, the Building Authority executed a contract with UMass Management, LLC, a wholly owned subsidiary of ClubCorp USA, Inc., to provide management services for The University of Massachusetts Club (the Club), a private social club for alumni and friends of the University. Under the contract, the Authority is responsible for approving the budgets and operating plans of the Club as presented by the Manager. The Building Authority is responsible for any shortfall in the operating budget and will benefit from any operating profits. The contract calls for a minimum management fee payable to the Manager of \$0.2 million or four percent of the operating revenues, as defined by the contract, whichever is greater. Additionally, the Manager receives a percentage of the Club initiation fees and 25 percent of operating profits, as defined by the contract. The contract term is 10 years and can be terminated by the Building Authority after 3 years if the Building Authority decides to close the Club for a minimum of 18 months. The Building Authority is the tenant on the sublease for the Club space and the lease does not terminate should the Building Authority close the Club. As of June 30, 2008 and 2007, the Authority had provided operating support for the Club of approximately \$0.5 million and \$0.8 million, respectively.

7. INVESTMENT IN PLANT

Investment in plant activity for the year ended June 30, 2008 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Land	\$34,623		
Buildings and Improvements	2,070,438	\$97,433	(\$320)	2,167,551
Equipment and Furniture	550,098	83,607	(73,484)	560,221
Software	105,502	3,915		109,417
Library Books	107,452	8,001	(8,509)	106,944
	2,868,113	192,956	(82,313)	2,978,756
Accumulated Depreciation	(1,429,890)	(125,761)	74,753	(1,480,898)
Sub-Total	1,438,223	67,195	(7,560)	1,497,858
Construction in Progress	281,093	218,803	(78,984)	420,912
Total	\$1,719,316	\$285,998	(\$86,544)	\$1,918,770

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Land	\$576		
Buildings and Improvements	594			594
Equipment and Furniture	122	\$6		128
	1,292	6		1,298
Accumulated Depreciation	(300)	(19)		(319)
Total	\$992	(\$13)		\$979

Investment in plant activity for the year ended June 30, 2007 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Land	\$21,693	\$12,930	
Buildings and Improvements	1,878,229	234,042	(\$41,833)	2,070,438
Equipment and Furniture	518,037	54,412	(22,351)	550,098
Software	98,797	6,714	(9)	105,502
Library Books	105,708	8,236	(6,492)	107,452
	2,622,464	316,334	(70,685)	2,868,113
Accumulated Depreciation	(1,354,247)	(133,332)	57,689	(1,429,890)
Sub-Total	1,268,217	183,002	(12,996)	1,438,223
Construction in Progress	231,390	207,893	(158,190)	281,093
Total	\$1,499,607	\$390,895	(\$171,186)	\$1,719,316

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
	Land	\$576		
Buildings and Improvements	594			594
Equipment and Furniture	115	\$7		122
	1,285	7		1,292
Accumulated Depreciation	(282)	(18)		(300)
Total	\$1,003	(\$11)		\$992

At June 30, 2008 and 2007, investment in plant included capital lease assets of approximately \$82.6 million and \$82.9 million, respectively, net of accumulated depreciation on capital lease assets of approximately \$58.7 million and \$54.9 million, respectively (see Note 9).

On July 19, 2006, the Boston campus closed the interior parking facilities that were part of the substructure of the original campus buildings constructed in 1974. While regular inspections and reports had indicated that the facility was structurally sound, the campus determined that the loss of parking spaces, the continual rerouting of pedestrian and vehicular traffic and the associated costs no longer made it a viable parking option. The net impairment loss reported as depreciation expenses is \$6.3 million in 2007. The University has not reported any impairment during 2008.

The University has capitalized interest on borrowings, net of interest earned on related debt reserve funds, during the construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets being constructed, and is amortized over the useful lives of the assets. For the years ended June 30, 2008 and 2007, the University capitalized net interest costs of \$8.5 million and \$6.0 million respectively.

In 2007, WCCC acquired a two-story office building at 3 Centennial Drive in Grafton and two mixed-use buildings located at 333 South Street in Shrewsbury. The cost of the acquisition and interior finish for these facilities is \$6.3 million and \$28.9 million, respectively. These facilities are partially occupied by third-party tenants but primarily used for support of University operations and programs.

8. BONDS PAYABLE

Amounts outstanding at June 30, 2008 are as follows:

Issue Borrowing	Original Borrowing	Maturity Date	Interest Rate	Amount Outstanding
University of Massachusetts Building Authority:				
Series 2000-A	\$46,980	2011	4.5-5.25%	\$6,140
Series 2000-1	24,145	2010	4.5-5.25%	3,290
Series 2000-2	132,155	2010	4.5-5.5%	16,245
Series 2003-1	137,970	2014	2.625-5.25%	38,020
Series 2004-A	96,025	2015	3.125-4.5%	16,225
Series 2004-1	183,965	2016	3.125-5.375%	57,265
Series 2005-1	25,595	2016	5.0%	19,030
Series 2005-2	212,550	2025	3.0-5.25%	204,210
Series 2006-2	21,240	2014	5.29-5.49%	16,315
Series 2008-A	26,580	2038	variable	26,580
Series 2008-1	232,545	2038	variable	232,545
Series 2008-2	120,560	2038	4.0-5.0%	120,560
Series 2008-3	138,635	2034	variable	138,635
Series 2008-4	104,000	2034	variable	104,000
Revolving Line of Credit	30,000	2009	variable	120
				<u>999,180</u>
			Unamortized Bond Premium	22,343
			Less Deferred Loss on Refunding	<u>(43,478)</u>
			SUBTOTAL	<u>978,045</u>
University of Massachusetts HEFA:				
2000 Series A	\$40,000	2030	variable	40,000
2001 Series B	11,970	2031	3.75-4.45%	1,045
2002 Series C	35,000	2034	2.35-5.17%	32,640
2007 Series D	10,435	2031	3.75-4.25%	10,280
			SUBTOTAL	<u>83,965</u>
WCCC HEFA:				
Series 2001-B	\$52,020	2023	4.00-5.25%	15,875
Series 2005-D	99,325	2029	3.0-5.25%	95,785
Series 2007-E	118,750	2031	3.5-5.0%	117,215
Series 2007-F	101,745	2031	4.0-4.5%	98,990
				<u>327,865</u>
			Unamortized Bond Premium	9,810
			Less Deferred Loss on Refunding	<u>(14,660)</u>
			SUBTOTAL	<u>323,015</u>
			TOTAL	<u>\$1,385,025</u>

Bonds payable activity for the year ended June 30, 2008 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
University of Massachusetts Building Authority:				
Series 2000-A	\$7,525		(\$1,385)	\$6,140
Series 2000-1	4,300		(1,010)	3,290
Series 2000-2	21,150		(4,905)	16,245
Series 2003-1	42,740		(4,720)	38,020
Series 2004-A	17,940		(1,715)	16,225
Series 2004-1	62,645		(5,380)	57,265
Series 2005-1	20,935		(1,905)	19,030
Series 2005-2	206,190		(1,980)	204,210
Series 2006-1	242,470		(242,470)	
Series 2006-2	18,855		(2,540)	16,315
Series 2008-A		26,580		26,580
Series 2008-1		232,545		232,545
Series 2008-2		120,560		120,560
Series 2008-3		138,635		138,635
Series 2008-4		104,000		104,000
Revolving Line of Credit	4,070	13,481	(17,431)	120
Plus: unamortized bond premium	24,454	668	(2,779)	22,343
Less: deferred loss on refunding	(44,149)		671	(43,478)
Subtotal	629,125	636,469	(287,549)	978,045
UMass HEFA:				
2000 Series A	40,000			40,000
2001 Series B	1,280		(235)	1,045
2002 Series C	33,255		(615)	32,640
2007 Series D	10,435		(155)	10,280
Subtotal	84,970		(1,005)	83,965
WCCC HEFA:				
WCCC 2001 Series B	16,900		(1,025)	15,875
WCCC 2005 Series D	98,275		(2,490)	95,785
WCCC 2007 Series E	118,750		(1,535)	117,215
WCCC 2007 Series F	101,745		(2,755)	98,990
Plus: unamortized bond premium	10,201		(391)	9,810
Less: deferred loss on refunding	(15,357)		697	(14,660)
Subtotal	330,514		(7,499)	323,015
Total	\$1,044,609	\$636,469	(\$296,053)	\$1,385,025

Maturities and interest, which is estimated using rates in effect at June 30, 2008, on bonds payable for the next five fiscal years and in subsequent five-year periods are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>
2009	\$45,915	\$58,497
2010	46,725	58,361
2011	49,295	56,373
2012	50,970	54,196
2013	51,970	51,907
2014-2018	265,890	223,191
2019-2023	289,965	159,532
2024-2028	275,935	101,501
2029-2033	261,585	47,296
2034-2038	72,760	7,610
Total	\$1,411,010	\$818,464

Bonds payable activity for the year ended June 30, 2007 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
University of Massachusetts Building Authority:				
Series 2000-A	\$8,850		(\$1,325)	\$7,525
Series 2000-1	5,265		(965)	4,300
Series 2000-2	26,130		(4,980)	21,150
Series 2003-1	47,365		(4,625)	42,740
Series 2004-A	17,940			17,940
Series 2004-1	64,485		(1,840)	62,645
Series 2005-1	22,495		(1,560)	20,935
Series 2005-2	208,100		(1,910)	206,190
Series 2006-1	243,830		(1,360)	242,470
Series 2006-2	21,240		(2,385)	18,855
Revolving Line of Credit		\$4,070		4,070
Plus: unamortized bond premium	27,233		(2,779)	24,454
Less: deferred loss on refunding	(44,754)		605	(44,149)
Subtotal	648,179	4,070	(23,124)	629,125
UMass HEFA:				
2000 Series A	40,000			40,000
2001 Series B	11,140		(9,860)	1,280
2002 Series C	33,850		(595)	33,255
2007 Series D		10,435		10,435
Subtotal	84,990	10,435	(10,455)	84,970
WCCC HEFA:				
WCCC 2001 Series B	48,650		(31,750)	16,900
WCCC 2002 Series C	66,340		(66,340)	-
WCCC 2005 Series D	99,325		(1,050)	98,275
WCCC 2007 Series E		118,750		118,750
WCCC 2007 Series F		101,745		101,745
Plus: unamortized bond premium	3,353	7,117	(269)	10,201
Less: deferred loss on refunding	(8,956)	(7,378)	977	(15,357)
Subtotal	208,712	220,234	(98,432)	330,514
Total	\$941,881	\$234,739	(\$132,011)	\$1,044,609

University of Massachusetts Building Authority

The bond agreements related to the Building Authority bonds generally provide that the net revenues of the Building Authority are pledged as collateral on the bonds and also provide for the establishment of bond reserve funds, bond funds, and maintenance reserve funds.

The University is obligated under its contracts for financial assistance, management and services with the Building Authority to collect rates, rents, fees and other charges with respect to such facilities sufficient to pay principal and interest on the Building Authority's bonds and certain other costs such as insurance on such facilities.

Pursuant to the authority given by the Building Authority's enabling act, the Commonwealth, acting by and through the Trustees of the University, has guaranteed the payment of principal of and interest on the Building Authority's bonds. (The guarantee is a general obligation of the Commonwealth to which the full faith and credit of the Commonwealth are pledged. As is generally the case with other general obligations of the Commonwealth, funds with which to honor the guarantee, should it be called upon, will be provided by Commonwealth appropriation.) The Building Authority's enabling act provides that the outstanding principal amount of notes and bonds of the Building Authority guaranteed by the Commonwealth cannot exceed \$200 million. The Building Authority issued bonds are all Commonwealth guaranteed with the exception of Series 2000-2, Series 2003-1, Series 2004-1, Series 2005-1, Series 2005-2, Series 2006-1, and Series 2006-2 (federally taxable), Series 2008-1, Series 2008-2, and Series 2008-3.

When the Building Authority no longer has any bonds outstanding, its properties revert to the Commonwealth, and all its funds (other than funds pledged to bondholders) are required to be paid into the Treasury of the Commonwealth.

In fiscal year 2008, the Authority currently refunded the UMBA Project and Refunding Revenue Bonds, Senior Series 2006-1 bonds. The variable rate bonds were called on an interest payment date and immediately defeased.

In fiscal year 2006 the Building Authority issued Series 2006-1 taxable bonds. The bonds were issued in the amount of \$243.8 million and the proceeds were used for various construction and renovation projects for the University at its Lowell campus and to

partially advance refund the 2003-1 Series bonds, the 2004-1 Series bonds and the 2004-A Series bonds. As of June 30, 2007 the bonds payable amount was \$242.5 million. In June 2008 the Building Authority used the proceeds of its Series 2008-3 and 2008-4 bonds (described below) to currently refund the Series 2006-1 Bonds. Therefore as of June 30, 2008 there were no bonds outstanding.

The bonds carried a variable interest rate and were callable at any time at par. The principal and interest payments on the bonds were insured by AMBAC. The Building Authority also entered into a standby bond purchase agreement with Depfa Bank plc (DEPFA) which required the DEPFA to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 190 days at an annual interest rate not to exceed 12 percent. Under this agreement, the Building Authority was required to pay the Bank in quarterly installments a facility fee in the amount of 9.5 (or higher under certain circumstances) basis points of the commitment amount. Fees accrued by the Building Authority in connection with the standby bond purchase agreement totaled \$270,600 and \$248,600 for the years ended June 30, 2008 and 2007, respectively. At the time of the bond closing the Building Authority entered into an interest rate swap agreement with Citigroup, N.A., as swap counterparty for the term of the bond issue. The agreement calls for the Building Authority to pay a fixed rate of 3.482% and receive a floating rate based on a percentage of London Interbank Offered Rate (LIBOR), plus a spread (see below). The interest rate swap remains in place with an allocable portion going to the 2008-3 and 2008-4 bonds, respectively (see below).

In fiscal year 2008, the Building Authority issued its Series 2008-1 bonds. The bonds were issued in the amount of \$232.5 million and the proceeds were to be used for various construction and renovation projects for the Amherst and Lowell campuses. As of June 30, 2008 the bonds payable amount was \$232.5 million. The bonds are payable annually on May 1 through 2038. The bonds are supported with an irrevocable direct ay letter of credit (the Lloyds LOC) issued by Lloyds TSB Bank plc (Lloyds). The Lloyds LOC, upon presentation of required documentation, will pay the Bond Trustee the amount necessary to pay the principal and accrued interest on the bonds. The Lloyds LOC expires in 2013 and may be extended at the option of Lloyds. Under the terms of the Lloyds LOC, the Building Authority is required to pay the Bank in quarterly installments a facility fee in the amount of 26.5 basis points (or higher, under certain circumstances) of the commitment amount. Fees accrued by the Building Authority in connection with the Lloyds LOC totaled \$65,800 for the years ended June 30, 2008. In December 2007 the Building Authority entered into an interest rate swap agreement with UBS AG, as swap counterparty, beginning May 1, 2008 and extending for the term of the bond issue. The agreement calls for the Building Authority to pay a fixed rate of 3.388% and receive a floating rate based on a percentage of LIBOR (see below).

In fiscal year 2008, the Building Authority issued Series 2008-A bonds. The bonds were issued in the amount of \$26.6 million and the proceeds were to be used for various construction and renovation projects for the Dartmouth and Lowell campuses. As of June 30, 2008 the bonds payable amount was \$26.6 million. The bonds are payable annually on May 1 through 2038. The Building Authority also entered into a standby bond purchase agreement with Bank of America, N.A. (BofA) which requires BofA to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 184 days at an annual interest rate not to exceed 12 percent. Under this agreement, the Building Authority is required to pay BofA in quarterly installments a facility fee in the amount of 12 basis points of the initial commitment. The initial commitment under the agreement was set at \$28.0 million but is subject to adjustment from time to time in accordance with the provisions of the agreement. The agreement expires in 2013 and may be extended at the option of the BofA. Fees accrued by the Building Authority in connection with the standby bond purchase agreement totaled \$1,900 for the year ended June 30, 2008. In December 2007 the Building Authority entered into an interest rate swap agreement with Lehman Brothers Special Financing Inc., as swap counterparty, beginning May 1, 2008 and extending for the term of the bond issue. The agreement calls for the Building Authority to pay a fixed rate of 3.378% and receive a floating rate based on a percentage of LIBOR (see below).

In fiscal year 2008, the Building Authority issued Series 2008-2 bonds. The bonds were issued in the amount of \$120.6 million and the proceeds were to be used for various construction and renovation projects for the University's Amherst and Worcester campuses. As of June 30, 2008 the bonds payable amount was \$120.6 million. The bonds are payable annually on May 1 through 2038. The bonds carry interest rates that range from 4% to 5% and are callable beginning May 1, 2018 at par. The Authority was paid a premium of \$668,100 for these bonds. Some of the principal and interest payments on the bonds have been insured by Financial Security Assurance Inc. (FSA).

In fiscal year 2008 UMBA issued its Series 2008-3 bonds. The bonds were issued in the amount of \$138.6 million and the proceeds were used to currently refund a portion of the 2006-1 bonds. As of June 30, 2008 the bonds payable amount was \$138.6 million. The bonds are payable annually on November 1 through 2034. The bonds carry a variable interest rate and are callable at any time at par. The bonds are supported with an irrevocable direct ay letter of credit (the BofA LOC) issued by Bank of America NA (BofA). The BofA LOC, upon presentation of required documentation, will pay the Bond Trustee the amount necessary to pay the principal and accrued interest on the bonds. The BofA LOC expires in 2011 and may be extended at the option of BofA. Under the terms of the BofA LOC, the Building Authority is required to pay BofA in quarterly installments a facility fee in the amount of 55 basis points (or higher, under certain circumstances) of the commitment amount. Fees accrued by the Building Authority in connection with the BofA LOC totaled \$47,500 for the years ended June 30, 2008. The original interest rate swap with Citigroup from the 2006-1 bonds remains in place, with an allocable portion assigned to the 2008-3 bonds.

In fiscal year 2008, the Building Authority issued Series 2008-4 bonds. The bonds were issued in the amount of \$104.0 million and the proceeds were used to currently refund a portion of the 2006-1 bonds. As of June 30, 2008 the bonds payable amount was \$104.0 million. The bonds are payable annually on November 1 through 2034. The bonds carry a variable interest rate and are callable at any time at par. The Building Authority also entered into a standby bond purchase agreement with Bank of America, N.A. (BofA) which requires BofA to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 184 days at an annual interest rate not to exceed 12 percent. Under this agreement, the Building Authority is required to pay BofA in quarterly installments a facility fee in the amount of 35 basis points of the initial commitment. The initial commitment under the agreement was set at \$110.0 million but is subject to adjustment from time to time in accordance with the provisions of the agreement. The agreement expires in 2011 and may be extended at the option of the BofA. Fees accrued by the

Building Authority in connection with the standby bond purchase agreement totaled \$21,400 for the year ended June 30, 2008. The original interest rate swap with Citigroup from the 2006-1 bonds remains in place, with an allocable portion assigned to the 2008-4 bonds.

In connection with the Series 2008-1 bonds, the Building Authority entered into an interest rate swap (the 2008-1 Swap). The intention of the swap is to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 3.388%.

Terms. The bonds and the related swap agreement mature on May 1, 2038, and the swap's notional amount of \$232.5 million matches the amount of the variable rate bonds. The swap was entered in December 2007 with a start date of May 1, 2008. The notional value of the swap and the principal amount of the associated debt decline over time as the bond principal payments are made to the bondholders. Under the swap, the Building Authority pays the counterparty a fixed payment of 3.388% and receives a variable payment computed as 70% of the one-month LIBOR. Conversely, the variable interest rate on the bonds is based on actual weekly remarketing rates which are expected to roughly track the Securities Industry and Financial Markets Association Municipal Swap Index™ (SIFMA) as successor to the Bond Market Association Municipal Swap Index™ (BMA).

Fair value. As of June 30, 2008 the 2008-1 Swap had a negative fair market value of approximately \$1.2 million due to a decrease in interest rates since execution of the swap. Because the Building Authority's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of June 30, 2008 the Building Authority was exposed to credit risk in the amount of the 2008-1 Swap's fair value. The swap's counterparty, UBS AG, was rated Aa1, AA- and AA- by Moody's Investors Service, Standard and Poor's and Fitch Ratings, respectively, as of June 30, 2008. To mitigate the potential for credit risk, if the counterparty's credit quality falls below A3/A/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

Basis risk. The 2008-1 Swap exposes the Building Authority to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate (3.388%) and the synthetic rate as of June 30, 2008 (3.098%). If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2008, the SIFMA rate was 1.55%, whereas 70% of the one-month LIBOR was 1.74%.

Termination risk. The Building Authority or the counterparty may terminate the 2008-1 Swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Building Authority if the counterparty's credit quality rating falls below BBB+ as issued by Standard & Poor's Rating Service or Fitch Inc. or if the counterparty fails to have such a rating. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the Building Authority would be liable to the counterparty for a payment equal to the swap's fair value.

In connection with the Building Authority's Series 2008-A bonds, the Building Authority entered into an interest rate swap (the 2008-A Swap). The intention of the swap is to effectively change the Building Authority's variable interest rate on the bonds to a synthetic fixed rate of 3.378%.

Terms. The bonds and the related swap agreement mature on May 1, 2038, and the swap's notional amount of \$26.6 million matches the amount of the variable rate bonds. The swap was entered in December 2007 with a start date of May 1, 2008. The notional value of the swap and the principal amount of the associated debt decline over time as the bond principal payments are made to the bondholders. Under the swap, the Building Authority pays the counterparty a fixed payment of 3.378% and receives a variable payment computed as 70% of the one-month LIBOR. Conversely, the variable interest rate on the bonds is based on actual weekly remarketing rates which are expected to roughly track SIFMA.

Fair value. As of June 30, 2008 the 2008-A Swap had a negative fair market value of approximately \$119,000 due to a decrease in interest rates since execution of the swap. Because the Building Authority's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of June 30, 2008 the Building Authority was exposed to credit risk in the amount of the 2008-A Swap's fair value. The swap's counterparty, Lehman Brothers Special Financing Inc., was rated A1, A and A+ by Moody's Investors Service, Standard and Poor's and Fitch Ratings, respectively, as of June 30, 2008. To mitigate the potential for credit risk, if the counterparty's credit quality falls below A3/A/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

Basis risk. The 2008-A Swap exposes the Building Authority to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate (3.378%) and the synthetic rate as of June 30, 2008 (3.088%). If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2008, the SIFMA rate was 1.55%, whereas 70% of the one-month LIBOR was 1.74%.

Termination risk. The Building Authority or the counterparty may terminate the 2008-1 Swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Building Authority if the counterparty's credit quality rating falls below BBB+ as issued by Standard & Poor's Rating Service or Baa1 as issued by Moody's Investor's Service or if the counterparty fails to have such a rating. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the Building Authority would be liable to the counterparty for a payment equal to the swap's fair value.

In connection with the Building Authority's Series 2006-1 bonds, the Building Authority entered into an interest rate swap (the 2006-1 Swap). The intention of the swap is to effectively change the Building Authority's variable interest rate on the bonds to a synthetic fixed rate of 3.482%. In fiscal 2008 the Building Authority currently refunded the Authority's Series 2006-1 bonds with the Building Authority's Series 2008-3 and 2008-4 bonds. The interest swap remains outstanding and is matched on a pro-rata basis with the Series 2008-3 and 2008-4 bonds.

Terms. The bonds and the related swap agreement mature on November 1, 2034, and the swap's notional amount of \$243.8 million matches most of the amount of the variable rate bonds. The swap was entered at approximately the same time the bonds were issued (April 2006). The notional value of the swap and the principal amount of the associated debt decline as principal payments are made to the bondholders over time. Under the swap, the Building Authority pays the counterparty a fixed payment of 3.482% and receives a variable payment computed as 60% of the three-month LIBOR plus .18%. Conversely, the variable interest rate on the bonds is based on actual weekly remarketing rates which are expected to roughly track SIFMA.

Fair value. As of June 30, 2008, the 2006-1 Swap had a negative fair market value of approximately \$11.3 million. As of June 30, 2007, the swap had a positive fair market value of approximately \$2.4 million. The change in fair value of the swap is due to interest rates changes since execution of the swap. If interest rates increase over time from the date of issuance the swap will have a positive fair value while if rates fall the fair value will be negative. Because the Building Authority's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of June 30, 2008 and 2007 the Building Authority was exposed to credit risk in the amount of the 2006-1 Swap's fair value. The swap's counterparty, Citibank, N.A., was rated Aa1, AA and AA+ by Moody's Investors Service, Standard and Poor's and Fitch Ratings, respectively, as of June 30, 2008. To mitigate the potential for credit risk, if the counterparty's credit quality falls below A2/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

Basis risk. The 2006-1 Swap exposes the Building Authority to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate (3.482%) and the synthetic rate as of June 30, 2008 (3.152%) and 2007 (3.826%). If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2008, the SIFMA rate was 3.73%, whereas 60% of the three-month LIBOR plus .18% was 3.40%. As of June 30, 2007, the SIFMA rate was 1.55%, whereas 60% of the three-month LIBOR plus .18% was 1.87%.

Termination risk. The Building Authority or the counterparty may terminate the 2006-1 Swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Building Authority if the counterparty's credit quality rating falls below Baa1 as issued by Moody's Investor Service or BBB+ as issued by Standard & Poor's or if the counterparty fails to have such a rating. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of the termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2008, the debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Aggregate future principal payments of the total University of Massachusetts Building Authority debt for the years ended June 30 are: 2009 - \$37.5 million, 2010 - \$38.1 million, 2011 - \$40.3 million, 2012 - \$41.6 million, 2013 - \$42.2 million, and thereafter, \$799.4 million. As rates vary, variable-rate bond interest payments and net swap payments will vary.

In connection with the Building Authority's bond refunding undertaken in fiscal year 2006 noted above, the Building Authority recorded a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$42.6 million. This difference is being reported as a reduction from bonds payable and will be amortized as an increase in amortization expense over the original life of the refunded bonds. The refundings reduced the University's debt service payments in future years by approximately \$33.6 million and resulted in an economic gain (the present value of savings) of approximately \$21.6 million.

In prior years, the Building Authority refunded all bonds outstanding issued by the Building Authority prior to May 1, 1984. Accordingly, the Building Authority deposited into trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. Assets held in trust accounts had an aggregate market value of approximately \$4.6 million and \$5.8 million at June 30, 2008 and 2007, respectively. The outstanding amount of the refunded bonds at June 30, 2008 and 2007 total approximately \$4.9 million and \$6.4 million, respectively.

On January 5, 2007 the Authority closed on a \$35.0 million Revolving Line of Credit (the Line) with Bank of America, N.A (the Bank). The Line matures on the first anniversary of the date of the agreement and can be extended or renewed at the option of the Bank. At the time of each draw on the Line the Authority must elect to have the interest on the draw calculated based on (a) 75% of the one-month, two-month or three-month LIBOR rate (LIBOR Rate) or (b) 75% of the higher of the Federal Funds Rate plus .5% or 75% of the Bank's "prime rate" (Base Rate). Interest is due at the end of the one, two or three month period under a LIBOR Rate draw, the first business day of the calendar quarter for Base Rate draws or the Line's maturity date, whichever comes first. Except at the Line's maturity date, the Authority can elect to have the interest charges incorporated into a subsequent draw. In November 2007 the Authority renewed the Line for an additional 12 months. At the time of the renewal the total Line was reduced to \$30.0 million and the LIBOR Rate and Base Rate factor was increased from 75% to 77%. At the time Line was closed the Authority entered into a contract with the University that obligates the University to make payments to the Authority sufficient to cover the costs of the Line. The Authority expects to pay all principal and interest charges related to the Line by issuing long-term bonds at the appropriate time. As of June 30, 2008 the Authority had \$0.1 million outstanding under the Line. The interest terms on the draws were one-month LIBOR and the interest rates ranged from 1.84% to 4.37%. As of June 30, 2007 the Authority had \$4.1 million outstanding under the Line in four separate draws. The interest terms on the draws were either one-month or three-month LIBOR and the interest rates ranged from 3.99% to 4.02%.

Massachusetts Health and Educational Facilities Authority

University of Massachusetts Series C

In June 2002, the University issued \$35.0 million of Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds, University of Massachusetts Issue, Series C (the "Series C Bonds"). The proceeds from this issuance were used to fund a portion of the costs associated with the construction of a new student center at the Boston campus which opened in April 2004. The Commonwealth's Division of Capital Asset Management and Maintenance ("DCAMM") managed the project and the Commonwealth has provided additional funds for the project. The Series C Bonds mature October 1, 2034 and the remaining outstanding debt bears interest at fixed interest rates ranging from 3.375% to 5.17%. The Series C Bonds were issued at a net discount of approximately \$488,000. Debt covenants include the maintenance of a debt service fund as outlined in the related debt agreement. The University is required to make deposits in this debt service fund on or before the twenty-fifth day of each March and September. Principal payments are made annually and are due on October 1. The Series C Bonds are redeemable prior to maturity beginning on October 1, 2012, at the option of MHEFA and the University, at 100% of face value, plus accrued interest. The outstanding principal balance on the Series C Bonds is \$32.6 million and \$33.3 million at June 30, 2008 and 2007, respectively.

University of Massachusetts Series B

In June 2001, the University issued \$12.0 million of Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds, University of Massachusetts Issue, Series B (the "Series B Bonds"). The proceeds from this issuance were used to fund a portion of the costs associated with the construction of a new student center at the Lowell campus which was opened in September 2002. The Commonwealth's Division of Capital Asset Management and Maintenance (DCAMM) managed the project and the Commonwealth provided additional funds for the project. The Series B Bonds mature on October 1, 2031 and the remaining outstanding debt bears interest at fixed interest rates ranging from 4.0% to 4.45%. The Series B Bonds were issued at a net discount of approximately \$127,000. Debt covenants include the maintenance of a debt service fund as outlined in the related debt agreement. The University is required to make deposits in this debt service fund on or before the twenty-fifth day of each March and September. Principal payments are made annually and are due on October 1. The Series B Bonds are redeemable prior to maturity beginning on October 1, 2011, at the option of MHEFA and the University, at 100% of face value, plus accrued interest. At June 30, 2008 and 2007, the outstanding principal balance on the Series B Bonds is \$1.0 million and \$1.3 million, respectively.

University of Massachusetts Series D

In January 2007, the University issued \$10.4 million of MHEFA Revenue Bonds, University of Massachusetts Issue Series D. The proceeds from this issuance were used to refund a portion of the Series B Bonds. The Series D Bonds mature on October 1, 2031, and the remaining outstanding series bear interest at fixed interest rates ranging from 3.5% to 4.25%. The Series D Bonds were issued at a discount of approximately \$203,000. Debt covenants include the maintenance of a debt service fund outlined in the related debt agreement. The University is required to make deposits in the debt service fund on or before the twenty-fifth day of each March and September. Principal payments are made annually and are due on October 1. The refunding of the bonds resulted in a difference between the reacquisition price and net carrying amount of the old debt of approximately \$0.8 million. This difference is reported in the accompanying financials statements as an increase to bonds payable. As a result of this partial refunding, the University will reduce its aggregate debt service payments by approximately \$0.8 million and achieve an economic gain, (the difference between the present value of the old and new debt service payments), of \$0.5 million. At June 30, 2008 and 2007, the outstanding principal balance on the Series D Bonds is \$10.3 million and \$10.4 million, respectively.

University of Massachusetts Series A

In March 2000, the University issued \$40.0 million of MHEFA Variable Rate Demand Revenue Bonds, University of Massachusetts Issue, Series A (the "Series A Bonds"). The proceeds from this issuance are being used to fund certain projects including the acquisition and implementation of various administrative technology projects at the University. The Series A Bonds mature on November 1, 2030 and bear interest at a variable weekly rate intended to set the market value equal to the principal amount of the Series A Bonds. Average interest rates during fiscal year 2008 and 2007 were approximately 2.83% and 3.60%, respectively. The University is also obligated for certain ongoing administrative costs including letter of credit, remarketing and trustee fees. Debt covenants include the maintenance of a debt service fund as outlined in the related debt agreement. Interest payments are made monthly and due on the first business day of each month. Principal payments of \$40.0 million are due upon maturity. The Series A Bonds were issued at par. At June 30, 2008 and 2007, the outstanding principal balance on Series A Bonds is \$40.0 million.

The Series A Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. Under an irrevocable letter of credit for \$40.6 million, the trustee or remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The letter of credit extends through March 29, 2009, and carries a variable interest rate equal to the bank rate plus 2% on any unreimbursed amounts. The bank rate was 5.0% at June 30, 2008 and 10.25% at June 30, 2007. At June 30, 2008, there are no amounts outstanding under the letter of credit.

Aggregate principal payments on the Series A Bonds, Series B Bonds, Series C Bonds and Series D Bonds for the years ended June 30 are: 2009 - \$0.9 million, 2010 - \$1.0 million, 2011 - \$1.0 million, 2012 - \$1.0 million, 2013 - \$1.0 million, thereafter - \$79.1 million. At June 30, 2008 and 2007, the estimated fair value of the Series A Bonds, Series B Bonds, Series C Bonds and Series D Bonds is approximately \$81.0 million and \$85.2 million, respectively.

Worcester City Campus Corporation Series E

In January 2007, WCCC issued \$118.8 million of Series E bonds. The Series E Bonds were issued at a premium of \$3.9 million. WCCC has deposited \$32.4 million of the proceeds to an irrevocable trust fund to provide for partial advanced refunding of the Series B Bonds. A portion of the Series B Bonds totaling \$30.8 million and the irrevocable trust has been derecognized by WCCC. WCCC incurred a loss on advanced refunding and defeasance of \$2.3 million which will be amortized over the life of the debt. This portion of the bonds bear interest at various fixed rates ranging from 3.50% to 4.5% and mature on October 1, 2031. As of June 30, 2008 and 2007, the aggregate principal payments outstanding on this portion of the Series E Bond was \$32.6 million and \$33.1 million, respectively. Further, \$85.7 million of the Series E Bonds proceeds are being used to finance the construction of the Advanced Center for Clinical Education and Science (ACCES) at the Worcester Campus. These funds have been invested with the Royal Bank of Canada while construction progresses and earn interest at 4.92%. Periodically, WCCC requests reimbursement from this fund for qualified costs of construction that consists of building supplies, materials and labor. At June 30, 2008 and 2007, the balance of this construction fund totaled \$49.5 million and \$84.9 million, respectively including accrued interest earned. These bonds bear interest at various fixed rates ranging from 3.5% to 5.0% and mature October 1, 2036. As of June 30, 2008 and 2007, the aggregate principal payments outstanding on this portion of the Series E Bond was \$84.7 million and \$85.7 million, respectively.

Worcester City Campus Corporation Series C refunded by Series F

In January 2007, WCCC issued \$101.7 million of Series F bonds. The Series F Bonds were issued at a premium of \$2.8 million. WCCC has deposited \$68.8 million of the proceeds to an irrevocable trust fund to provide for payment of the WCCC C Bonds. The Series C Bonds were issued by WCCC in April 2002 for \$70.0 million. The proceeds from this issuance are being used to finance the construction of the Jamaica Plains Biolabs. The WCCC C Bonds totaling \$65.0 million and the irrevocable trust have been derecognized by WCCC. This portion of the bonds bear interest at various fixed rates ranging from 4.0% to 4.5% and mature on October 1, 2031. As of June 30, 2008 and 2007, the aggregate principal payments outstanding on this portion of Series F Bonds was \$66.2 million and \$68.5 million, respectively. WCCC incurred a loss on the advanced refunding and defeasance of \$5.0 million which will be amortized over the life of the debt. Further, \$34.6 million of the Series F Bonds proceeds are being used to finance the construction of the Biologics Laboratory Phase II Project at the Mattapan location of the Worcester Campus. These funds have been invested with the Royal Bank of Canada while construction progresses and earn interest at 4.92%. Periodically, WCCC requests reimbursement from this fund for qualified costs of construction that consists of building supplies, materials and labor. At June 30, 2008 and 2007, the balance of this construction fund totaled \$37.0 million and \$35.4 million, respectively including accrued interest earned. These bonds bear interest at various fixed rates ranging from 4.0% to 5.0% and mature October 1, 2036. As of June 30, 2008 and 2007, the aggregate principal payments outstanding on this portion of the Series E Bond was \$32.8 million and \$33.2 million, respectively.

Worcester City Campus Corporation Series B

In June 2001, the Foundation transferred ownership of its medical research development facility known as Two Biotech Park to WCCC. In exchange for the building, WCCC assumed from the Foundation the remaining debt of \$17.8 million, net (the "Foundation Bonds"), and received the proceeds of the related debt service funds. Concurrent with the transfer, WCCC issued \$52.0 million of MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), Series B (the "WCCC B Bonds"). WCCC deposited approximately \$19.1 million (\$17.0 million from the proceeds of the WCCC Series B Bonds and \$2.1 million from debt service reserves) in an irrevocable trust fund to provide for the payment of interest and principal on the Foundation Bonds. The Foundation Bonds and the funds held in the irrevocable trust fund were derecognized by WCCC. The remaining \$35.0 million of the WCCC B Bonds are being used to finance the construction of a parking garage and the acquisition and installation of equipment at the Worcester campus. The remaining portion of the Series B Bonds bear interest at various fixed rates ranging from 4.00% to 5.25% and mature on October 1, 2023. Debt covenants include the maintenance of a debt service fund as outlined in the debt agreement. The bonds were issued at a net discount of approximately \$0.4 million. The Series B Bonds are redeemable prior to maturity beginning on October 1, 2011, at the option of MHEFA and WCCC, at par plus accrued interest. The outstanding balance at June 30, 2008 and 2007 is \$15.9 million and \$16.9 million, respectively.

Worcester City Campus Corporation Series D

In April 2005, WCCC issued \$99.3 million of MHEFA Revenue Bonds (the "WCCC D Bonds"). WCCC has deposited the proceeds to an irrevocable trust fund to provide for payment of the MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project) Series A (the "WCCC A Bonds" or the "refunded bonds"). The WCCC D bonds bear interest at various fixed rates ranging from 3.00% to 5.25% per year and mature October 1, 2029. The WCCC D Bonds were issued at a premium of \$4.1 million. The WCCC D Bonds represent a transfer obligation of the University whereby, subject to the terms of the financing agreement, the University will be notified upon WCCC's failure to make any payments required by the trust agreement and the University will promptly transfer any amounts unpaid and due by WCCC under such agreement. Assets held in the refunding trust

fund had an aggregate market value of approximately \$97.0 million and \$102.0 million at June 30, 2008 and 2007, respectively. The outstanding amount of the refunded bonds totaled approximately \$89.1 million and \$91.2 million at June 30, 2008 and 2007, respectively. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$8.9 million. This difference, reported in the accompanying financial statements as a reduction in bonds payable, is being charged to operations over the life of new bonds using the straight-line method. As a result of the defeasance, WCCC will reduce its aggregate debt service payments by approximately \$4.0 million and achieve an economic gain, (the difference between the present value of the old and new debt service payments), of \$3.9 million. The outstanding principal balance on the WCCC Series D Bonds at June 30, 2008 and 2007 is \$95.8 million and \$98.3 million, respectively.

The WCCC A Bonds were issued by WCCC in March 2000 for \$100.0 million. The proceeds from this issuance were used to fund the construction of the Lazare Research Building on the Worcester Medical School campus of the University. The WCCC A Bonds have been legally defeased. Accordingly, the WCCC A Bonds and the irrevocable trust have been derecognized by WCCC.

Aggregate principal payments on the WCCC B Bonds, WCCC D Bonds, WCCC E Bonds and WCCC F Bonds for the years ended June 30 are; 2009 - \$7.4 million, 2010 - \$7.7 million, 2011 - \$8.0 million, 2012 - \$8.4 million, 2013 - \$8.7 million, thereafter \$287.7 million. At June 30, 2008 and 2007, the fair value of the WCCC B Bonds, WCCC D Bonds, WCCC E Bonds and WCCC F Bonds was approximately \$320.5 million and \$339.8 million, respectively.

Pledged Revenues

WCCC is obligated under the terms of indebtedness to make debt service payments from revenues received from certain facility leases. Total applicable pledged revenues were \$4.7 million for fiscal years 2008 and 2007.

Pursuant to the projects administered by the University of Massachusetts Building Authority, the Authority sets fees, rents, rates and other charges for the use of the projects in an amount for each fiscal year that produces revenues in excess of the amounts needed in such fiscal year for debt service on the related bonds, required contributions to the related Section 10 Reserve Fund, expenses for the Bond trustee and any escrow agent. Such excess revenues are held by the University for the account of and on behalf of the Authority. Total applicable pledged revenues were \$52.6 million for 2008 and \$47.3 million for 2007.

9. LEASES

The University leases certain equipment and facilities under operating leases with terms exceeding one year, which are cancelable at the University's option with 30 days notice. The rent expense related to these operating leases amounted to approximately \$17.7 million and \$13.5 million for the years ended June 30, 2008 and 2007, respectively. The University also leases space to third party tenants. During 2008 and 2007, the amount reported as rental income was \$7.4 million and \$1.4 million, respectively. The master leases primarily consist of telecommunications, software, and co-generation systems.

The following are a schedule of future minimum payments under capital and non-cancelable operating leases and a schedule of principal and interest payments on capital lease obligations for the next five years and in subsequent five-year periods for the University as of June 30, 2008 (in thousands):

Year	University Capital Leases			Operating Leases	June 30, 2008	University Capital Leases	
	Master Leases	Other Leases	TOTAL			Year	Principal
2009	\$8,978	\$677	\$9,655	\$12,939	2009	\$8,168	\$1,487
2010	8,974	542	9,516	11,817	2010	8,354	1,162
2011	7,264	121	7,385	10,957	2011	6,536	849
2012	6,496	13	6,509	9,878	2012	5,881	628
2013	6,496	1	6,497	9,419	2013	6,075	422
2014-2016	7,679		7,679	53,020	2014-2016	7,414	265
Total Payments	45,887	1,354	47,241	\$108,030	Total Payments	\$42,428	\$4,813
Less: Amount representing interest	(4,697)	(116)	(4,813)				
Present Value of Minimum Lease Payments	\$41,190	\$1,238	\$42,428				

10. CAPITAL LEASES AND OTHER LONG-TERM LIABILITIES

During the year ended June 30, 2008 the following changes occurred in long-term liabilities as recorded in the statement of net assets (in thousands):

	Beginning <u>Balance</u>	Additions/ <u>Adjustments*</u>	Reductions/ <u>Adjustments*</u>	Ending <u>Balance</u>
University:				
Capital lease obligations	\$42,300	\$82	(\$8,205)	\$34,177
Compensated absences	21,936	-	(229)	21,707
Workers' compensation	11,140	134	-	11,274
Deferred revenues and credits	12,885	7,278	(6,607)	13,556
Advances and deposits	28,087	117	(821)	27,383
Other Liabilities	959	-	(541)	418
University Related Organization:				
Other Liabilities	\$2,983	\$653	-	\$3,636

* Adjustments include changes in estimates

During the year ended June 30, 2007 the following changes occurred in long-term liabilities as recorded in the statement of net assets (in thousands):

	Beginning <u>Balance</u>	Additions/ <u>Adjustments*</u>	Reductions/ <u>Adjustments*</u>	Ending <u>Balance</u>
University:				
Capital lease obligations	\$54,379	\$139	(\$12,218)	\$42,300
Compensated absences	22,230	-	(294)	21,936
Workers' compensation	12,737	-	(1,597)	11,140
Deferred revenues and credits	10,553	7,586	(5,254)	12,885
Advances and deposits	28,650	-	(563)	28,087
Other Liabilities	570	484	(95)	959
University Related Organization:				
Other Liabilities	\$2,914	\$69	-	\$2,983

* Adjustments include changes in estimates

11. FRINGE BENEFITS

Expenditures for the years ended June 30, 2008 and 2007 include \$269.6 million and \$228.0 million, respectively, for the employer portion of fringe benefit costs (pension expense, health insurance for active employees and retirees, and unemployment) that was paid directly by the Commonwealth of Massachusetts. Of this amount, \$91.4 million for 2008 and \$76.8 million for 2007 was reimbursed to the Commonwealth and \$178.2 million and \$151.1 million respectively is included in revenue as state appropriations.

The University has recorded a liability for future expected costs of its workers' compensation claims of approximately \$14.4 million as of June 30, 2008 and \$14.9 million as of June 30, 2007. Estimated future payments related to such costs have been discounted at a rate of 6% in computing such liability.

12. MEDICAL SCHOOL LEARNING CONTRACTS

The University's Medical School enters into learning contracts with certain medical students. These contracts give students the option of deferring a portion of their tuition until after residency training, and canceling all or a portion of their tuition if they practice medicine in the Commonwealth for one year, or for students matriculating after 1990, two or four (depending on conditions) full years in primary care. The University does not record as revenue the portion of tuition deferred under these learning contracts until actual cash repayments are received. The cumulative amount granted under such learning contracts plus accrued interest totaled \$54.6 million and \$52.4 million at June 30, 2008 and 2007, respectively. Cumulative repayments totaled approximately \$35.8 million and \$33.6 million as of June 30, 2008 and 2007, respectively.

13. RETIREMENT PLANS

The Commonwealth of Massachusetts is statutorily responsible for the pension benefit of University employees who participate in the State Employees' Retirement System (SERS). SERS, a single employer defined benefit public employee retirement system, is administered by the Commonwealth and covers substantially all non-student employees. The University makes contributions on behalf of the employees through a fringe benefit charge assessed by the Commonwealth. Such pension expense amounted to approximately \$56.2 million and \$50.1 million for the years ended June 30, 2008 and 2007, respectively. The annuity portion of the SERS is funded by employees, who contribute a percentage of their regular compensation. Annual covered payroll approximated 76.9% for the years ended June 30, 2008 and 2007, respectively of annual total payroll for the University. Non-vested faculty and certain other employees of the University can opt out of SERS and participate in a defined contribution plan, the Massachusetts Optional Retirement Plan (ORP). At June 30, 2008 and 2007, there were approximately 1,699 and 1,687 University employees, respectively participating in ORP. The Commonwealth matches 5% of ORP contributions. SERS issues stand-alone financial statements that can be obtained from the Commonwealth.

The University of Massachusetts Foundation, Inc. has a defined contribution plan (the "Plan") for eligible employees through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equity Fund (CREF) retirement programs. The Plan is designed, and contributions are made, in accordance with the provisions of 403(b) of the Internal Revenue Code. Eligibility begins immediately and the Foundation contribution, based upon a percentage of salaries, was approximately \$32,000 and \$34,000 for the years ended June 30, 2008 and 2007, respectively. The Foundation has no liability for benefits paid under the Plan.

14. CONCENTRATION OF CREDIT RISK

The financial instrument that potentially subjects the University to concentrations of credit risk is the receivable from UMass Memorial which is uncollateralized. The receivable from UMass Memorial represents 0.5% and 33.4% of total accounts receivable for the University at June 30, 2008 and 2007, respectively. The University also has receivables from two organizations comprising approximately 8.7% and 5.6% of the total outstanding receivables at June 30, 2008.

15. COMMITMENTS AND CONTINGENCIES

The Building Authority, University, and WCCC have outstanding purchase commitments under construction contracts in amounts aggregating approximately \$371.8 million and \$518.2 million at June 30, 2008 and 2007, respectively.

The University is a defendant in various lawsuits and is subject to various contractual matters; however, University management is of the opinion that the ultimate outcome of all litigation or potential contractual obligations will not have a material effect on the financial position, financial results or cash flows of the University.

From time to time the University and/or its affiliated organizations are subject to audits of programs that are funded through either federal and/or state agencies. The Medical School has become aware that the Office of the Inspector General for the U.S. Department of Health and Human Services is performing an audit of Medicaid Supplemental Revenues (MSR) received by UMMMC.

The eventual outcome of this audit is currently unknown. However, depending on the eventual outcome, UMMMC may be required to repay any MSR received deemed to be disallowed as a result of the audit. Dependent on the outcome, UMMS, consistent with the Agreement for Medical Educational Services, made part of the Definitive Agreement between the Medical School and UMass Memorial Medical Center, and its subsequent amendments and the indemnification provisions in these Agreements, may be required to indemnify UMMMC. Although the eventual outcome of this audit is currently unknown, and management believes that as of the date of the financial statements it is not probable that a liability exists, management concludes it is reasonably possible that amounts could be repaid and that those amounts may be material to the Statement of Revenues, Expense and Changes in Net Assets and the Statement of Cash Flow in a future period.

16. SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets, and liabilities that are required by an external party to be accounted for separately. The University has two segments that meet the reporting requirements under GASB 35.

The Worcester City Campus Corporation is organized to receive, take title to, hold, manage, develop, improve, demolish, renovate, lease for terms up to 99 years, or otherwise transfer, convey, or deal with any real or personal property conveyed to it including, without limitation, real and personal property utilized at or in connection with the operations of the University. WCCC outstanding revenue bonds were issued pursuant to specific bond indentures which provide that the revenue bonds are to be paid by certain revenues that are pledged to pay debt service.

The following summary financial information for WCCC is presented before elimination of certain intra-University transactions:

Statement of Net Assets at June 30:

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	\$11,076	\$19,104
Noncurrent Assets	429,727	425,101
Total Assets	<u>\$440,803</u>	<u>\$444,205</u>
Liabilities		
Current Liabilities	\$28,816	\$26,788
Noncurrent Liabilities	315,635	322,708
Total Liabilities	<u>\$344,451</u>	<u>\$349,496</u>
Net Assets	<u>\$96,352</u>	<u>\$94,709</u>

Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Operating Revenues	\$35,466	\$25,118
Operating Expenses	24,128	19,145
Operating Income	<u>\$11,338</u>	<u>\$5,973</u>
Increase in Net Assets	\$1,643	(\$826)
Beginning Net Assets	94,709	95,535
Ending Net Assets	<u>\$96,352</u>	<u>\$94,709</u>

Statement of Cash Flows for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Net Cash Provided by Operating Activities	\$32,090	\$18,088
Net Cash Provided by Noncapital Financing Activities	1,484	770
Net Cash Provided by/ (Used in) Financing Activities	<u>(67,440)</u>	<u>101,515</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(33,866)	120,373
Beginning Cash and Cash Equivalents	120,392	19
Ending Cash and Cash Equivalents	<u>\$86,526</u>	<u>\$120,392</u>

The University of Massachusetts Building Authority is empowered to acquire, construct, remove, demolish, add to, alter, enlarge, reconstruct and do other work upon any building or structure and to provide and install furnishings, furniture, machinery, equipment, approaches, driveways, walkways, parking areas, planting, landscaping and other facilities therein. The Building Authority's Enabling Act authorizes it to acquire property from the Commonwealth or others (but the Building Authority has no eminent domain power), to rent or lease as lessor or lessee any portion of a project, to operate projects, to employ experts and other persons and to enter into contracts. In addition, the Enabling Act authorizes the Building Authority to borrow money to finance and refinance projects it undertakes, and to issue and sell its revenue bonds and notes therefore which are payable solely from its revenues.

The following summary financial information for the Building Authority is presented before elimination of certain intra-University transactions:

Statement of Net Assets at June 30:

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	\$12,628	\$22,271
Noncurrent Assets	1,219,529	837,531
Total Assets	<u>\$1,232,157</u>	<u>\$859,802</u>
Liabilities		
Current Liabilities	\$74,008	\$61,471
Noncurrent Liabilities	940,953	598,358
Total Liabilities	<u>\$1,014,961</u>	<u>\$659,829</u>
Net Assets	<u>\$217,196</u>	<u>\$199,973</u>

Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Operating Revenues	\$55,520	\$50,369
Operating Expenses	25,742	26,218
Operating Income	<u>\$29,778</u>	<u>\$24,151</u>
Increase in Net Assets	\$17,223	\$69,590
Beginning Net Assets	199,973	130,383
Ending Net Assets	<u>\$217,196</u>	<u>\$199,973</u>

Statement of Cash Flows for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Net Cash Provided by Operating Activities	\$48,556	\$37,984
Net Cash Provided by Noncapital Financing Activities		54,000
Net Cash Provided by/(Used in) Investing Activities	(151,992)	316,326
Net Cash Provided by/(Used in) Capital and Related Financing Activities	174,145	(242,946)
Net Increase/(Decrease) in Cash and Cash Equivalents	70,709	165,364
Beginning Cash and Cash Equivalents	<u>203,604</u>	<u>38,240</u>
Ending Cash and Cash Equivalents	<u>\$274,313</u>	<u>\$203,604</u>

17. SUBSEQUENT EVENT

On October 3, 2008 LBSF filed for bankruptcy with the United States Bankruptcy Court for the Southern District of New York. Under the terms of the swap agreement related to the Building Authority Series 2008-A bonds, the Building Authority has the right to terminate the swap at its option as the filing constitutes a default. At the time of the filing there were no funds owed by LBSF to the Building Authority. As of the report date of these financial statements the Building Authority was assessing its options and expected to find an acceptable replacement counterparty to LBSF under similar terms to the original agreement.

On October 15, 2008, faced with an estimated state budget deficit of \$1.4 billion, Governor Deval Patrick started implementing a fiscal action plan to close the gap that includes more than \$1 billion in immediate cuts and spending controls across state government, identifying additional revenues and a draw on state reserves. These steps were taken because state tax revenue estimates have had to be revised as the state reacts to the effects of the national financial crisis and slow down in the state and national economy. As part of this action plan, the administration reduced the University's fiscal year 2009 state appropriation by 5% or approximately \$24.6 million. The University has taken appropriate steps to manage this mid-fiscal year reduction in state support and is working with state officials to understand the impacts of further changes to the economic environment on state support for the operating requirements and capital priorities of the University.

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Research and Development-Cluster			
Department of Agriculture			
Direct Programs			
Plant and Animal Disease, Pest Control, and Animal Care	10.025		\$ 270,478
Water Bank Program	10.062		122
Grants for Agricultural Research, Special Research Grants	10.200		705,641
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		3,367,774
Grants for Agricultural Research Competitive Research Grants	10.206		2,196,897
Higher Education Multicultural Scholars Program	10.220		9,645
Agricultural and Rural Economic Research	10.250		1,115
Initiative for Future Agriculture and Food Systems	10.302		674
Integrated Programs	10.303		272,146
Rural Housing Preservation Grants	10.433		112,381
Summer Food Service Program for Children	10.559		17,695
Forestry Research	10.652		261,436
Cooperative Forestry Assistance	10.664		438,414
Forest Stewardship Program	10.678		110,233
Forest Health Protection	10.680		20,184
Environmental Quality Incentives Program	10.912		37,771
Scientific Cooperation and Research	10.961		11,291
USDA 07-8100-0371-CA	10.n/a	USDA 07-8100-0371-CA	57,093
USDA Forest Service	10.n/a	Not Available	551
USDA FS AG-3187-C-07-0025	10.n/a	USDA FS AG-3187-C-07-0025	107,912
<i>Subtotal Direct Programs</i>			7,999,453
Pass-Through Programs From			
COMMUNITY PARTNERS INC.			
Department of Agriculture Contracts	10.n/a	Not Available	7,457
COOP STATE RES, EDUC AND EXT SERVICE CSR			
Grants for Agricultural Research, Special Research Grants	10.200	Univ. of Vermont LNE06-238	46,245
CORNELL UNIVERSITY			
Grants for Agricultural Research, Special Research Grants	10.200	CORNELL 46709-8568	6,523
Grants for Agricultural Research, Special Research Grants	10.200	CORNELL UNIV 2006-41530-03651 USDA	2,164
Grants for Agricultural Research, Special Research Grants	10.200	CORNELL 53937-8531	5,594
Grants for Agricultural Research, Special Research Grants	10.200	CORNELL 53937-8530	3,635
Grants for Agricultural Research, Special Research Grants	10.200	Cornell Univ. 48024-7896	7,815
Sustainable Agriculture Research and Education	10.215	CORNELL 52676-8471	14,136
Department of Agriculture - Misc	10.320	Cornell Univ 42681-7228	9,923
Department of Agriculture Contracts	10.n/a	CORNELL 54039-8577	33,929
EGG NUTRITION CENTER			
Egg Consumption in Older Adults Taking Cholesterol-Lowering Statins: Effects on Serum Lipids and Lipoprotein Cholesterol and Lutein and Zeaxanthin Concentrations	10.n/a	MOA dated 5/18/05	17,894
HARRIS ACOUSTIC PRODUCTS CORP, INDUSTRY			
Grants for Agricultural Research, Special Research Grants	10.200	4972-002	2,568

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Research and Development-Cluster			
Department of Agriculture			
Pass-Through Programs From			
MASS DEPT OF AGRICULTURAL RESOURCES			
Federal-State Marketing Improvement Program	10.156	106-1133 GAID 4307	18,516
Federal-State Marketing Improvement Program	10.156	MA AGR SC#6ETHNICCROPSUMAFSMIP	71
Department of Agriculture Contracts	10.n/a	CT AGR 7PESTICIDEANALYTICAL	10,846
Department of Agriculture Contracts	10.n/a	107-1532 GAID 4408	49,658
MASS DEPT. FOOD & AGRICULTURE			
Department of Agriculture Contracts	10.n/a	107-1658 GAID 4394	4,876
MASS RURAL DEVELOPMENT COUNCIL			
Department of Agriculture Contracts	10.n/a	Mass Rural Dev. Council	29,243
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
Department of Agriculture Contracts	10.n/a	Support for LODESTARS 5710001657	675
METABOLIX, INC.			
Blow Molded PHA Bioproducts	10.n/a	Project 4:Charge Code: 62-00	4,030
OREGON STATE UNIVERSITY			
Integrated Programs	10.303	OREGON C0350A-A	13,393
Cooperative Forestry Assistance	10.664	OREGON DA493A-A	6,966
PENNSYLVANIA STATE UNIVERSITY			
Grants for Agricultural Research, Special Research Grants	10.200	Penn State Univ 3049-UMUV5227	123
RUTGERS UNIVERSITY			
Grants for Agricultural Research, Special Research Grants	10.200	3194 PO#S948809	2,763
Grants for Agricultural Research Competitive Research Grants	10.206	Rutgers 2251 4-24331S791023	3,537
UNIVERSITY OF CALIFORNIA DAVIS			
Grants for Agricultural Research, Special Research Grants	10.200	UNIV OF CA DAVIS 700088	16,074
UNIVERSITY OF CONNECTICUT			
Grants for Agricultural Research, Special Research Grants	10.200	PSA #4631	45
Grants for Agricultural Research, Special Research Grants	10.200	UCONN PSA#4798	779
Grants for Agricultural Research, Special Research Grants	10.200	UCONN PSA 5269	21,062
UNIVERSITY OF MAINE			
Integrated Programs	10.303	UM-S568	106,052
UNIVERSITY OF RHODE ISLAND			
Grants for Agricultural Research Competitive Research Grants	10.206	URI 030705/0000618	27,617
Integrated Programs	10.303	Univ R.I. 1000105/0000516	44,831
Integrated Programs	10.303	Univ. of R.I. 081605/0000826	11,256
Integrated Programs	10.303	RHODE ISLAND 082707/0001536 PRINE USDA	6,284
UNIVERSITY OF VERMONT			
Grants for Agricultural Research, Special Research Grants	10.200	CNE06-010/ PRIME AGENCY: 2006- 38640-16700	1,421
Grants for Agricultural Research, Special Research Grants	10.200	LNE04-198	21,532
Grants for Agricultural Research, Special Research Grants	10.200	LNE04-202	44,056
Grants for Agricultural Research, Special Research Grants	10.200	Univ. of Vermont LNE 05-217	38,713
Grants for Agricultural Research, Special Research Grants	10.200	Univ. of Vermont LNE05-229	23,989
Sustainable Agriculture Research and Education	10.215	LNE07-257	11,305

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Research and Development-Cluster</i>			
Department of Agriculture			
Pass-Through Programs From			
<i>Subtotal Pass-Through Programs</i>			677,596
Total Department of Agriculture			8,677,049
Department of Commerce			
Direct Programs			
Economic Development Technical Assistance	11.303		183,048
Coastal Zone Management Estuarine Research Reserves	11.420		35,611
Climate and Atmospheric Research	11.431		244,305
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		706
Marine Fisheries Initiative	11.433		1,095
Marine Mammal Data Program	11.439		1,527
Unallied Management Projects	11.454		537,036
Cooperative Science and Education Program	11.455		38,590
Unallied Science Program	11.472		3,746,657
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		16,457
National Ocean Service Intern Program	11.480		34,492
Calibration Program	11.601		91,484
National Standard Reference Data System	11.603		22,280
Measurement and Engineering Research and Standards	11.609		246,610
<i>Subtotal Direct Programs</i>			5,199,898
Pass-Through Programs From			
CLEMSON UNIVERSITY			
ITA Special Projects	11.113	02-07400	524,178
CONSOLIDATED SAFETY SERVICES INC			
Department of Commerce Contracts	11.n/a	CONSD SAFETY 3007-UM-001	42,102
I.M. SYSTEMS GROUP INC, INDUSTRY			
Department of Commerce Contracts	11.n/a	IM SYSTEMS PO IMMSG-M-011-UMASS	43,611
Department of Commerce Contracts	11.n/a	I.M. Sys. Grp. IMMSG-5010-UMASS	24,491
Department of Commerce Contracts	11.n/a	IM SYSTEMS IMMSG-M006	9,727
LOUIS BERGER GROUP, INC			
Great Marsh Project: Survey of Tidally Restricted Salt Marshes Along the North Shore	11.n/a	CT-ENV-4300031605-3706	13,826
MASS FISHERMAN'S PARTNERSHIP			
Cooperative Science and Education Program	11.455	2187	20,616
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
Sea Grant Support	11.417	R/P-061	35,763
Sea Grant Support	11.417	5710002172	66,651
Sea Grant Support	11.417	(DOC) 5710001872	14,756

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Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Research and Development-Cluster			
Department of Commerce			
Pass-Through Programs From			
NATIONAL OCEANIC AND ATMOSPHERIC ADMIN			
Cooperative Science and Education Program	11.455	Rutgers #425193	4,801
REMOTE SENSING SOLUTIONS INC			
Coastal Zone Management Estuarine Research Reserves	11.420	107-0885 GAID 4353	51,893
RUTGERS UNIVERSITY			
Cooperative Science and Education Program	11.455	Subaward No. 3056	44,364
Cooperative Science and Education Program	11.455	Rutgers 2179, subaward 4-28204	4,999
Coastal Services Center	11.473	S953211	93,572
UNIVERSITY OF ALASKA FAIRBANKS			
Undersea Research	11.430	Not Available	1,722
UNIVERSITY OF NEW HAMPSHIRE			
Coastal Zone Management Administration Awards	11.419	UNH # 07-026	98,353
Coastal Zone Management Administration Awards	11.419	NA06NOS4190167	117,215
Unallied Science Program	11.472	PZ 06083	4,995
Coastal Services Center	11.473	06-010	16,808
UNIVERSITY OF RHODE ISLAND			
Unallied Science Program	11.472	011507/0001224	61,805
Modeling and Observations of Circulation and Biochemical Processes in Narraganset	11.n/a	092806/ 0001020	32,636
WOODS HOLE OCEANOGRAPHIC INSTITUTION			
Sea Grant Support	11.417	R/B 175 PD : NA16RG2273	750
Sea Grant Support	11.417	Woods Hole Ocean. Inst. A100461	56,122
Coastal Services Center	11.473	A100558	19,631
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA06NOS4780245/ A100487	56,879
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	A100488	82,816
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA04NOS4780274 - WHOI - 24027400	97,765
<i>Subtotal Pass-Through Programs</i>			1,642,847
Total Department of Commerce			6,842,745
Department of Defense			
Direct Programs			
Procurement Technical Assistance For Business Firms	12.002		323,524
Basic and Applied Scientific Research	12.300		3,039,282
Military Medical Research and Development	12.420		2,464,103
Basic Scientific Research	12.431		5,610,427
Basic, Applied, and Advanced Research in Science and Engineering	12.630		237,714
Air Force Defense Research Sciences Program	12.800		1,863,588
Mathematical Sciences Grants Program	12.901		14,755
Department of Defense Contracts	12.n/a	Not Available	6,041,019
Custom Synthesis of Botulinum Toxin Research Agents	12.n/a	W81XWH-07-P-0570	36,062

**University of Massachusetts
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Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Research and Development-Cluster			
Department of Defense			
Direct Programs			
Custom Synthesis of Botulinum Toxin research reagents	12.n/a	W81XWH-06-P-0612	8,734
DODEA/DDESS Dover II	12.n/a	GS-10F-0211M	2,000
Ashumet Pond Biogeochemical Monitoring	12.n/a	CAS-06-00	10,893
<i>Subtotal Direct Programs</i>			19,652,101
Pass-Through Programs From			
ACADEMY OF APPLIED SCIENCE			
Research and Engineering Apprenticeship Program	12.n/a	Subgrant # 06-19, 06-62	373
ADVANCED CONCEPTS AND TECHNOLOGIES			
Chemical Warfare Agent Detectors Using Carbon Nanotubes	12.n/a	Subcontract (Prime # W911SR-07-C-0059)	64,041
APPLIED NANOFEMTO TECHNOLOGIES LLC			
A Long-Wave Infrared Focal Plane Array with Ultra-high Sensitivity and Large Field-of-View	12.n/a	SBIR Agreement dated 7/25/06	2,030
APPLIED SCIENCES			
Development of Lightweight and Low Cost Advanced Structural Materials for Off-board Surface Vessels (OBVs)	12.n/a	Prime - N00014-06-M-0272 (APS-06-08)	195
ARIZONA STATE UNIVERSITY			
Air Force Defense Research Sciences Program	12.800	FA9550-06-01-0442	34,061
BAE SYSTEMS			
Basic and Applied Scientific Research	12.300	BAE Systems 04489-6066	124,632
Department of Defense Contracts	12.n/a	BAE SYSTEMS 069153	21,185
BATTELLE MEMORIAL INSTITUTE			
Basic Scientific Research	12.431	Subcontract Agreement- TCN 08047	16,659
Selection of peptides that bind botulinum toxin using phage display	12.n/a	5039	31,539
Spectroscopic Studies of Peptide Conformations at Surfaces	12.n/a	TCN08019	10,332
BAYSTATE MEDICAL CENTER, INC.			
Military Medical Research and Development	12.420	E41-Sub1	76,715
BBNT SOLUTIONS LLC			
The Perceptual Foundations and Analytic Utility of Kinetic Visualization	12.n/a	Advance Agrmt HMI1582-05-C-0073, PO# 9500008254	24,999
BOSTON UNIVERSITY			
Basic and Applied Scientific Research	12.300	GC202539NGD	1,389
BREWER SCIENCE INC			
Development of High-Speed Infrared-Transparent Flexible Transistors	12.n/a	STTR agreement dated 7-7-7	89,967
BROWN UNIVERSITY			
Basic and Applied Scientific Research	12.300	PRIME N0001-04-1-0415 SUB1431-25028	1,056
CLARKSON AEROSPACE CORPORATION			
Department of Defense Contracts	12.n/a	06-S567-06-C2	28,509
COLORADO STATE UNIVERSITY			
Air Force Defense Research Sciences Program	12.800	P323991	5,628
CREARE INC			
Department of Defense Contracts	12.n/a	Subcontract # 46349	21,518

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Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Research and Development-Cluster			
Department of Defense			
Pass-Through Programs From			
DARTMOUTH COLLEGE			
Research and Technology Development	12.910	Subaward # 5-36177.5710	32,260
ELECTRONIC BIOSCIENCES LLC, INDUSTRY			
Department of Defense Contracts	12.n/a	Electronic Biosciences PO 1014	177,035
FOSTER MILLER INC.			
Basic Scientific Research	12.431	Not Available	3,369
Mission-Ready Formulation and Needle-Free Delivery System for Protection Against Organophosphorous Chemical Warfare Agents	12.n/a	Subcontract # 1089-1S2 (FMI - SUB1- 00172)	37,434
Validity of a Garment Based Physiological Monitoring System During Physical Act	12.n/a	SUB3-00023	1,944
GALAXY COMPOUND SEMICONDUCTORS, INC.			
Air Force Defense Research Sciences Program	12.800	Not Available	35,691
Research and Technology Development	12.910	Not Available	22,408
Advanced Sensor Materials for Space	12.n/a	Subaward #W9133M-06-C-0096	13
GEMTECH			
Collaborative Research and Development	12.114	50-25-20-0909	1,104
GEORGIA INSTITUTE OF TECHNOLOGY			
Department of Defense Contracts	12.n/a	Georgia Inst. of Tech. RZ623S1	110,758
GEORGIA TECH UNIVERSITY			
Department of Defense Contracts	12.n/a	GA. Inst. of Tech. C-36-B82-S1	1,629
HARVARD UNIVERSITY			
Research and Technology Development	12.910	Not Available	37,628
HEXCEL CORPORATION, INDUSTRY			
Department of Defense Contracts	12.n/a	P91006829 002 GAID 3666	16,929
HONEYWELL INTERNATIONAL INC			
Department of Defense Contracts	12.n/a	Honeywell International C09050028	2,084
IBM CORPORATION			
Basic Scientific Research	12.431	IBM-ITA 5002520377 Year 3 108-1739	315,984
INFOSCITEX CORPORATION			
Neural Co-Culture Bioactive Compound Sensor	12.n/a	Subcontract # 1179-1S2	18,678
Environmentally Responsible Microbiological Production of Energetic Ingredients	12.n/a	1165-152	1,723
Rapid Pesticide Detection by Acetylcholinesterase-Bacteriorhodopsin Conjugates	12.n/a	1194-1S1	3,235
INNOVATIVE SCIENTIFIC SOLUTIONS			
Air Force Defense Research Sciences Program	12.800	INNOV SCI SOL SB:05038	627
Air Force Defense Research Sciences Program	12.800	INNOV SCI SOL SB011407	11,762
JOHNS HOPKINS UNIVERSITY			
Department of Defense Contracts	12.n/a	JOHN HOPKINS 928051	98,145
KONARKA TECHNOLOGIES, INC.			
Photovoltaic Fabrics Analysis	12.n/a	0492	24,746
LOCKHEED MARTIN			
Department of Defense Contracts	12.n/a	Lockheed Martin TT0688072	208,140
Lockheed PO TT0704635	12.n/a	Lockheed PO TT0704635	2,849

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Research and Development-Cluster			
Department of Defense			
Pass-Through Programs From			
MASS CULTURAL COUNCIL			
Community Economic Adjustment	12.600	MA ART 120070..01828-1: Amherst FAC FY 08	2,100
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
Basic and Applied Scientific Research	12.300	MIT 5710002229	32,200
Basic and Applied Scientific Research	12.300	MIT 5700006135	9,031
Basic Scientific Research	12.431	MIT 5710002241	22,324
Department of Defense Contracts	12.n/a	106-1727	92,872
Department of Defense Contracts	12.n/a	MIT 3101524	92,225
MIT PO 7000032881	12.n/a	MIT PO 7000032881	10,728
Research Assistantship for Jing M. Tsui	12.n/a	PO # 7000019676	12,220
Department of Defense Contracts	12.n/a	MIT PO 7000012726	96,590
Research Assistantship: Jing M. Tsui	12.n/a	PO# 3108122	2,340
Department of Defense Contracts	12.n/a	MIT 70000225009 16-S-07-1046	47,618
METABOLIX, INC.			
PHA Bioplastic Packaging Films and Foams	12.n/a	Project 3:Charge Code: 71-01	28,099
MITRE CORPORATION			
Radiation Hardness Testing	12.n/a	PO# 68681 & 72524	8,255
NEWLANS INC			
Newlands Inc	12.n/a	NEWLANS INC	14,322
NORTHROP GRUMMAN CORPORATION			
Proposal for DISS Support & Maintenance of AN/FMQ-12 DISS	12.n/a	Subcontract #: 95227JMY5S (legacy); 7000003829 new	407,446
Advanced Information and Knowledge Development for Navy Command and Control	12.n/a	N66604-2-D118/ NOTHROP GRUMMAN # D14009-5000	19,330
OCEAN NANOTECH, LLC			
Air Force Defense Research Sciences Program	12.800	W91A2K-5242-9010	142,002
ONTAR CORPORATION			
Weather Effects in Night Vision Goggle Training (NVG-WDT)	12.n/a	N61339-06-C-0113	15,761
PHYSICAL SCIENCES INCORPORATED			
Commercial Methods for Production of Orientation Patterned GaAs - UMass Lowell Co	12.n/a	SC44323-1570	30,409
SCIENCE APPLICATIONS INTERNATIONAL CORP			
Department of Defense Contracts	12.n/a	SAIC 4400136807	32,226
SIMULATION TECHNOLOGIES			
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Subcontract #0701 dated 3-5-07	3,485
SRI INTERNATIONAL			
Research and Technology Development	12.910	SRI Int'l Sub#27-001023 Mod #5	574,676
Research and Technology Development	12.910	P16902 03-000220 #8, #9	390,113
Department of Defense Contracts	12.n/a	SRI 27-001251	102,779
STANFORD UNIVERSITY			
Air Force Defense Research Sciences Program	12.800	Subaward 15034320-31497-B	1,341,265
TRITON SYSTEMS, INC			
Triton Biosystems and University of Massachusetts Lowell Collaborative Project	12.n/a	Subcontract # TSI-4014-04-003 (SRA dated 3/1/04)	34,649

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Research and Development-Cluster			
Department of Defense			
Pass-Through Programs From			
TRITON SYSTEMS, INC			
1 H NMR Measurements	12.n/a	PO # 75546	731
U.S. DEPARTMENT OF THE AIR FORCE			
Air Force Defense Research Sciences Program	12.800	AFROTC Uniform Commutation	24,542
UNIVERSAL TECHNOLOGY CORPORATION			
Research and Technology Development	12.910	07-S568-0011-C1	3,582
Nanostructured Dynamic Module Materials	12.n/a	Subcontract # 07-5531-065-C1	32,233
UNIVERSITY OF CALIFORNIA			
Department of Defense Contracts	12.n/a	106-1741	113,335
Department of Defense Contracts	12.n/a	106-1695	124,198
UNIVERSITY OF CALIFORNIA SANTA BARBARA			
Monolithic Photonic Phase Locked Loop Utilizing ACP Phase Modulator	12.n/a	KK8145	29,020
UNIVERSITY OF MARYLAND			
Department of Defense Contracts	12.n/a	Z979902 Mods C & D	38,053
Department of Defense Contracts	12.n/a	MARYLAND Z922302	30,671
UNIVERSITY OF PENNSYLVANIA			
Basic Scientific Research	12.431	PENN 548106	103,117
Basic Scientific Research	12.431	Subcontract # 548106	68,152
UNIVERSITY OF PITTSBURGH			
Basic Scientific Research	12.431	subaward 403086-1 under W91NF-06-1-0067	546,389
UNIVERSITY OF TEXAS AT AUSTIN			
Basic and Applied Scientific Research	12.300	UTA 03-465	98,689
VEHICLE CONTROL TECHNOLOGIES, INC.			
Department of Defense Contracts	12.n/a	4493-001-45-01	22,014
WOODS HOLE OCEANOGRAPHIC INSTITUTION			
Basic and Applied Scientific Research	12.300	WHOI 13072000 AND ONR N00014-04-01-0720	3,222
WYLE LABORATORIES			
WPAFB Wafers	12.n/a	P.O.#19041.0D.31-290 S	16,488
1 MBE Growths of 9 Structures	12.n/a	PO # 194041.0C.25-125S	2,409
<i>Subtotal Pass-Through Programs</i>			6,542,913
Total Department of Defense			26,195,014
Department of Housing and Urban Development			
Direct Programs			
Supportive Housing Program	14.235		47,865
Community Outreach Partnership Center Program	14.511		118,483
Community Development Work-Study Program	14.512		56,567
<i>Subtotal Direct Programs</i>			222,915

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<i>Research and Development-Cluster</i>			
Department of Housing and Urban Development			
Pass-Through Programs From			
MASS DEPT. OF HOUSING & COMMUNITY DEVELOPMENT			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MASS LEAD ABATEMENT PROGRAM V	278,019
PIONEER VALLEY REGIONAL PLANNING COMM			
Community Development Block Grants/State's Program	14.228	106-1507	27,172
RUSSELL TOWN OF			
Community Development Block Grants/State's Program	14.228	107-1547 GAID 4741	16,301
<i>Subtotal Pass-Through Programs</i>			321,492
Total Department of Housing and Urban Development			544,407
Department of the Interior			
Direct Programs			
Fish, Wildlife and Plant Conservation Resource Management	15.231		2,400
Water Desalination Research and Development Program	15.506		2,041
Fish and Wildlife Management Assistance	15.608		20,893
Coastal Wetlands Planning, Protection and Restoration Act	15.614		309
Assistance to State Water Resources Research Institutes	15.805		127,690
Earthquake Hazards Reduction Program	15.807		54,830
US Geological Survey - Research and Data Collection	15.808		104,219
National Cooperative Geologic Mapping Program	15.810		81,951
Cooperative Research Units Program	15.812		38,465
National Historic Landmark	15.912		79,197
National Register of Historic Places	15.914		134,696
Technical Preservation Services	15.915		4,190
Outdoor Recreation Acquisition, Development and Planning	15.916		25,581
USGS 07HQGR0125	15.n/a	USGS 07HQGR0125	5,201
NPS CA4520-99-007 J1730070207	15.n/a	NPS CA4520-99-007 J1730070207	5,050
<i>Subtotal Direct Programs</i>			686,713
Pass-Through Programs From			
AMERICAN BIRD CONSERVANCY			
Multi-State Conservation Grants	15.628	AMERICAN BIRD	14,691
BOSTON UNIVERSITY			
Non-Sale Disposals of Mineral Material	15.214	Boston University 187330	6,885
ESSEX NATIONAL HERITAGE COMMISSION			
National Register of Historic Places	15.914	ENHC 2007 Partnership Grant	1,500
LOWELL NATIONAL HISTORICAL PARK			
Cooperative Educational Programming for Lowell National Historical Park	15.n/a	Cooperative Agreement #CA1780-0-0002	177,992
Cooperative Educational Programming for Lowell National Historical Park	15.n/a	Cooperative Agreement #CA1780-0-0002	10,879

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Research and Development-Cluster			
Department of the Interior			
Pass-Through Programs From			
MASS DIVISION OF FISHERIES AND WILDLIFE			
Department of the Interior Contracts	15.n/a	107-1719 GAID 4466	111,815
Department of the Interior Contracts	15.n/a	CTFWESCFEW4000UMASSC00P07	12,759
MASS DIVISION OF MASSRINE FISHERIES			
Department of the Interior Contracts	15.n/a	SC FWE 3000 6199301	41,013
NATIONAL FISH AND WILDLIFE FOUNDATION NF			
Fish and Wildlife Management Assistance	15.608	NFWF 2005-0283-000	16,506
QUINEBAUG-SHETUCKET HERITAGE CORRIDOR			
Department of the Interior Contracts	15.n/a	QUINEBAUG-SHETUCKET	11,700
SPIRE CORPORATION			
Terahertz Imaging Systems for Concealed Weapon Detection	15.n/a	Subcontract # 2005XX, PO# 217180	27,354
Testing Terahertz Lasers	15.n/a	PO# 213976	4,650
<i>Subtotal Pass-Through Programs</i>			437,744
Total Department of the Interior			1,124,457
Department of Justice			
Direct Programs			
Grants to Reduce Violent Crimes Against Women on Campus	16.525		20,349
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541		256,503
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		279
<i>Subtotal Direct Programs</i>			277,131
Pass-Through Programs From			
COMMONWEALTH OF MASSACHUSETTS			
Criminal Justice Research and Development Graduate Research Fellowships	16.562	Weed & Seed Evaluation	3,105
MASS DEPARTMENT OF PUBLIC HEALTH			
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	MA DPH 04505407017:Hilltown'07	96
WHITE OAK TECHNOLOGIES			
Department of Justice Contracts	16.n/a	Subcontract # WOTI-2007-UMASS-0001	16,949
<i>Subtotal Pass-Through Programs</i>			20,150
Total Department of Justice			297,281
Department of Labor			
Direct Programs			
Disability Employment Policy Development	17.720		34,972

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Research and Development-Cluster			
Department of Labor			
Direct Programs			
<i>Subtotal Direct Programs</i>			34,972
Pass-Through Programs From			
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
BAPIC Family Literacy	17.n/a	Not Available	16,182
CENTER TO PROTECT WORKERS' RIGHTS			
Occupational Safety and Health Susan Harwood Training Grants	17.502	CDC/NIOSH R01 OH003699-05	21,278
VIRGINIA COMMONWEALTH UNIVERSITY			
Disability Employment Policy Development	17.720	VCU - 521283/PO P123305 (US DOL # E-9-4-2-0117)	102,840
<i>Subtotal Pass-Through Programs</i>			140,300
Total Department of Labor			175,272
Department of Transportation			
Direct Programs			
Aviation Research Grants	20.108		308,770
University Transportation Centers Program	20.701		241,195
Biobased Transportation Research	20.761		13,692
Department of Transportation Contracts	20.n/a	Not Available	3,071
<i>Subtotal Direct Programs</i>			566,728
Pass-Through Programs From			
ADVANCED ASPHALT TECHNOLOGIES			
Mix Designs for Warm Mix Asphalt Technologies	20.n/a	07003	19,639
GEOSCIENCES TESTING & RESEARCH, INC			
LRFD Design Specifications for Shallow Foundations	20.n/a	Subcontract under HR 24-31	50,393
MASS REGISTRY OF MOTOR VEHICLES			
Commercial Driver License State Program	20.232	ISQARMV84000093UMASS1 / 107-0676	55,243
MASS DEPT OF STATE POLICE			
Department of Transportation Contracts	20.n/a	GAID 4183	89,068
MASS HIGHWAY DEPARTMENT			
Highway Research and Development Program	20.200	ISA - MA Highway Department	28,347
State Planning and Research	20.515	OGCA 108-0172 GAID 2515	237,310
Department of Transportation Contracts	20.n/a	CT DPW 0813 INTF00002007A0049333	60,182
Department of Transportation Contracts	20.n/a	MA HWY #0036443: MHD Geotech	52,553
MA HWY #0701109127 RTIC-2 Establishment of a Regional Traveler Information Center	20.n/a	CCDPW070110091270000	141,430
Department of Transportation Contracts	20.n/a	106-1266 GAID 3061	5,982
Evaluation of Specialized Hot Mix Asphalt Mixes for Massachusetts	20.n/a	0053492	70,870
Department of Transportation Contracts	20.n/a	9024 LITTLE BAY	44

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Research and Development-Cluster			
Department of Transportation			
Pass-Through Programs From			
MASS HIGHWAY DEPARTMENT			
Evaluation of Modified Performance Grade Binders in Thin Lift Maintenance Mixes and Reflective Crack Relief Layer Mix.	20.n/a	INTF00002007A0038727	119,198
Department of Transportation Contracts	20.n/a	MHD CT DPW INTF 0000 2005 A 0041591	29,601
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
University Transportation Centers Program	20.701	MIT 5710001983	1,442
University Transportation Centers Program	20.701	MIT Short Course	603
University Transportation Centers Program	20.701	MIT 5710001981	19,924
University Transportation Centers Program	20.701	Subaward Agreement # 5710001753	19,844
University Transportation Centers	20.760	5710002140	9,835
University Transportation Centers	20.760	5710002143	38,664
University Transportation Centers	20.760	Sub Award #5710002128	41,365
University Transportation Centers	20.760	MIT-UTC Fellowships Year 19	35,559
NH DEPT OF TRANSPORTATION			
Department of Transportation Contracts	20.n/a	HP-STP-F-0351 (008), P2953	11,039
Department of Transportation Contracts	20.n/a	14541MX-A000(472)	7,063
UNIVERSITY OF SOUTH HAMPTON			
Aviation Research Grants	20.108	University of Southampton 2006-G-006	86,348
VERMONT AGENCY OF TRANSPORTATION			
Vermont Agency of Transportation 0984394: Grnd	20.n/a	0984394 PA#05-01	6,625
Department of Transportation Contracts	20.n/a	105-1123	2,343
Department of Transportation Contracts	20.n/a	107-0792	80,036
Department of Transportation Contracts	20.n/a	VTA0T05-02	95
Department of Transportation Contracts	20.n/a	107-0648 GAID 4680	40,579
<i>Subtotal Pass-Through Programs</i>			1,361,224
Total Department of Transportation			1,927,952
General Services Administration			
Pass-Through Programs From			
RESEARCH TRIANGLE INTERNATIONAL			
Federal Citizen Information Center	39.009	CSR-RTI-3-46U-8239	531
<i>Subtotal Pass-Through Programs</i>			531
Total General Services Administration			531
Library of Congress			
Direct Programs			
Library of Congress Publications	42.005		8,000
<i>Subtotal Direct Programs</i>			8,000

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<i>Research and Development-Cluster</i>			
Library of Congress			
Total Library of Congress			8,000
National Aeronautics and Space Administration			
Direct Programs			
Aerospace Education Services Program	43.001		1,608,928
Technology Transfer	43.002		453,062
Theory in Support of Laboratory Spectroscopy for AIRS, TES and HIRDLS	43.n/a	NAG5-11064	184
The COSMOS 2-Degree ACS Survey	43.n/a	HST-GO-09822.45-A	22,485
NASA: NNX08AB38A	43.n/a	108-0159	39,742
NASA: NNX08AG53G	43.n/a	107-1565	32,054
NASA NAG513102	43.n/a	NASA NAG513102	179,424
Investigation of Near-Earth Magnetosphere Response to Solar Wind/IMF Variations	43.n/a	Grant # NNX07AG38G	99,874
Space Telescope Science Institute	43.n/a	HST-GO-11080.07-A	39,598
STSI - A Paschen-Alpha Study of Massive Stars and the ISM in the Galactic Center	43.n/a	HST-GO-11120.01-A	23,616
<i>Subtotal Direct Programs</i>			2,498,967
Pass-Through Programs From			
BOSTON UNIVERSITY			
Analysis of Data From the Cluster Mission	43.n/a	Subaward # GC 194770NGA	164,992
CALIFORNIA INSTITUTE OF TECHNOLOGY			
Aerospace Education Services Program	43.001	JPL 1280741	8,278
Aerospace Education Services Program	43.001	JPL 1283728 TASK NM0710440	193,238
National Aeronautics and Space Administration Contracts	43.n/a	JPL 1294794	37,707
CIT/JPL 1214630MOD#2-7	43.n/a	1214630MOD#2-7	350
National Aeronautics and Space Administration Contracts	43.n/a	OGCA# 107-0323	12,663
National Aeronautics and Space Administration Contracts	43.n/a	CIT/JPL Dust Emission 1266472	732
CIT/JPL: 1316183	43.n/a	108-0446	5,464
CORNELL UNIVERSITY			
Aerospace Education Services Program	43.001	48452-8189/ NNS06AA166	68,492
NATIONAL SPACE BIOMEDICAL RESEARCH INSTITUTE			
Technology Transfer	43.002	NBRi/SMS01301/PO# 4600586723	239,842
Technology Transfer	43.002	NSBRI/SMS00004 Yr 4	77,638
OHIO STATE UNIVERSITY			
Aerospace Education Services Program	43.001	PO#RF01046279	36,644
Technology Transfer	43.002	OSU RF00981317,00,01,02	366
OMEGA OPTICS INC.			
Aerospace Education Services Program	43.001	NNX08CB39P	13,279
RAYTHEON CORPORATION			
TOPLA: An Empirical Representation of the F-region Topside and Plasmasphere for the International Reference Ionosphere	43.n/a	Subcontract Agreement Dated 11/10/06	33,432

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Research and Development-Cluster			
National Aeronautics and Space Administration			
Pass-Through Programs From			
REMOTE SENSING SOLUTIONS INC			
Aerospace Education Services Program	43.001	RSS	18,119
SMITHSONIAN ASTROPHYSICAL OBSERVATORY			
Aerospace Education Services Program	43.001	Smithsonian AO GO6-7128X	7,959
Aerospace Education Services Program	43.001	SAO G056127X	168
Aerospace Education Services Program	43.001	TM7-8005X	41,752
Aerospace Education Services Program	43.001	AR7-8016A	23,625
Aerospace Education Services Program	43.001	SMITHSONIAN GO6-7069X	14,423
SAO AR7-8006X Decomposing the X-Ray Emission from the M31 Bulge	43.n/a	SAO AR7-8006X	52,993
SPACE TELESCOPE SCIENCE INSTITUTE			
Technology Transfer	43.002	STSI/HST-GO-10522.09A	46,042
STScI/HST-GO-09425.36-A -The Great Observatories Origins Deep Survey	43.n/a	HST-GO-09425.36-A	11,478
UNITED TECHNOLOGIES			
United Technologies 1138978 NASA	43.n/a	UNITED TECH 1138978 NASA	80,586
UNIVERSITY OF ALABAMA			
Study of Bow Shock Energetic Particles	43.n/a	Sub Award No. 2007-298	5,036
UNIVERSITY OF MAINE			
Predicting Right Whale Distributions from Space	43.n/a	UM-S665	41,402
<i>Subtotal Pass-Through Programs</i>			1,236,700
Total National Aeronautics and Space Administration			3,735,667
National Foundation on the Arts and the Humanities			
Direct Programs			
Promotion of the Arts Grants to Organizations and Individuals	45.024		5,912
Promotion of the Humanities Fellowships and Stipends	45.160		3,667
Promotion of the Humanities Professional Development	45.163		267,641
<i>Subtotal Direct Programs</i>			277,220
Pass-Through Programs From			
NEW ENGLAND FOUNDATION FOR THE ARTS			
Promotion of the Arts Partnership Agreements	45.025	OGCA 107-1716	9,242
THOMAS JEFFERSON POPLAR FOREST			
Museums for America	45.301	MA-01-07-0060-07	3,489
<i>Subtotal Pass-Through Programs</i>			12,731
Total National Foundation on the Arts and the Humanities			289,951

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Research and Development-Cluster			
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		10,491,769
Mathematical and Physical Sciences	47.049		8,601,490
Geosciences	47.050		2,288,836
Computer and Information Science and Engineering	47.070		9,215,527
Biological Sciences	47.074		3,489,211
Social, Behavioral, and Economic Sciences	47.075		1,651,120
Education and Human Resources	47.076		9,186,708
Polar Programs	47.078		330,254
National Science Foundation Contracts	47.n/a	Not Available	251,565
Chem Industrial Assoc	47.n/a	Not Available	5,486
<i>Subtotal Direct Programs</i>			45,511,966
Pass-Through Programs From			
AMERICAN MUSEUM OF NATURAL HISTORY			
Computer and Information Science and Engineering	47.070	AM MUSEUM NAT HIST - AMNH-IIS-0241229	18,443
BIGELOW LABORATORY FOR OCEAN SCIENCES			
Geosciences	47.050	OCE 0325937	17,424
BOSTON UNIVERSITY			
Engineering Grants	47.041	Not Available	131,313
Education and Human Resources	47.076	GC200807NGA and GC200807NGA	58,389
BRISTOL COMMUNITY COLLEGE			
Computer and Information Science and Engineering	47.070	DUE-0202310	2,104
CARNEGIE MELLON UNIVERSITY			
Computer and Information Science and Engineering	47.070	Carnegie Mellon U: 1120982-170	169,854
CHILDREN'S HOSPITAL OF PHILADELPHIA			
Engineering Grants	47.041	OGCA# 107-1891	42,555
GENOMATICA INC			
National Science Foundation Contracts	47.n/a	GENOMATICA Inc.: NSF-2-2006100	132,982
HARVARD UNIVERSITY			
Biological Sciences	47.074	OGCA# 107-1837	12,859
Biological Sciences	47.074	Agreement # 5011919	13,743
National Science Foundation Contracts	47.n/a	Harvard University 03-123217-02	5,988
INDIANA UNIVERSITY			
Biological Sciences	47.074	P.O. 10131	83,023
JAMES MADISON UNIVERSITY			
Education and Human Resources	47.076	OGCA# 107-1520	3,426
JOHNS HOPKINS UNIVERSITY			
Computer and Information Science and Engineering	47.070	John Hopkins University: 2000056693	55,669
KANSAS STATE UNIVERSITY			
Biological Sciences	47.074	S07022	3,104
KAZAK COMPOSITES, INC.			
Engineering Grants	47.041	PO # 3979	1,821

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Research and Development-Cluster			
National Science Foundation			
Pass-Through Programs From			
LOUISIANA STATE UNIVERSITY			
Engineering Grants	47.041	OGCA# 105-0676	6,559
MAGNETIC DEVELOPMENT INC, INDUSTRY			
Engineering Grants	47.041	Magnetic Development Inc. 106-0751	15,417
MARINE BIOLOGICAL LABORATORY			
Geosciences	47.050	30484/ OCE-0423565	77,495
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
Education and Human Resources	47.076	5710002057/ DUE 0618483	13,866
MIDDLEBURY COLLEGE			
Mathematical and Physical Sciences	47.049	Building Proteins	5,660
NEW ENGLAND AQUARIUM			
Geosciences	47.050	NE AQUARIUM-OCE-0215456	45,819
NORTHEASTERN UNIVERSITY			
Engineering Grants	47.041	Subcontract #532850 P722831 & P724404	31,065
Engineering Grants	47.041	contract #532570P622603	38,105
Engineering Grants	47.041	533510P823102	17,225
Computer and Information Science and Engineering	47.070	CSR-533170P722205	432,461
NSEC: New England Nanomanufacturing Center for Enabling Tools	47.n/a	Subcontract agreement dated October 2004	1,005,619
PENNSYLVANIA STATE UNIVERSITY			
Computer and Information Science and Engineering	47.070	OGCA# 107-0603	141
RENSELAEER POLYTECHNIC INSTITUTE RPI			
International Science and Engineering (OISE)	47.079	OGCA# 107-1243	25,770
SAN DIEGO STATE UNIVERSITY			
Mathematical and Physical Sciences	47.049	San Diego State University	2,807
SOUTHERN CALIFORNIA EARTHQUAKE CENTER			
Geosciences	47.050	OGCA# 107-1464	17,367
SOUTHERN CONNECTICUT STATE UNIVERSITY			
Mathematical and Physical Sciences	47.049	221517-SA01	37,978
SPRINGFIELD TECHNICAL COMMUNITY COLLEGE			
Biological Sciences	47.074	NSF 0618182	36,458
SRI INTERNATIONAL			
Education and Human Resources	47.076	GRANT REC-0437861 SUB AGREEMENT 11-000113	194,755
SYRACUSE UNIVERSITY			
Geosciences	47.050	Subaward # 353-5917-S01	31,948
TEMPLE UNIVERSITY			
Education and Human Resources	47.076	Not Available	24,815
TERC			
Education and Human Resources	47.076	OGCA# 106-1500	26,305
TUFTS UNIVERSITY			
Design Engineering Modules for High School Level Curriculum	47.n/a	Grant # ESI 0138766	4,798

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Research and Development-Cluster			
National Science Foundation			
Pass-Through Programs From			
UNITED STATES-ISRAEL BINATIONAL SCIENCE Ecophysiological Processes and Molecular Control in Lake Kinnert	47.n/a	2002206	10,070
UNIVERSITY OF ALASKA Polar Programs	47.078	OGCA# 105-1150	14,368
UNIVERSITY OF CALIFORNIA Biological Sciences	47.074	Not Available	15,003
UNIVERSITY OF CALIFORNIA Polar Programs	47.078	U/CAL S0180219 PRIME # (NSF-ANT-0523332)	29,086
UNIVERSITY OF CALIFORNIA IRVINE Biological Sciences	47.074	U CA /Reppert	50,394
UNIVERSITY OF CALIFORNIA RIVERSIDE Biological Sciences	47.074	S-00082	72,117
UNIVERSITY OF DELAWARE Computer and Information Science and Engineering	47.070	OGCA# 107-0950	119,165
UNIVERSITY OF GEORGIA - OCU Education and Human Resources	47.076	Not Available	21,957
UNIVERSITY OF LOUISVILLE Engineering Grants	47.041	University of Louisville: 05-0	122,168
UNIVERSITY OF NEBRASKA Polar Programs	47.078	University of Nebraska: # 0550	84,237
UNIVERSITY OF NEW HAMPSHIRE Social, Behavioral, and Economic Sciences	47.075	UNH PX07034 (PRIME NSF BCS-0623833)	3,905
UNIVERSITY OF PITTSBURGH Engineering Grants	47.041	OGCA# 107-0580	21,414
UNIVERSITY OF PITTSBURGH Mathematical and Physical Sciences	47.049	U OF PITTSBURGH - 010441-2	20,342
UNIVERSITY OF ROCHESTER Engineering Grants	47.041	PO# 413932-G	36,483
UNIVERSITY OF WASHINGTON Computer and Information Science and Engineering	47.070	University of WashingtonTBD	18,983
VANDERBILT UNIVERSITY Education and Human Resources	47.076	Vanderbilt University: 18988-S1	60,915
WASHINGTON UNIVERSITY Biological Sciences	47.074	Washington University: WU-HT-07-08	87,769
WOODS HOLE OCEANOGRAPHIC INSTITUTION Geosciences	47.050	A100271	5,442
WOODS HOLE OCEANOGRAPHIC INSTITUTION Geosciences	47.050	OGCA # 107-0568	21,789
<i>Subtotal Pass-Through Programs</i>			3,660,737
Total National Science Foundation			49,172,703

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Research and Development-Cluster			
Small Business Administration			
Direct Programs			
Small Business Development Center	59.037		1,828,002
<i>Subtotal Direct Programs</i>			1,828,002
Pass-Through Programs From			
SMALL BUSINESS ADMINISTRATION SBA			
Small Business Development Center	59.037	Not Available	64,981
<i>Subtotal Pass-Through Programs</i>			64,981
Total Small Business Administration			1,892,983
Department of Veterans Affairs			
Direct Programs			
Veterans Medical Care Benefits	64.009		14,866
Department of Veterans Affairs Contracts	64.n/a	Not Available	71,146
<i>Subtotal Direct Programs</i>			86,012
Pass-Through Programs From			
VETERAN AFFAIRS BOSTON HEALTHCARE SYS			
Services for Healthcare Dissemination	64.n/a	V523P-7317	27,929
<i>Subtotal Pass-Through Programs</i>			27,929
Total Department of Veterans Affairs			113,941
Environmental Protection Agency			
Direct Programs			
Capacity Building Grants and Cooperative Agreements for Compliance Assurance and Enforcement Activities in Indian Country and Other Tribal Areas	66.310		2,984
Wastewater Operator Training Grant Program (Technical Assistance)	66.467		12,404
Science To Achieve Results (STAR) Research Program	66.509		200,322
Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study	66.513		663
Science To Achieve Results (STAR) Fellowship Program	66.514		3,144
P3 Award: National Student Design Competition for Sustainability	66.516		57,900
Environmental Protection Consolidated Grants-Program Support	66.600		3,161
Surveys, Studies, Investigations and Special Purpose Grants	66.606		464,178
Training and Fellowships for the Environmental Protection Agency	66.607		1,080
Protection of Children and Older Adults (Elderly) from Environmental Health Risks	66.609		57,930
Pollution Prevention Grants Program	66.708		11,809
Multi-Media Capacity Building Grants for States and Tribes	66.709		3,996
Source Reduction Assistance	66.717		20,854

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<i>Research and Development-Cluster</i>			
Environmental Protection Agency			
Direct Programs			
Alternative or Innovative Treatment Technology Research, Demonstration, Training, and Hazardous Substance Research Grants	66.813		107,585
National Network for Environmental Management Studies Fellowship Program	66.952		485
<i>Subtotal Direct Programs</i>			948,495
Pass-Through Programs From			
ENVIRONMENTAL ENGINEERING & TECHNOLOGY			
Environmental Protection-Consolidated Research	66.500	ENV'L ENG TECH: AwwaRF3114	32,958
LOWELL NATIONAL HISTORICAL PARK			
Ethnographic Overview and Assessment: Lowell National Historical Park	66.n/a	C1780060011	17,507
M LELAND NATIONAL URBAN AIR TOXICS RESEARCH CENTER			
Proximity to Traffic, Air Toxic Exposures and the Development of Asthma in Children	66.n/a	X-83234601-0	202,168
MASS DEPT OF AGRICULTURAL RESOURCES			
Environmental Protection Agency Contracts	66.n/a	107-1509 GAID 4568	38,012
MASS DEPT OF ENVIRONMENTAL PROTECTION			
Regional Wetland Program Development Grants	66.461	107-1601 GAID 4401	65,664
Water Quality Cooperative Agreements	66.463	PRIME SC-EQ50004309306 SUB 04084AC	26,318
Performance Partnership Grants	66.605	UMASS DARTMOUTH 03-10	10,045
Performance Partnership Grants	66.605	MA DEP EQE04-2319 04-06/319NSP	13,451
Performance Partnership Grants	66.605	106-1625 GAID 4195	102,856
Environmental Protection Agency Contracts	66.n/a	SC EQE 5030 UMS 0402	541
CAPS - Wetlands Phase 2b	66.n/a	EQE-SLAMPHASE2ISAUMA2008	11,501
NASHUA RIVER WATERSHED ASSN			
State Underground Water Source Protection	66.433	Not Available	10,226
SOUTHEASTERN REGIONAL PLANNING & ECONOMIC DEVELOPMENT DISTRICT			
Water Quality Management Planning	66.454	SRPEDD 2004-04 604 C600 1003-01-0	21,199
Water Quality Cooperative Agreements	66.463	60240	10,964
UNIVERSITY OF CONNECTICUT			
Environmental Protection-Consolidated Research	66.500	UCONN #4019	2,117
UNIVERSITY OF TENNESSEE			
Greater Opportunities: Research Program	66.515	UNIV TENN EPA GR-83237201-0	14,456
WATER ENVIRONMENT RESEARCH FOUNDATION			
Office of Research and Development Consolidated Research/Training	66.511	Not Available	148,912
<i>Subtotal Pass-Through Programs</i>			728,895
Total Environmental Protection Agency			1,677,390

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Research and Development-Cluster			
U. S. Nuclear Regulatory Commission			
Direct Programs			
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		109,951
<i>Subtotal Direct Programs</i>			109,951
Total U. S. Nuclear Regulatory Commission			109,951
Department of Energy			
Direct Programs			
Office of Science Financial Assistance Program	81.049		7,461,652
Conservation Research and Development	81.086		199,156
Fossil Energy Research and Development	81.089		152,535
University Reactor Infrastructure and Education Support	81.114		23,798
Nuclear Energy Research, Development and Demonstration	81.121		13,493
Department of Energy Contracts	81.n/a	Not Available	246,622
<i>Subtotal Direct Programs</i>			8,097,256
Pass-Through Programs From			
GEORGIA INSTITUTE OF TECHNOLOGY			
Office of Science Financial Assistance Program	81.049	107-0537	46,991
MASS DIVISION OF ENERGY RESOURCES			
State Energy Program Special Projects	81.119	MA ENE DE-FG41-05R101330:Tall	11,101
Department of Energy Contracts	81.n/a	107-0199 GAID 4415	10,000
MA CT-ENE-2008-ENE-P01 UMAMHH 7060	81.n/a	MA CT-ENE-2008-ENE-P01 UMAMHH 7060	2,748
Department of Energy Contracts	81.n/a	CT-ENE-2007-ENE-P01AMHR9220	4,150
Department of Energy Contracts	81.n/a	CT ENE-2007-ENE-P01 UMASS9243	31,013
Department of Energy Contracts	81.n/a	CT ENE 2006-ENEP01NYSERDA01	61,535
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
University Reactor Infrastructure and Education Support	81.114	Subaward Agreement No. 5710001611	34,672
PENNSYLVANIA STATE UNIVERSITY			
Office of Science Financial Assistance Program	81.049	3366-UM-DOE-4157	67,332
RADIATION MONITORING DEVICES, INC.			
Office of Science Financial Assistance Program	81.049	107-1730	5,150
Novel Scintillator for Nuclear Physics Studies	81.n/a	subcontract dated 07/11/05 prime # DE-FG02-ER84052	83,811
High Resolution Gamma Ray Spectrometer for Nuclear Physics	81.n/a	Contract# C07-22	72,057
Fast, Dense, Low-cost Scintillator for Nuclear Physics	81.n/a	SBIR contract DE-FG02-05ER84160	46,769
STANFORD UNIVERSITY			
Office of Science Financial Assistance Program	81.049	STANFORD SLAC-67769	6,170
UNIVERSITY OF DELAWARE			
Office of Science Financial Assistance Program	81.049	UNIV OF DE 8847 CCST 372128	45,230
UNIVERSITY OF PITTSBURGH			
Office of Science Financial Assistance Program	81.049	PITTSBURGH 401424-1	107,527

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Research and Development-Cluster			
Department of Energy			
Pass-Through Programs From			
US ATLAS RESEARCH PROGRAM OFFICE			
Department of Energy Contracts	81.n/a	BROOKHAVEN NAT LAB 101336 DOE	163,421
UT-BATTELLE LLC			
Department of Energy Contracts	81.n/a	Subcontract # 4000061424	1,570
<i>Subtotal Pass-Through Programs</i>			801,247
Total Department of Energy			8,898,503
Department of Education			
Direct Programs			
Fund for the Improvement of Postsecondary Education	84.116		373,189
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		115,865
National Institute on Disability and Rehabilitation Research	84.133		545,480
Bilingual Education-Professional Development	84.195		82,798
Graduate Assistance in Areas of National Need	84.200		429,720
Rehabilitation Training Continuing Education	84.264		551,124
Research in Special Education	84.324		380,115
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		374,924
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		632,032
Transition to Teaching	84.350		334,488
<i>Subtotal Direct Programs</i>			3,819,735
Pass-Through Programs From			
ANDOVER PUBLIC SCHOOLS			
Fund for the Improvement of Education	84.215	Contract U215X070224	60,985
ASSOC OF UNIV CENTERS ON DISABILITIES			
Early Childhood Educator Professional Development	84.349	PMU 06 MA	260,457
BOSTON COLLEGE			
Teacher Quality Enhancement Grants	84.336	BOSTON COLLEGE 33604	689
BOSTON PUBLIC SCHOOLS			
Early Reading First	84.359	16349	9,419
BOSTON UNIVERSITY			
Improving Teacher Quality State Grants	84.367	GC 201971 NGC	11,085
CITY OF SPRINGFIELD			
Fund for the Improvement of Education	84.215	BID NO. 180 - PD'05 PA #675	30,937
EDUCATION DEVELOPMENT CENTER, INC.			
EDC FY05	84.n/a	ED-04-C0-0137	16,484
FEDERATION F/CHILDREN WITH SPECIAL NEEDS			
Research in Special Education	84.324	Subcontract with A.P.P.L.E.	20,727
GREENFIELD PUBLIC SCHOOLS			
Mathematics and Science Partnerships	84.366	GREENFIELD SCH: 2006 Summer Co	5,097

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<i>Research and Development-Cluster</i>			
Department of Education			
Pass-Through Programs From			
LAWRENCE BOYS AND GIRLS CLUB			
Safe and Drug-Free Schools and Communities National Programs	84.184	Not Available	11,305
MASS DEPARTMENT OF EDUCATION			
Adult Education State Grant Program	84.002	DOE 82300UMASSAMHERSTMAPT Year 2 of 5	340,529
Adult Education State Grant Program	84.002	Not Available	80,984
Adult Education State Grant Program	84.002	CT-DOE-6CT833CUMASSBS167300	1,199
Education Technology State Grants	84.318	Not Available	2,769
Reading First State Grants	84.357	CT-DOE-74600UMASSDONAHUE198	37,273
Mathematics and Science Partnerships	84.366	MASS D-ED 150-002-8-1260-I Appr 7043-2003	83,594
Mathematics and Science Partnerships	84.366	CTDOE74700UMASSAMHERST269	11,854
Mathematics and Science Partnerships	84.366	MA DOE 9659 150-006-6: PV STEM	179
DOE MMSP Grantees	84.n/a	FUND CODE #150	28,935
MASS CHARTER PUBLIC SCHOOL ASSOCIATION			
Department of Education Contracts	84.n/a	OGCA# 107-0824	89,777
MASS DEPARTMENT OF HIGHER EDUCATION			
Teacher Quality Enhancement Grants	84.336	MOU/BHE/UMDI/06-01-2006	50,483
Department of Education Contracts	84.n/a	RGT 5NCLBUMASSAMHERST000	61,135
Department of Education Contracts	84.n/a	MASS RGT 107-0433 AID 4258	38,247
NATIONAL WRITING PROJECT			
National Writing Project	84.928	03-MA04	3,260
NEW BEDFORD OCEANARIUM			
Fund for the Improvement of Education	84.215	0671	4,406
READING PUBLIC SCHOOLS			
Advisory Council for Encounters & Exchanges	84.n/a	Contract Dated 10/9/06	22,443
THE EDUCATION COOPERATIVE			
Fund for the Improvement of Education	84.215	Not Available	10,957
TOWN OF WEYMOUTH			
Fund for the Improvement of Education	84.215	TAH - II	35,165
UNIVERSITY OF CALIFORNIA			
National Writing Project	84.928	Univ of Cal 94MA02	59,861
UNIVERSITY OF NEBRASKA			
Department of Education Contracts	84.n/a	25-1712-0001-004	172,183
UNIVERSITY OF SOUTHERN CALIFORNIA			
Department of Education Contracts	84.n/a	R305K050086/104384	83,074
VIRGINIA COMMONWEALTH UNIVERSITY			
National Institute on Disability and Rehabilitation Research	84.133	PT090359-SC100281	164
WORCESTER PUBLIC SCHOOLS			
Safe and Drug-Free Schools and Communities National Programs	84.184	Safe Schools 50S22306	65,136
<i>Subtotal Pass-Through Programs</i>			1,710,792
Total Department of Education			5,530,527

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Research and Development-Cluster			
National Archives and Records Administration			
Pass-Through Programs From			
EUROPEAN MOLECULAR BIOLOGY LABORATORY			
EDAC: ENCODE Data Analysis Center	89.n/a	EBl/1 U01 HG0045695-01	7,385
<i>Subtotal Pass-Through Programs</i>			7,385
Total National Archives and Records Administration			7,385
Department of Health and Human Services			
Direct Programs			
Special Programs for the Aging Title IV_ and Title II_Discretionary Projects	93.048		46,689
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		2,686,195
Model State-Supported Area Health Education Centers	93.107		568,416
Maternal and Child Health Federal Consolidated Programs	93.110		1,393,852
Environmental Health	93.113		864,856
Applied Toxicological Research and Testing	93.114		1,300,943
Biometry and Risk Estimation-Health Risks from Environmental Exposures	93.115		45,122
Oral Diseases and Disorders Research	93.121		563,116
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		55,057
AIDS Education and Training Centers	93.145		2,002,257
Human Genome Research	93.172		1,282,931
Research Related to Deafness and Communication Disorders	93.173		1,789,386
Nursing Workforce Diversity	93.178		217,965
Human Health Studies Applied Research and Development	93.206		55,974
Research and Training in Complementary and Alternative Medicine	93.213		1,333,301
Research on Healthcare Costs, Quality and Outcomes	93.226		916,488
National Center on Sleep Disorders Research	93.233		176,497
Mental Health Research Grants	93.242		4,526,352
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		512,336
Advanced Education Nursing Grant Program	93.247		818,753
Occupational Safety and Health Program	93.262		1,983,071
Comprehensive Geriatric Education Program (CGEP)	93.265		181,022
Alcohol National Research Service Awards for Research Training	93.272		52,875
Alcohol Research Programs	93.273		1,700,513
Drug Abuse National Research Service Awards for Research Training	93.278		8,211
Drug Abuse and Addiction Research Programs	93.279		2,517,536
Mental Health Research Career/Scientist Development Awards	93.281		248,063
Mental Health National Research Service Awards for Research Training	93.282		201,501
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		1,025,186
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,970,913

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Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Research and Development-Cluster</i>			
Department of Health and Human Services			
Direct Programs			
Minority Health and Health Disparities Research	93.307		628,212
Trans-NIH Research Support	93.310		843,106
Advanced Education Nursing Traineeships	93.358		98,929
Nursing Research	93.361		370,411
Minority Biomedical Research Support	93.375		222,537
National Center for Research Resources	93.389		2,847,754
Academic Research Enhancement Award	93.390		166,453
Cancer Construction	93.392		319,944
Cancer Cause and Prevention Research	93.393		4,209,055
Cancer Detection and Diagnosis Research	93.394		954,007
Cancer Treatment Research	93.395		2,878,440
Cancer Biology Research	93.396		8,166,823
Cancer Research Manpower	93.398		178,115
Cancer Control	93.399		351,029
Developmental Disabilities Projects of National Significance	93.631		277,213
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		404,727
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		2,385,158
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		671,211
Cell Biology and Biophysics Research	93.821		8,409
Heart and Vascular Diseases Research	93.837		5,807,256
Lung Diseases Research	93.838		3,021,962
Blood Diseases and Resources Research	93.839		1,252,660
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		4,146,257
Diabetes, Endocrinology and Metabolism Research	93.847		10,112,666
Digestive Diseases and Nutrition Research	93.848		2,154,936
Kidney Diseases, Urology and Hematology Research	93.849		669,622
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		7,924,417
Allergy, Immunology and Transplantation Research	93.855		32,086,692
Microbiology and Infectious Diseases Research	93.856		3,096,190
Biomedical Research and Research Training	93.859		20,899,853
Population Research	93.864		802,476
Child Health and Human Development Extramural Research	93.865		6,368,793
Aging Research	93.866		5,047,541
Vision Research	93.867		1,099,204
Medical Library Assistance	93.879		1,077,030
Grants for Training in Primary Care Medicine and Dentistry	93.884		579,908
Physician Assistant Training in Primary Care	93.886		320,435
HIV Care Formula Grants	93.917		3,221
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		457,795
Native Hawaiian Health Systems	93.932		242,612

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Research and Development-Cluster			
Department of Health and Human Services			
Direct Programs			
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936		23,939
HIV Demonstration, Research, Public and Professional Education Projects	93.941		43,303
Public Health Traineeships	93.964		10,403
International Research and Research Training	93.989		70,702
Maternal and Child Health Services Block Grant to the States	93.994		43,504
MA BOHE/PFR2008 STEM001 Stem Control	93.n/a	MA BOHE/PFR2008 STEM001 Stem Control	921
MA DOE/ Math Learning Community Curriculum & Facilitator Guide	93.n/a	MA DOE/MLC	81,841
MA DOE/2007 Summer Professional Development Institute Course	93.n/a	MA DOE/2007-SPDIC	16,492
MA DOE/2008 PD Institute Planning and Preparation	93.n/a	MA DOE/2008 IPP	21,452
MA DOE/CMCC-SWPBS-08	93.n/a	MA DOE/CMCC-SWPBS-08	50,277
MA DSS- FacCES Clinic	93.n/a	MA DSS- FaCES Clinic	193,405
Duke/NIH GCID	93.n/a	Duke/NIH GCID	29,313
MA DPH/Mass Start Fy 08	93.n/a	MA DPH/Mass Start Fy 08	20,140
MA DPH/89-313 E& I-08	93.n/a	MA DPH/89-313 E& I-08	2,721
MA DPH/ACT NOW CR-08	93.n/a	MA DPH/ACT NOW CR-08	488,014
Development of Algorithm to Identify Patients with Clinically Significant Arthritis who have Functional Limitations	93.n/a	200-2006-M-16444	1,004
MA DPH/Mass Care-08	93.n/a	MA DPH/Mass Care-08	71,022
Nuclear Resonance Mass Spectrometer at the University of Massachusetts Medical School	93.n/a	DE-FG02-04CH11243 Phase II	245,759
Boston Children's Hospital: Pre-Estab	93.n/a	108-0918	869
Food Emergency Response Network: Development of Systems for the Testing of Select Reagents in Food Products	93.n/a	FERN-C-40-2005/03	252,584
Hyperpolarized Noble Gas Magnetic Resonance Imaging	93.n/a	NASAJSC/NNX07A82G	62,455
Mechanism of the Sperm Acrosome Reaction	93.n/a	NIH 1 R03 HD054418-01A2	15,413
Hyperpolarized 129Xe Magnetic Resonance Imaging-Brain, Lungs & Plants-Augmented with MRI Pulse Sequence Development	93.n/a	NASAJSC/NNX07AP80G	24,794
Adjuvants and Toll-Like Receptors in Vaccine Development	93.n/a	NIH 5 P01 AI057784-05	63,335
NIH/Dorfman Yr 02	93.n/a	NIH/Dorfman Yr 02	14,067
MOVA-VOCA/Moles FY08	93.n/a	MOVA-VOCA/Moles FY08	62,028
<i>Subtotal Direct Programs</i>			166,108,193
Pass-Through Programs From			
ACAMBIS, INC.			
T Cell Studies to Support Clinical Trials of ACAM 3000 Modified Vaccinia Ankara	93.n/a	H-249-002	21,898
T Cell Studies to Support Clinical Trials of ACAM 3000 Modified Vaccinia Ankara	93.n/a	H-249-004	592
ADVOCATES FOR HUMAN POTENTIAL, INC			
AHP/SAMHSA Prime # 270050112	93.n/a	AHP/SAMHSA	88,520
AERODYNE RESEARCH, INC.			
Lung Diseases Research	93.838	Subcontract under 2R44HL081951-02	15,452

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
AFSCME TRAINING & EDUCATION INSTITUTE			
Worker Health and Safety Training Cooperative Agreement	93.n/a	2 U45 ES07823-11	17,615
ALBERT EINSTEIN COLLEGE OF MEDICINE			
Add on Benign Breast Disease Study	93.n/a	9526-3878	1,229
AMERICAN COLLEGE OF RADIOLOGY			
Virtual Imaging Evaluation Workspace in Cooperative Groups	93.n/a	ACRIN/CA80098	23,440
AMERICAN INSTITUTE FOR RESEARCH			
Establishing Pioneering Transition Support Programs	93.n/a	SC-03-02054-009	15,585
ARBOVIRUS LAB NYS DOH/GRIFFIN LAB			
WNV/Pox Viruses: Ecology Pathogenesis Immunity	93.n/a	1701-01 HR1 Acct# 14-0131-01 NO1-AI-25490	492,542
ARIZONA STATE UNIVERSITY			
Cancer Biology Research	93.396	ASU/5 R01 CA073857-05	8,436
ARKANSAS CENTER FOR HEALTH IMPROVEMENT.			
State Planning Grants Health Care Access for the Uninsured	93.256	ARIA 13867 (ARKANSAS CTR HEALTH IMPROV)	27,509
BENAROYA RESEARCH INSTITUTE AT VM			
Diabetes, Endocrinology and Metabolism Research	93.847	BRI/1 R21 DK077525-02	80,699
Type 1 Diabetes Genetics Consortium	93.n/a	BRI/T1DGC	3,451
BETH ISRAEL DEACONESS MEDICAL CENTER			
Kidney Diseases, Urology and Hematology Research	93.849	1R01DK073302-01A2	75,603
Cerebral Mechanisms Underlying Dyspnea	93.n/a	BIDMC/R01HL046690	57,831
Role of JNK Signaling Pathways in Leukemia	93.n/a	BIDMC/23-66379/5 P01 CA072009-10	322,148
BIDH/R01 AR047952	93.n/a	BIDH/R01 AR047952-01	2,621
BLOOD CENTER OF SE WISCONSIN			
Allergy, Immunology and Transplantation Research	93.855	BCSW/1 U19 AI06267-04	200,876
Allergy, Immunology and Transplantation Research	93.855	N01-A1-50032	142,528
BOOZ ALLEN HAMILTON, INC.			
In Vivo Imaging Adoption Advocate Work Group	93.n/a	Booz/Allen/Hamilton/Task # 1 IMG AA WG	68
BOSTON MEDICAL CENTER			
Cancer Control	93.399	BMC/CA93772-01	398
Digestive Diseases and Nutrition Research	93.848	Boston Med/ 5 P30 DK46200/Activity #0187006	11,897
Digestive Diseases and Nutrition Research	93.848	Boston Medical/5 P30 DK4600- 15/Activity # 0187005	15,000
Microbiology and Infectious Diseases Research	93.856	BMC/U19 AI056543-05/#0199005	194,152
Oxidative stress, AMPK and Diabetic Cardiovascular Complications	93.n/a	BMC/NIH P01 HL068758#0189905	394,646
BOSTON UNIVERSITY			
Public Health Training Centers Grant Program	93.249	BU PRIME HRSA 2 D20 HP00003	21,346
Drug Abuse and Addiction Research Programs	93.279	BU/DA019362-04/ PO: RA239701BAJ	115,694
Heart and Vascular Diseases Research	93.837	Boston Univ/HL081587-03 /# 7927-05	308,334
Heart and Vascular Diseases Research	93.837	BUMC/HL0830801/PO:RA253939 BAJ	93,237
Child Health and Human Development Extramural Research	93.865	BU/HD051861 PO# GC195031NGC	34,934

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
BRANDEIS UNIVERSITY			
Drug Abuse and Addiction Research Programs	93.279	P50DA0101233	4,826
BRIGHAM AND WOMEN'S HOSPITAL			
Research on Healthcare Costs, Quality and Outcomes	93.226	BWH/U18 HS016970 Award: 103077-1	20,520
National Center for Research Resources	93.389	Consortium Agmt dated 3/30/07	35,792
Lung Diseases Research	93.838	NIH Grant# 5R01HL073632-04	24,441
Lung Diseases Research	93.838	Not Available	18,907
Allergy, Immunology and Transplantation Research	93.855	Not Available	71,856
Allergy, Immunology and Transplantation Research	93.855	BWH/AI076217	21,181
Aging Research	93.866	BWH/1 R21 AG027066-02	7,042
Gene by Environment Interaction and Asthma and Allergy	93.n/a	Subaward Under R01 AI056230-01	48,125
CALIBRANT BIOSYSTEMS INC.			
Integrated Top-Down/Bottom-up Comprehensive Proteomics	93.n/a	Calibrant Systems/NIH R44 CA107988	108,354
CALIFORNIA PACIFIC MEDICAL CTR.			
Research and Training in Complementary and Alternative Medicine	93.213	CAL PACIFIC MED CTR NIH 3154-XX-0-0	386
CASE WESTERN RESERVE UNIVERSITY			
Oral Diseases and Disorders Research	93.121	R01 ED018279-01	34,297
Nursing Research	93.361	CWRU/NIH 1 R01 NR00894-01	9,087
CENTER FOR HEALTH STUDIES, MPE16			
Cancer Cause and Prevention Research	93.393	CRN2-40116-MPCI/PO2006123884	1,489
CENTER TO PROTECT WORKERS' RIGHTS			
Evaluation of the Efficacy and Effectiveness of Silica and Noise Controls on Concrete-Cutting Tools	93.n/a	Sub-Recipient Agreement #1030-09-A3	157,800
CHEMMOTIF INC.			
Use of Self-Assembled Crystale in Cyanide Detection	93.n/a	STTR Agreement dated Nov 2005	663
CHILDREN'S HOSPITAL			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	CHB:U01 NS040069-05 PO:000133654	1,501
CIENCIA, INC.			
Diabetes, Endocrinology and Metabolism Research	93.847	CIENCIA/1 R43 DK77291-02	21,066
COLUMBIA UNIVERSITY MEDICAL CENTER			
CUMC/R01 NS048125-02	93.n/a	CUMC/R01 NS048125-02	882
DANA FARBER CANCER INSTITUTE			
Occupational Safety and Health Program	93.262	Subaward 1 R01 DP000097-01	10,589
Cancer Cause and Prevention Research	93.393	DANA FARBER R01CA122894-01	27,000
Cancer Control	93.399	Colon Cancer Prevention in Low Income Housing Site	31,155
Allergy, Immunology and Transplantation Research	93.855	Dana Farber/NIH AI057330-05	278,238
Department of Health and Human Services Contracts	93.n/a	DANA PRIME NIH 1 R01 CA106914	38,584
DARTMOUTH COLLEGE			
Aging Research	93.866	P01AG019783-06	20,284
DARTMOUTH MEDICAL SCHOOL			
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	DMS-1P01AG19783-03	53,748

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
DARTMOUTH MEDICAL SCHOOL			
Aging Research	93.866	DARTMOUTH MEDICAL 5-303380570	29,041
DORCHESTER HOUSE MULTI SERVICE CENTER			
Dorchester Occupation Health Initiative	93.n/a	SRA date 7/12/04	5,565
EGG NUTRITION CENTER			
Egg Consumption in Older Adults Taking Cholesterol-Lowering Statins: Effects on Serum Lipids and Lipoprotein Cholesterol and Lutein and Zeaxanthin Concentrations	93.n/a	Contract dated 10/17/05	30,796
EMMES CORPORATION			
Cancer Treatment Research	93.395	EMMES/ U01 CA121947-02	9,586
EMORY UNIVERSITY			
Mindfulness Meditation in Bone Marrow Transplantation	93.n/a	Emory Univ/NR00925 Acct# 5-41440- G2	23,601
Layer-Specific Functional and Perfusion Imaging of Retina	93.n/a	Emory Univ/5 R01 EY014211-05	25,401
EPIVAX, INC			
Optimization of a Multivalent Tuberculosis Vaccine	93.n/a	EPIVAX/ 1 R43 AI075830-01	36,394
FEINSTEIN INSTITUTE FOR MEDICAL RESEARCH			
Allergy, Immunology and Transplantation Research	93.855	FIMS/7 U19 AI056362-06-500355	93,344
FRED HUTCHINSON CANCER RESEARCH CENTER			
Cancer Treatment Research	93.395	FHCRC/CA11917- 03/Subward:000655572	102,175
GEORGE WASHINGTON UNIVERSITY			
GWU/U01 DK061055	93.n/a	GWU/U01 DK061055	13,402
GLSYNTHESIS, INC.			
Novel Antithrombotic Diadenosine Tetraphosphate Analogs	93.n/a	GL Synthesis/Frelinger # 2	87,775
Diadenosine Boranophosph(on)ates as Antithrombotic Drugs	93.n/a	GLSynthesis/Frelinger/HL081992-01A1	84,856
GREATER LAWRENCE FAMILY HEALTH CENTER			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	Greater Lawrence Health Ctr/CEED Research	12,920
GROUP HEALTH COOPERATIVE			
Cancer Control	93.399	Group Health Cooperative/PO2008117707	125,592
Health Literacy and Cancer Prevention	93.n/a	GHC/U 19 CA79689/PO # 2008117710	146,939
Re-Engineering the Clinical Research Enterprise: Feasibility of Integrating and Expanding Clinical Research Networks	93.n/a	GHC/PO2006107066	26,304
HARVARD MEDICAL SCHOOL			
National Center for Research Resources	93.389	Harvard Med 115113-0006 NIH Pr	39,041
Allergy, Immunology and Transplantation Research	93.855	Harvard/NIH R21 AI068548-02	33,440
Allergy, Immunology and Transplantation Research	93.855	Harvard/151128-0102/AI071306-02	32,677
Microbiology and Infectious Diseases Research	93.856	NIH U54 AI05 7159-04	100,499
Microbiology and Infectious Diseases Research	93.856	HARVARD/ U54 AI057159-05	254,362
N.E. Regional Center of Excellence-Project 6 Innate Immunity & Hemorrhagic Fever	93.n/a	Harvard Med Schl/5 U54 AI057159-06	620,872
HARVARD PILGRIM HEALTH CARE			
Research on Healthcare Costs, Quality and Outcomes	93.226	HPHC/AHRQ/5 U18 HS01	2,810

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
HARVARD PILGRIM HEALTH CARE			
Research on Healthcare Costs, Quality and Outcomes	93.226	HPHC/1 U18 HS016955	37,084
Research on Healthcare Costs, Quality and Outcomes	93.226	HPHC/AHRQ/HHSA180200500331-T04-WA1	5,755
Research on Healthcare Costs, Quality and Outcomes	93.226	HPHC/5 U18 HS010391-	5,032
Mental Health Research Grants	93.242	HPHC/MH067822-04	240,604
Mental Health Research Grants	93.242	HPHC/MH69776-01	24,465
Epidemiological Studies of the Adverse Effects of Marketed Drugs	93.n/a	HPHC/HHSF22320051001-Mod # 5	14,338
HARVARD SCHOOL OF PUBLIC HEALTH			
Occupational Safety and Health Program	93.262	Email dated 7-10-06	95
Cancer Control	93.399	Sub agrmt dated 12-4-07	5,046
Early Life Processes Endocrine Mediators and Number of Susceptible Cells in Relation to Breast Cancer Risk	93.n/a	HSPH/DAMD-W81XWH-05-1-0314	123,803
Use of Solid Phase Microextraction (SPME) to Assess Biomarkers of Inhalation and Dermal Exposures to Mixed Solvents	93.n/a	Email dated 9/28/06	173
Dioxins and Male Pubertal Growth and Development	93.n/a	Harvard/R01 ES014370	22,846
HARVARD SCHOOL OF PUBLIC HEALTH - ENV EPIDEM			
Biometry and Risk Estimation-Health Risks from Environmental Exposures	93.115	Harvard/NIH 1 R01 ES	218
Biomechanical Evaluation of Air Stretcher as Alternative for Carpet Knee-Kicker	93.n/a	Letter dated 8-8-07	7,096
HARVARD UNIVERSITY			
Research on Healthcare Costs, Quality and Outcomes	93.226	HARVARD CAHPS 2	37,413
HEBREW REHAB			
Aging Research	93.866	HEBREW REHAB 2 P01AG004390	45,476
HEBREW SENIOR LIFE			
Foot Disorders and Falls in a Population-Based Cohort	93.n/a	HRCA/1 R01 AG026316	24,681
ILLINOIS INSTITUTE OF TECHNOLOGY			
Heart and Vascular Diseases Research	93.837	IIT/ SA266-0903	111,521
INFOSCITEX CORPORATION			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Subcontract #1184-1S1	15,694
INSIGHT NEUROIMAGING SYSTEMS, LLC			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Insight MRI/R 44 NS057616-01A1	14,066
JBS INTERNATIONAL, INC.			
NIDA Center of Excellence - Massachusetts Consortium of Medical Schools	93.n/a	JBS/NIDA 263-01-D-0158	54,914
JOHNS HOPKINS UNIVERSITY			
JHMS/P01 HL051811-14	93.n/a	JHU/P01 HL051811/Sub#: 2000411751	138,918
JOSLIN DIABETES CENTER			
Diabetes, Endocrinology and Metabolism Research	93.847	JD/DK60837-01 Proj 4	5,782
Diabetes, Endocrinology and Metabolism Research	93.847	JD/DK60837Genomics	9,714
Diabetes, Endocrinology and Metabolism Research	93.847	JD/DK60837-01 Proj 3	8,456
Diabetes, Endocrinology and Metabolism Research	93.847	JD/DK60837-01 Protem	12,809

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
KAISER FOUNDATION RESEARCH INSTITUTE			
Heart and Vascular Diseases Research	93.837	KFRI/115-9337-02/U10 HL091179-01	59,621
LOWELL COMMUNITY HEALTH CENTER			
Cambodian Community Health	93.n/a	Subcontract under U50 DP122151-05	19,093
MASS DEPARTMENT OF MENTAL HEALTH			
MA DMH/WCC/SM52914-07	93.n/a	MA DMH/WCC/SM52914-0	123
MASS DEPARTMENT OF PUBLIC HEALTH			
Injury Prevention and Control Research and State and Community Based Programs	93.136	MA DPH 3401M-115043: RapeCrisis	6,734
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	SC-DPH-3205-4802004	135
MA DPH/Mass Start Fy 07	93.n/a	MA DPH/Mass Start Fy	2,915
MASS DEPT. OF HOUSING & COMMUNITY DEVELOPMENT			
Low-Income Home Energy Assistance	93.568	CT ENV 03300600000000003317	23,479
MASS DEVELOPMENTAL DISABILITIES COUNCIL			
Developmental Disabilities Basic Support and Advocacy Grants	93.630	06.CS.D	17,079
MASS EYE & EAR INFIRMARY			
Sudden Hearing Loss Multicenter Treatment Trial	93.n/a	MEEI/U01 DC006296-01	81,751
MASSACHUSETTS GENERAL HOSPITAL			
Food and Drug Administration Research	93.103	MGH/DHHS FD-R-002555	537
Human Genome Research	93.172	1 R01 HG003475-01A1	62,966
Mental Health Research Grants	93.242	MGH/5 R01 MH063445-05	16,611
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	R01CI000322-01	22,200
Diabetes, Endocrinology and Metabolism Research	93.847	MGH/TODAY Study/5 U01 DK061230-07	24,614
Biomedical Research and Research Training	93.859	Gen. Hospital of Mass/1 R24 GM078369-01	108,777
Biomedical Research and Research Training	93.859	1 R01 GM084455-01A2	149
Biomedical Research and Research Training	93.859	219248	30,128
Treatment of Bipolar Disorder Study	93.n/a	MGH/N01 MH80001	80
MASSACHUSETTS INSTITUTE OF TECHNOLOGY			
Research Related to Deafness and Communication Disorders	93.173	5710002042	43,372
Dengue Genome Project	93.n/a	MIT/HHSN26620040001C Subaward 5710001999	254,135
MEDICAL COLLEGE OF WISCONSIN			
Allergy, Immunology and Transplantation Research	93.855	Sub U19-A1067734 - PO 923387	3,701
Allergy, Immunology and Transplantation Research	93.855	PO# 986382 - Subaward Agmt dtd 10//07	4,350
MICHIGAN STATE UNIVERSITY			
Mental Health Research Grants	93.242	MSU/NIH 2 R014 MH053433-11A1	48,560
MONTANA STATE UNIVERSITY			
Diabetes, Endocrinology and Metabolism Research	93.847	MSU/1 R21 DK074027 G016-07-W0813	18,852

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
MONTEFIORE MEDICAL CENTER, HEALTH AGENCY			
Environmental Health	93.113	MONTEFIORE	112,732
Environmental Health	93.113	MONTEFIORE PRIME NIH ES007912	2,305
MOUNT SINAI MEDICAL CENTER			
Allergy, Immunology and Transplantation Research	93.855	MSSM/NIH 5 U19 AI062623-04	193,640
MOUNT SINAI SCHOOL OF MEDICINE			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	MT SINAICombiRx-Phase III	27,947
NATIONAL BUREAU OF ECONOMIC RESEARCH			
Human Health Studies Applied Research and Development	93.206	R21 AG027421 (33-4097-00-0-80-147- 7700)	14,073
NATIONAL CHILDHOOD CANCER FOUNDATION			
Cancer Treatment Research	93.395	NCCF/U10 CA98543/Sub#16904	13,212
Cancer Treatment Research	93.395	NCCF/U10 CA98543- 045Agreement:16653	56,903
Cancer Treatment Research	93.395	NCCF/U10CA30969 Yr 05	40,741
NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY & HEALTH			
Occupational Safety and Health Program	93.262	1 K01 OH007999-01 & -02	7,004
Nail Salon Hazards and Health Effects	93.n/a	1 K01 OH007956-01	536
Ergosterol Analysis	93.n/a	PO# 212-2007-M-21060 (HSPH PO#Z090)	5,464
NATIONAL INSTITUTES OF HEALTH			
Mental Health Research Grants	93.242	1 R01 MH074589-01A2	389,396
NATIONAL SPACE BIOMEDICAL RESEARCH INSTITUTE			
Noninvasive Measurement of Blood and Tissue Chemistry	93.n/a	SMS00403	56,967
NATIONAL SURGICAL ADJUVANT BREAST & BOWEL PROJECT			
Cancer Treatment Research	93.395	NSABP/NIH CA12027	8,860
NATIONAL YOUTH SPORTS			
2006 National Youths Sports Program	93.n/a	NYSPPF 06:050	1,858
2005 National Youths Sports Program	93.n/a	NYSPPF05:1162	590
NEURONAUTICS, INC			
Aging Research	93.866	R44 AG018661	101,279
Aging Research	93.866	SBIR under 2R44 AG018661-04	58,765
NEW ENGLAND GENETICS AND NEWBORN SCREEN			
Maternal and Child Health Federal Consolidated Programs	93.110	NERGG/1 U22MC03959-01-00	3,808
NEW ENGLAND MEDICAL CENTER			
Research on Healthcare Costs, Quality and Outcomes	93.226	NEMCH/ 5 HS015124-02	26,954
NEW ENGLAND RESEARCH INSTITUTE, INC.			
NERI/ZTOPCAT/HC45207	93.n/a	NERI/ZTOPCAT/HC45207	4,329

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
NEW YORK UNIVERSITY			
NYU/R01 AI054455-05	93.n/a	NYU/R01 AI054455-06	221,717
NIH-HEART, LUNG & BLOOD INSTITUTE			
Women's Health Initiative Memory Study (WHIMS)	93.n/a	N01-WH-4-4221/Project Nbr 09-25-0200	47,904
NIH-INST OF ALLERGY & INFECT DISEASES			
Allergy, Immunology and Transplantation Research	93.855	NIH 2 R01 AI038996-11A1	38,061
NORTHEASTERN UNIVERSITY			
Drug Abuse and Addiction Research Programs	93.279	108-0359	64,859
NORTHWESTERN UNIVERSITY			
Heart and Vascular Diseases Research	93.837	NWU/ HL073912 #0600 370 FK13 1157	441,247
Heart and Vascular Diseases Research	93.837	1 RO1 HL073912-01A2	13,007
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	NWU #0600 370 S515937 #1 & 2	146,741
NYU SCHOOL OF MEDICINE			
Allergy, Immunology and Transplantation Research	93.855	NYUSM/NAID-2 R01 AI3 PO 158059A14 Sub# 98-0291	213,432
PRAXIS, INC.			
Environmental Health	93.113	STTR/1 R42 MH077378-02	22,251
Environmental Health	93.113	Praxis/R42 HD 0504077-02	134,654
Environmental Health	93.113	Praxis/HD055021-02A2	116,942
Environmental Health	93.113	STTR Collaborative Reserach	60,131
Child Health and Human Development Extramural Research	93.865	STTR/1 R43 DD000053-01	27,253
Child Health and Human Development Extramural Research	93.865	Praxis/HD05077-01	4,270
Child Health and Human Development Extramural Research	93.865	Praxis/NIH 2 R42 HD0	29,214
Child Health and Human Development Extramural Research	93.865	Praxis/MH077378-01	44,642
Child Health and Human Development Extramural Research	93.865	Praxis/hd043640-03	60,567
Interactive Craniofacial Normative Database	93.n/a	Praxis/DE16442-01	7,411
PRIMARY IMMUNODEFICIENCY RESEARCH			
CONSOR			
Novel Approach to Oral Gene Therapy for Chronic Granulomatous Disease	93.n/a	PIRC/N01-A1-30070	141,201
PTC THERAPEUTICS INC			
Child Health and Human Development Extramural Research	93.865	PTC/1 R42 HD048137-3	228,882
RESEARCH TRIANGLE INTERNATIONAL			
Human Health Studies Applied Research and Development	93.206	RTI 1-312-0209686 (PRIME-NIH1 R01 HD04716301A2)	391,468
RHODE ISLAND HOSPITAL			
Diabetes, Endocrinology and Metabolism Research	93.847	RHI/1 R21 DK069462/ PO:Z101063147	28,873
RUTGERS UNIVERSITY			
Aging Research	93.866	108-0001	9,386
SIMON FRASER UNIVERSITY			
Immunogenicity of the Membrane-Proximal Region of HIV-1 gp41	93.n/a	SFU/1 R03 AI68502-02	18,876

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
SOCIAL & SCIENTIFIC SYSTEMS, INC.			
Mental Health Research Grants	93.242	S & SS/ 1 U01 AI068632-01-T005	1,440
Mental Health Research Grants	93.242	S&SS/1 U01 AI068632-T001	192,119
Mental Health Research Grants	93.242	S&SS/1U01AI068632-01Q-06-00120-T002	44,946
Mental Health Research Grants	93.242	S&SS/1 U01AI068632-01 Q-06-00120-T004	17,490
Mental Health Research Grants	93.242	S&SS/1U01AI068632-01 Q-6-00120-T003	40,825
Mental Health Research Grants	93.242	Immunology Lab-T006/BRS-IMPCT-06-00120-T006	62,778
SPECIAL OLYMPICS, INC			
Innovations in Applied Public Health Research	93.061	Gallup Organization, Inc.	187,000
Disabilities Prevention	93.184	1U59DD000340-01	64,455
Disabilities Prevention	93.184	CYAS	180,133
ST. LOUIS UNIV., CARDIOLOGY DEPT.			
Aging Research	93.866	ST. LOUIS UNIV-1R01AG021515-01	347
ST. LOUIS UNIVERSITY			
Allergy, Immunology and Transplantation Research	93.855	SLU/R01 AI072195-01A2	37,099
STATE UNIVERSITY OF NY AT ALBANY			
Vision Research	93.867	SUNY-RF-434-0141A	1,752
THOMAS JEFFERSON MED COLLEGE			
Biomedical Research and Research Training	93.859	TJ Unv/ 1 R01 GM076495-/Subaward # 080-0400-R88701	15,912
TUFTS UNIVERSITY			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	HS1813	4,592
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	N01-AL-30050	139,697
Innate Immunity in Dendritic Cells in Cryptosporidiosis	93.n/a	Tufts University/R01 AI071300	126,711
TULANE UNIVERSITY			
Child Health and Human Development Extramural Research	93.865	TULANE UNIV TUL-530-06/07	62,496
UNITED STEELWORKERS OF AMERICA			
Concerning the NIEHS Hazardous Waste Training DOE Grant	93.n/a	contract dated 02/14/06	94
UNIVERSITY HOSPITAL OF PARMA			
Lung Diseases Research	93.838	R01-HL072323	867
UNIVERSITY OF CALIFORNIA			
Research on Healthcare Costs, Quality and Outcomes	93.226	107-0454	16,543
Biomedical Research and Research Training	93.859	UNIV OF CA KK6141	41,752
Child Health and Human Development Extramural Research	93.865	UCLA/Yoga Kyphosis Sub#1558 G FC369	44,797
UNIVERSITY OF CENTRAL FLORIDA			
Biomedical Research and Research Training	93.859	CENTRAL FL	2,730
UNIVERSITY OF COLORADO AT DENVER			
Allergy, Immunology and Transplantation Research	93.855	UCDHSC/NIH 2 AI050864-06	37,217
Allergy, Immunology and Transplantation Research	93.855	UCDHSC/5 U19 AI05086	39,324

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
UNIVERSITY OF CONNECTICUT			
Mental Health Research Grants	93.242	UCONN 659706 (PRIME # NIH 5R01MH066645)	71,488
UNIVERSITY OF FLORIDA			
Diabetes, Endocrinology and Metabolism Research	93.847	Univ FL/P01 DK069237/UF07105	53,635
UNIVERSITY OF ILLINOIS			
Research Related to Deafness and Communication Disorders	93.173	Univ of IL/1 R01 DC0 Sub#2005-02832-03	77,675
Mental Health Research Grants	93.242	27268UM / RMHO68455B	26,244
UNIVERSITY OF IOWA HEALTH CARE			
Allergy, Immunology and Transplantation Research	93.855	P.O. 1000550515 -Univ Iowa/NIA R01AI047374-02	62,716
UNIVERSITY OF MARYLAND			
Mental Health Research Grants	93.242	Univ of MD/ 1 R34 MH081303-01	17,765
Mental Health Research Grants	93.242	107-0495	29,067
Unraveling Cell Death via Top-Down/Bottom-up Proteomics	93.n/a	Univ of MD/NIH R01 GM073723/Sub # 2189102	57,228
UNIVERSITY OF MICHIGAN			
Policy Research and Evaluation Grants	93.239	1 U01 AE	4,391
Heart and Vascular Diseases Research	93.837	Univ Michigan/HL073310-04/ Ref: 300841566	9,647
Aging Research	93.866	F015580	29,858
Aging Research	93.866	Univ of Michigan/Sub #: 3000828647	21,588
Aging Research	93.866	3000694106	48,646
UNIVERSITY OF MISSOURI			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	University of Missouri #C00000	27,008
UNIVERSITY OF NEW HAMPSHIRE			
Maternal and Child Health Federal Consolidated Programs	93.110	UNH/MC03959-04/Sub#08-067	48,858
Maternal and Child Health Federal Consolidated Programs	93.110	UNH/MC03959/Sub#08-029	25,315
UNIVERSITY OF NORTH CAROLINA			
Mental Health Research Grants	93.242	UNC/NIH 5 R01 MH0593	6,121
Child Health and Human Development Extramural Research	93.865	UNC #5-52407 #1,2,3,4	20,580
UNC/NIH 5 R01 MH059312	93.n/a	UNC/NIH 5 R01 MH059312	118,484
UNIVERSITY OF PENNSYLVANIA			
Kidney Diseases, Urology and Hematology Research	93.849	PENN PRIME NIH DK071224	47,316
Pathways of neurodegeneration in SBMA	93.n/a	Univ of Pa/NIH R01NS053825	13,344
UNIVERSITY OF PITTSBURGH			
Cancer Cause and Prevention Research	93.393	UPITT/AG012553-13/Subaward#0003345	198,954
UNIVERSITY OF PUERTO RICO			
Estrogenic Regulation of Cocaine Sensitization	93.n/a	Univ PR/ 5 U54 NS39405-08	27,514
UNIVERSITY OF RHODE ISLAND			
Geriatric Education Centers	93.969	110305/0000751	47

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Research and Development-Cluster			
Department of Health and Human Services			
Pass-Through Programs From			
UNIVERSITY OF ROCHESTER			
Heart and Vascular Diseases Research	93.837	UoR/R01 HL077478 PO:413287-003-G	18,723
UNIVERSITY OF SOUTHERN CALIFORNIA			
Mental Health Research Grants	93.242	USC/MH081810-02/Sub #123821	10,505
UNIVERSITY OF SOUTHERN MAINE			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	USM/DHHS CA-AD-06-213	46,004
UNIVERSITY OF TOLEDO			
Heart and Vascular Diseases Research	93.837	Univ of Toledo/U01 HL071556/CORAL	37,809
UNIVERSITY OF TULSA			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1R01NS PO# B0023406	46,690
UNIVERSITY OF WISCONSIN			
Inner City Asthma Consortium (ICAC): Immunologic Approaches to Reduce Asthma	93.n/a	Agreement #377H576	203,190
WAKE FOREST UNIVERSITY			
Women's Health Initiative - Study of Cognitive Aging (WHISCA)	93.n/a	Wake For/N01AG92115	23,337
WASHINGTON UNIVERSITY			
Cancer Treatment Research	93.395	WAW/CA81647-10	124,689
WESLEYAN UNIVERSITY			
Child Health and Human Development Extramural Research	93.865	Not Available	39,216
WEST VIRGINIA UNIVERSITY			
Injury Prevention and Control Research and State and Community Based Programs	93.136	04-441	55,541
WISTAR INSTITUTE			
Allergy, Immunology and Transplantation Research	93.855	WISTAR 23661-05-324	1,739
Allergy, Immunology and Transplantation Research	93.855	WISTAR 12465-08-324	25,728
Microbiology and Infectious Diseases Research	93.856	WISTAR 23541-06-324	164
WORCESTER POLYTECHNICAL INSTITUTE			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	AWARD# 1H79SM057873-01 2007- 210420-1	8,039
YALE UNIVERSITY			
Research on Healthcare Costs, Quality and Outcomes	93.226	A06912 (M-08-118)	43,233
Mental Health Research Grants	93.242	YALE NIMH NIH 1R01 MH6645-03	20,334
Occupational Safety and Health Program	93.262	5 R01 OH03457-09	72,571
Cancer Research Manpower	93.398	Yale/ 1 K07 CA119108-01A1	7,390
Allergy, Immunology and Transplantation Research	93.855	7 U18 HS009205-11	173,153
<i>Subtotal Pass-Through Programs</i>			14,594,459
Total Department of Health and Human Services			180,702,652
Corporation for National and Community Service			
Direct Programs			
Planning and Program Development Grants	94.007		960,175

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Research and Development-Cluster			
Corporation for National and Community Service			
Direct Programs			
<i>Subtotal Direct Programs</i>			<u>960,175</u>
Pass-Through Programs From			
ACADEMY OF APPLIED SCIENCE			
Training and Technical Assistance	94.009	Not Available	4,351
Training and Technical Assistance	94.009	Not Available	156
<i>Subtotal Pass-Through Programs</i>			<u>4,507</u>
Total Corporation for National and Community Service			<u>964,682</u>
Social Security Administration			
Direct Programs			
Social Security Research and Demonstration	96.007		4,061
<i>Subtotal Direct Programs</i>			<u>4,061</u>
Total Social Security Administration			<u>4,061</u>
Department of Homeland Security			
Pass-Through Programs From			
BBN TECHNOLOGIES CORP			
Department of Homeland Security Contracts	97.n/a	#9500008001	112,319
DARTMOUTH COLLEGE			
Centers for Homeland Security	97.061	Subaward agrmt 2006-CS-001-000001	11,511
Department of Homeland Security Contracts	97.n/a	Not Available	24,912
INFOSCITEX CORPORATION			
Centers for Homeland Security	97.061	PO GIO-0341	2,996
RADIX BIOSOLUTIONS			
Rapid, Multiplexed Enzymatic Analysis of Botulinum Neurotoxin Serotype Activity	97.n/a	AB070214TET-01	28,345
<i>Subtotal Pass-Through Programs</i>			<u>180,083</u>
Total Department of Homeland Security			<u>180,083</u>
United States Agency for International Development			
Direct Programs			
United State Agency for International Development Contracts	98.n/a	Not Available	17,558
<i>Subtotal Direct Programs</i>			<u>17,558</u>
Pass-Through Programs From			
ACADEMY FOR EDUCATIONAL DEVELOPMENT			
United State Agency for International Development Contracts	98.n/a	AED - USAID Afghanistan HEP RF 3613	1,546,961

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Research and Development-Cluster			
United States Agency for International Development			
Pass-Through Programs From			
CARE INC			
United State Agency for International Development Contracts	98.n/a	623-A-00-02-00068-00-UMASS-01	47
EDUCATION DEVELOPMENT CENTER, INC.			
United State Agency for International Development Contracts	98.n/a	14-5132	168,580
<i>Subtotal Pass-Through Programs</i>			<u>1,715,588</u>
Total United States Agency for International Development			<u>1,733,146</u>
Total Research and Development-Cluster			<u>300,806,333</u>
Student Financial Assistance - Cluster			
Department of Education			
Direct Programs			
Federal Supplemental Educational Opportunity Grants	84.007		3,870,765
Federal Work-Study Program	84.033		5,086,159
Federal Pell Grant Program	84.063		31,636,003
Academic Competitiveness Grants	84.375		1,450,485
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		1,194,626
<i>Subtotal Direct Programs</i>			<u>43,238,038</u>
Total Department of Education			<u>43,238,038</u>
Department of Health and Human Services			
Direct Programs			
Advanced Education Nursing Traineeships	93.358		14,887
<i>Subtotal Direct Programs</i>			<u>14,887</u>
Total Department of Health and Human Services			<u>14,887</u>
Total Student Financial Assistance - Cluster			<u>43,252,925</u>
Child Nutrition - Cluster			
Department of Agriculture			
Pass-Through Programs From			
MASS DEPARTMENT OF EDUCATION			
Summer Food Service Program for Children	10.559	03-072-SF-136	6,948
<i>Subtotal Pass-Through Programs</i>			<u>6,948</u>

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<i>Child Nutrition - Cluster</i>			
Department of Agriculture			<u>6,948</u>
Total Department of Agriculture			6,948
Total Child Nutrition - Cluster			6,948
<i>Fish & Wildlife - Cluster</i>			
Department of the Interior			
Pass-Through Programs From			
FLORIDA FISH AND WILDLIFE CONSERVATION			
Sport Fish Restoration	15.605	(FL FISH AND WILDLIFE) # 04199	648,888
<i>Subtotal Pass-Through Programs</i>			<u>648,888</u>
Total Department of the Interior			648,888
Total Fish & Wildlife - Cluster			648,888
<i>Food Stamps - Cluster</i>			
Department of Agriculture			
Pass-Through Programs From			
MASS DEPT. OF TRANSITIONAL ASSISTANCE			
Food Stamps	10.551	MA DTA WEL 1391 FNP FY07 FSP	567,703
Food Stamps	10.551	108-1228	1,656,719
Food Stamps	10.551	CT WEL 3081 3093003	22,443
<i>Subtotal Pass-Through Programs</i>			<u>2,246,865</u>
Total Department of Agriculture			2,246,865
Total Food Stamps - Cluster			2,246,865
<i>Highway Planning and Construction - Cluster</i>			
Department of Transportation			
Pass-Through Programs From			
CONNECTICUT DEPT OF TRANSPORTATION			
Highway Planning and Construction	20.205	5756	66,333
Highway Planning and Construction	20.205	1.24-05 (06) NETC PROJ NO 03-6	19,960
IBI GROUP			
Highway Planning and Construction	20.205	1481	2,083
MASS HIGHWAY DEPARTMENT			
Highway Planning and Construction	20.205	MA HWY 41906 GAID 3351	453,685
Highway Planning and Construction	20.205	ISA 2005A00041902 GAID 3350	286,197
Highway Planning and Construction	20.205	GAID 3332	10,098
Highway Planning and Construction	20.205	MA Hwy-5MS3378-Herbicide Alter	4,323

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Highway Planning and Construction - Cluster			
Department of Transportation			
Pass-Through Programs From			
MASS HIGHWAY DEPARTMENT			
Highway Planning and Construction	20.205	CT DPW 0813 INTF 0001 2005 A 00 41070	27,175
NEW ENGLAND TRANSPORTATION CONSORTIUM			
Highway Planning and Construction	20.205	10.25-02	60,148
<i>Subtotal Pass-Through Programs</i>			<u>930,002</u>
Total Department of Transportation			<u>930,002</u>
Total Highway Planning and Construction - Cluster			<u>930,002</u>
 Federal Transit - Cluster			
Department of Transportation			
Pass-Through Programs From			
PIONEER VALLEY REGIONAL PLANNING COMM			
Federal Transit Capital Investment Grants	20.500	FTA G-13/E2005-BUSP-196	532,039
<i>Subtotal Pass-Through Programs</i>			<u>532,039</u>
Total Department of Transportation			<u>532,039</u>
Total Federal Transit - Cluster			<u>532,039</u>
 Highway Safety - Cluster			
Department of Transportation			
Direct Programs			
State and Community Highway Safety	20.600		77,440
<i>Subtotal Direct Programs</i>			<u>77,440</u>
Pass-Through Programs From			
MASS EXEC OFFICE OF PUBLIC SAFETY			
State and Community Highway Safety	20.600	EPSFY08CIOTPOL08A	36,975
MASS GOVERNOR'S HIGHWAY SAFETY BUREAU			
State and Community Highway Safety	20.600	MA GHSB 3920/2007: 408 Police	6,567
UNIVERSITY OF MICHIGAN			
State and Community Highway Safety	20.600	Sub Contract # 3000845041	12,874
<i>Subtotal Pass-Through Programs</i>			<u>56,416</u>
Total Department of Transportation			<u>133,856</u>

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Highway Safety - Cluster			
Total Highway Safety - Cluster			133,856
Trio - Cluster			
Department of Education			
Direct Programs			
TRIO Student Support Services	84.042		750,707
TRIO Talent Search	84.044		403,585
TRIO Upward Bound	84.047		1,811,130
TRIO McNair Post-Baccalaureate Achievement	84.217		271,698
<i>Subtotal Direct Programs</i>			3,237,120
Total Department of Education			3,237,120
Total Trio - Cluster			3,237,120
Workforce Investment Act - Cluster			
Department of Labor			
Pass-Through Programs From			
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
Workforce Investment Act Adult Program	17.258	BAPIC July12007 - June302008 Adult	377,327
Workforce Investment Act Adult Program	17.258	1027	26,281
Workforce Investment Act Youth Activities	17.259	BAPIC-LOI-6/27/07Youth	154,167
Workforce Investment Act Dislocated Workers	17.260	Not Available	15,329
Workforce Investment Act Dislocated Workers	17.260	1011	4,079
Workforce Investment Act Dislocated Workers	17.260	BAPIC July12007-June302008 DISLOC	574,468
CAREER CENTER OF LOWELL			
Workforce Investment Act Youth Activities	17.259	Contract #07-580; PO# 57270346-00 S	385
DEL-JEN JOB CORPS OAP			
Workforce Investment Act Youth Activities	17.259	Not Available	4,548
FLORIDA ATLANTIC UNIVERSITY			
Workforce Investment Act Adult Program	17.258	Sub Award # URG48	2,965
GREATER NB WORKFORCE INVESTMENT AREA			
Workforce Investment Act Youth Activities	17.259	777	28,462
Workforce Investment Act Youth Activities	17.259	3051	466
MASS DIVISION OF CAREER SERVICES			
Workforce Investment Act Dislocated Workers	17.260	SC-DES-3250-40SCC24	8,828
NEW DIRECTIONS			
Workforce Investment Act Youth Activities	17.259	WIA TITLE 1, YOUTH OUT OF SCHOOL	567
Workforce Investment Act Youth Activities	17.259	03-026-07-8-002	53
PEABODY ESSEX MUSEUM			
Workforce Investment Act Dislocated Workers	17.260	Not Available	25,517

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Workforce Investment Act - Cluster			
Department of Labor			
Pass-Through Programs From			
<i>Subtotal Pass-Through Programs</i>			<u>1,223,442</u>
Total Department of Labor			<u>1,223,442</u>
Total Workforce Investment Act - Cluster			<u>1,223,442</u>
Other Federal Assistance			
Department of Agriculture			
Direct Programs			
Sustainable Agriculture Research and Education	10.215		13,084
State Mediation Grants	10.435		162,378
Cooperative State Research, Education and Extension Service	10.500		3,740,897
<i>Subtotal Direct Programs</i>			<u>3,916,359</u>
Pass-Through Programs From			
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
State Administrative Matching Grants for Food Stamp Program	10.561	BAPIC-LOI-6/27/07-SKILLS	17,572
CORNELL UNIVERSITY			
Cooperative State Research, Education and Extension Service	10.500	CORNELL 54187-8606	836
KANSAS STATE UNIVERSITY			
Cooperative State Research, Education and Extension Service	10.500	KANSAS STATE S08059	21,757
Cooperative State Research, Education and Extension Service	10.500	Kansas State University/4H/CFY	35,539
Cooperative State Research, Education and Extension Service	10.500	KANSAS STATE S08036	44,446
MASS DEPARTMENT OF EDUCATION			
State Administrative Expenses for Child Nutrition	10.560	108-0182 GAID 4670	84,025
NORTHEAST SARE			
Cooperative State Research, Education and Extension Service	10.500	N.E. SARE 2006-47001-03367	6,708
UNIVERSITY OF DELAWARE			
Cooperative State Research, Education and Extension Service	10.500	2004-49200-02254	4,263
Cooperative State Research, Education and Extension Service	10.500	FREC352124	6,635
UNIVERSITY OF VERMONT			
Sustainable Agriculture Research and Education	10.215	LNE07-259	34,444
Cooperative State Research, Education and Extension Service	10.500	UNIV OF VT PDP07-004	800
<i>Subtotal Pass-Through Programs</i>			<u>257,025</u>
Total Department of Agriculture			<u>4,173,384</u>
Department of Commerce			
Direct Programs			
Cooperative Science and Education Program	11.455		72,136

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title Other Federal Assistance	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Department of Commerce			
Direct Programs			
Technology Opportunities Program	11.552		10,382
<i>Subtotal Direct Programs</i>			82,518
Pass-Through Programs From			
CLEMSON UNIVERSITY			
ITA Special Projects	11.113	ITA-08-07400	10,162
GEORGIANNA PARKINS			
Minority Business Enterprise Centers	11.800	07-003991 C 00	59,039
VIRGINIA INSTITUTE OF MARINE SCIENCE			
Coastal Zone Management Administration Awards	11.419	713141-01	16,996
<i>Subtotal Pass-Through Programs</i>			86,197
Total Department of Commerce			168,715
Department of Defense			
Direct Programs			
Basic and Applied Scientific Research	12.300		13,982
Basic Scientific Research	12.431		4,341
Ashumet Pond '08	12.n/a	CAS-07-0001	33,135
US Army Natick Soldier Research Development & Engineering Center Lean 6 Sigma Trg	12.n/a	W911QY-07-P-0172	19,004
<i>Subtotal Direct Programs</i>			70,462
Pass-Through Programs From			
PROGENY SYSTEMS CORPORATION			
Miniaturized Wireless Data Application	12.n/a	PSC-01000	16,244
SCIENCE APPLICATIONS INTERNATIONAL CORP			
Department of Defense Contracts	12.n/a	4600009505	116,596
SAIC FMET II	12.n/a	MDA210-02-A-0008	54,436
U.S. ARMY NATICK SOLDIER CENTER			
US Army Natick Parachute	12.n/a	US Army MC6 Nov-7-2005 UMDI	25,920
<i>Subtotal Pass-Through Programs</i>			213,196
Total Department of Defense			283,658
Department of Housing and Urban Development			
Direct Programs			
Supportive Housing Program	14.235		11,988
Community Outreach Partnership Center Program	14.511		2,489
<i>Subtotal Direct Programs</i>			14,477

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title <i>Other Federal Assistance</i>	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Department of Housing and Urban Development			
Pass-Through Programs From			
CITY OF NEW BEDFORD			
Community Development Block Grants/Small Cities Program	14.219	DPS-07-28	5,000
<i>Subtotal Pass-Through Programs</i>			<u>5,000</u>
Total Department of Housing and Urban Development			<u>19,477</u>
Department of the Interior			
Pass-Through Programs From			
ESSEX NATIONAL HERITAGE COMMISSION			
National Register of Historic Places	15.914	EHNC 2006 Partnership Grant	2,000
<i>Subtotal Pass-Through Programs</i>			<u>2,000</u>
Total Department of the Interior			<u>2,000</u>
Department of Justice			
Direct Programs			
Police Corps	16.712		11,640
<i>Subtotal Direct Programs</i>			<u>11,640</u>
Pass-Through Programs From			
CITY OF NEW BEDFORD			
Edward Byrne Memorial Formula Grant Program	16.579	897	8,400
MASS DEPARTMENT OF PUBLIC HEALTH			
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	107-1618 GAID 4350	11,631
MASS OFFICE FOR VICTIM ASSISTANCE			
Crime Victim Assistance	16.575	107-1040 GAID 4469	50,786
<i>Subtotal Pass-Through Programs</i>			<u>70,817</u>
Total Department of Justice			<u>82,457</u>
Department of Labor			
Direct Programs			
Compensation and Working Conditions	17.005		111,462
Disability Employment Policy Development	17.720		494,664
<i>Subtotal Direct Programs</i>			<u>606,126</u>
Pass-Through Programs From			
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
Employment Service/Wagner-Peyser Funded Activities	17.207	BAPIC July 2007 June 2008	406,714
Unemployment Insurance	17.225	Not Available	1,368

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title <i>Other Federal Assistance</i>	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
Department of Labor			
Pass-Through Programs From			
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
Unemployment Insurance	17.225	BAPIC July 2007 June 2008	138
Workforce Investment Act	17.255	1011	15,254
Workforce Investment Act	17.255	Not Available	57,794
Workforce Investment Act	17.255	1027	587
Work Incentive Grants	17.266	10SCC10	55
Work Incentive Grants	17.266	BAPIC-L01-06/27/07-NAV	53,411
Career Works BAPIC RYA 03	17.n/a	Not Available	38,000
Career Works RYA 02	17.n/a	Not Available	2,257
<i>Subtotal Pass-Through Programs</i>			575,578
Total Department of Labor			1,181,704
Department of State			
Direct Programs			
Professional Exchanges Annual Open Grant	19.415		441,932
Educational Exchange, American Studies Institute	19.418		246,089
Educational Exchange Scholar-in-Residence (U.S. Institutions of Higher Education Host Lecturing Faculty From Abroad)	19.431		86,779
Indonesian Legislators - participants	19.n/a	SID320-06-GR-042	7,680
Indonesian Legislators - non-participants	19.n/a	SID320-06-GR-042	66,578
<i>Subtotal Direct Programs</i>			849,058
Pass-Through Programs From			
FULBRIGHT COMMISSION ARGENTINA			
Fulbright Commission Argentina-Institute on American Studies & Leadership 2008	19.n/a	Fulbright Argentina 2008	2,712
<i>Subtotal Pass-Through Programs</i>			2,712
Total Department of State			851,770
Department of Transportation			
Pass-Through Programs From			
MASS HIGHWAY DEPARTMENT			
Highway Training and Education	20.215	CT#51797	52,226
<i>Subtotal Pass-Through Programs</i>			52,226
Total Department of Transportation			52,226
General Services Administration			
Direct Programs			
Head Start Improvement Service	39.n/a	GS-10F-0211M	721,809

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title <i>Other Federal Assistance</i>	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
General Services Administration			
Direct Programs			
<i>Subtotal Direct Programs</i>			<u>721,809</u>
Total General Services Administration			<u>721,809</u>
National Aeronautics and Space Administration			
Direct Programs			
Technology Transfer	43.002		20,383
<i>Subtotal Direct Programs</i>			<u>20,383</u>
Total National Aeronautics and Space Administration			<u>20,383</u>
National Foundation on the Arts and the Humanities			
Direct Programs			
Promotion of the Humanities Professional Development	45.163		95,688
<i>Subtotal Direct Programs</i>			<u>95,688</u>
Pass-Through Programs From			
ARTS MIDWEST			
Promotion of the Arts Grants to Organizations and Individuals	45.024	07-702410	18,313
<i>Subtotal Pass-Through Programs</i>			<u>18,313</u>
Total National Foundation on the Arts and the Humanities			<u>114,001</u>
National Science Foundation			
Direct Programs			
Engineering Grants	47.041		49,412
Computer and Information Science and Engineering	47.070		7,462
Biological Sciences	47.074		2,432
Social, Behavioral, and Economic Sciences	47.075		5,405
Education and Human Resources	47.076		1,470,557
National Mediation Board: NMB Online Dispute Resolution Support	47.n/a	108-0598 GAID 3134	42,616
National Science Foundation Contracts	47.n/a	Not Available	9,706
<i>Subtotal Direct Programs</i>			<u>1,587,590</u>
Pass-Through Programs From			
BUNKER HILL COMMUNITY COLLEGE			
Computer and Information Science and Engineering	47.070	NSF AWARD # 0603347	3,709
EDUCATION DEVELOPMENT CENTER, INC.			
Education and Human Resources	47.076	ESI 0623259	6

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Other Federal Assistance</i>			
National Science Foundation			
Pass-Through Programs From			
IT'S ABOUT TIME			
Education and Human Resources	47.076	NSF GRANT NO ESI 03502516	67,302
LANDMARK COLLEGE			
Education and Human Resources	47.076	Landmark 08-09-07	5,025
<i>Subtotal Pass-Through Programs</i>			76,042
Total National Science Foundation			1,663,632
Department of Veterans Affairs			
Direct Programs			
Veteran's Administration CIDER Support III	64.n/a	523-D87000	11,756
Dept Of Veteran Affairs Medical Center Cider Support II consulting services	64.n/a	GS10F0211M	13,570
<i>Subtotal Direct Programs</i>			25,326
Total Department of Veterans Affairs			25,326
Environmental Protection Agency			
Pass-Through Programs From			
MASS DEPT OF ENVIRONMENTAL PROTECTION			
Performance Partnership Grants	66.605	106-1620 GAID 4489	18,634
<i>Subtotal Pass-Through Programs</i>			18,634
Total Environmental Protection Agency			18,634
Department of Energy			
Pass-Through Programs From			
NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY			
State Energy Program Special Projects	81.119	107-0372	94,273
<i>Subtotal Pass-Through Programs</i>			94,273
Total Department of Energy			94,273
Department of Education			
Direct Programs			
Higher Education Institutional Aid	84.031		321,912
Rehabilitation Long-Term Training	84.129		179,435
Javits Fellowships	84.170		34,110
Bilingual Education-Professional Development	84.195		742,881
Graduate Assistance in Areas of National Need	84.200		164,854
Education Research, Development and Dissemination	84.305		385,410

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Other Federal Assistance</i>			
Department of Education			
Direct Programs			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		913,472
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333		344,533
Teacher Quality Enhancement Grants	84.336		224,239
Early Childhood Educator Professional Development	84.349		840,263
Transition to Teaching	84.350		195,725
Reading First State Grants	84.357		274,018
<i>Subtotal Direct Programs</i>			4,620,852
Pass-Through Programs From			
AMHERST-PELHAM REGIONAL SCHOOL DISTRICT			
Fund for the Improvement of Education	84.215	U212X020133	29,256
BOSTON UNIVERSITY			
Improving Teacher Quality State Grants	84.367	GC 198114 NCG Modification #3	59,243
BROCKTON AREA PRIVATE INDUSTRY COUNCIL			
Adult Education State Grant Program	84.002	BAPIC 07-342	3,930
CAMBRIDGE PUBLIC SCHOOLS			
Foreign Language Assistance	84.293	SC 07831	16,508
CHILDREN'S HOSPITAL			
National Institute on Disability and Rehabilitation Research	84.133	PO # 0000148098	746,183
CITY OF BOSTON			
Early Reading First	84.359	24427	12,011
CITY OF CHELSEA			
Early Reading First	84.359	PO 00003717-00	42,267
CITY OF SPRINGFIELD			
Arts in Education	84.351	PO 15416-7	53,582
GREAT SCHOOLS PARTNERSHIP			
Fund for the Improvement of Education	84.215	GSP10-01-07	59,796
HAMPSHIRE EDUCATIONAL COLLABORATIVE			
Transition to Teaching	84.350	HECTTLT 2007	28,289
MASS DEPARTMENT OF EDUCATION			
Adult Education State Grant Program	84.002	343-010-8-1261-I	110,805
Adult Education State Grant Program	84.002	34000581255I	454,358
Advanced Placement Program	84.330	CT-DOE-747-UMASSDonahueISI	2,799
Early Childhood Educator Professional Development	84.349	Not Available	2,308
Reading First State Grants	84.357	07ITDCL3	29,059
Mathematics and Science Partnerships	84.366	CT-DOE-84700UMASSDON249300A	64,243
Striving Readers	84.371	ISADOEXXXXXXXXXXUMSDonahue08A	11,382
MASS DEPT OF ELEMENTARY & SECONDARY ED			
Transition to Teaching	84.350	CT-DOE-82400UMASSHADLEYISA1	330
NATIONAL WRITING PROJECT			
National Writing Project	84.928	92-MA01 (UNIV OF CA)	42,989

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Other Federal Assistance</i>			
Department of Education			
Pass-Through Programs From			
THE EDUCATION COOPERATIVE			
Fund for the Improvement of Education	84.215	U215X050094	1,032
TOWN OF WEYMOUTH			
Fund for the Improvement of Education	84.215	WEYMOUTH PUBLIC SCHOOLS	10,058
UNIVERSITY OF SOUTHERN MAINE			
Fund for the Improvement of Education	84.215	6420034 MSAD#6	76,001
WORCESTER PUBLIC SCHOOLS			
Fund for the Improvement of Education	84.215	PO 389215	6,040
Fund for the Improvement of Education	84.215	PO392211	255
Fund for the Improvement of Education	84.215	PO 412239	27,954
<i>Subtotal Pass-Through Programs</i>			1,890,678
Total Department of Education			6,511,530
Department of Health and Human Services			
Direct Programs			
Compassion Capital Fund	93.009		142,000
Special Programs for the Aging Title IV_and Title II_Discretionary Projects	93.048		113,611
Nursing Workforce Diversity	93.178		302,776
Advanced Education Nursing Traineeships	93.358		48,533
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		185,217
<i>Subtotal Direct Programs</i>			792,137
Pass-Through Programs From			
BROCKTON NEIGHBORHOOD HEALTH CENTER			
Community Services Block Grant Discretionary Awards	93.570	BNHC Jun-15-2004 UMDI	2,782
CHILDREN'S HOSPITAL			
Maternal and Child Health Federal Consolidated Programs	93.110	2 T73 MC00020-15-00	838
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	90D0575/01	306,314
HHS/PSC/AOS/MID AMERICA CASU			
Head Start TA SRV(Non-Personn)	93.n/a	R7-CASU-05-0095	293,804
Head Start TA Services	93.n/a	R7-CASU-05-0095	1,891,374
MASS DEPARTMENT OF PUBLIC HEALTH			
Injury Prevention and Control Research and State and Community Based Programs	93.136	108-0285 GAID 4551	236,064
Maternal and Child Health Services Block Grant to the States	93.994	INTF7900MM3701516150	221,095
MASS DEPARTMENT OF REVENUE			
Grants to States for Access and Visitation Programs	93.597	DOR 12010109 UMS 08A	3,203
MASS DEVELOPMENTAL DISABILITIES COUNCIL			
Developmental Disabilities Basic Support and Advocacy Grants	93.630	CT ADD 0100 8G06CRC*CRNO*0	20,830

**University of Massachusetts
Schedule of Federal Expenditures
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Federal Agency or Pass-Through Entity Award Number	Expenditures
<i>Other Federal Assistance</i>			
Department of Health and Human Services			
Pass-Through Programs From			
RIVER VALLEY COUNSELING CENTER INC			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	River Valley 100107	45,156
SANDIA NATIONAL LABS			
Portable Microfluidic Platform for Bioterrorism Diagnostics	93.n/a	788430	37,082
TUFTS UNIVERSITY			
Health Careers Opportunity Program	93.822	(TUFTS UNIV) HCOP 99404	32,921
<i>Subtotal Pass-Through Programs</i>			<u>3,091,463</u>
Total Department of Health and Human Services			<u>3,883,600</u>
Corporation for National and Community Service			
Direct Programs			
Volunteers in Service to America	94.013		519,841
<i>Subtotal Direct Programs</i>			<u>519,841</u>
Pass-Through Programs From			
RHODE ISLAND CAMPUS COMPACT			
Learn and Serve America Higher Education	94.005	Not Available	5,713
<i>Subtotal Pass-Through Programs</i>			<u>5,713</u>
Total Corporation for National and Community Service			<u>525,554</u>
United States Agency for International Development			
Direct Programs			
USAID Development Partnerships for University Cooperation and Development	98.012		36,036
<i>Subtotal Direct Programs</i>			<u>36,036</u>
Total United States Agency for International Development			<u>36,036</u>
Total Other Federal Assistance			<u>20,430,169</u>
Total Federal Expenditures			<u>\$ 373,448,587</u>

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity or award transactions of the University of Massachusetts' Amherst, Boston, Dartmouth, Lowell and Worcester Medical School campuses and the Office of Central Administration ("University") (exclusive of University of Massachusetts Building Authority and University of Massachusetts Dartmouth Foundation, Inc., which have no significant federal funding) for the year ended June 30, 2008 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Administrative Cost Allowance

Included in amounts reported as expenditures on the schedule of expenditures of federal awards, the University received \$718,490 in administrative cost allowances from the Department of Education for its use in administering student financial assistance programs as follows:

Federal Perkins Program	\$ 4,923
FSEOG	70,239
Federal Work Study	643,328
	<u>\$ 718,490</u>

2. Nature of Program

By definition, the programs included herein are federally funded. As such, funding is at the discretion of the Federal government. However, management has received no indication of discontinuance other than normal completion.

3. Pass-Through Funds

Pass-through funds are funds received by the University indirectly from the federal government through a primary recipient. Included in the total Federal assistance of \$373,448,587 on the schedule of expenditures of federal awards for the year ended June 30, 2008 is \$48,099,150 of pass-through funds.

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

4. Subrecipients

Included in the total federal assistance of \$373,448,587 on the schedule of expenditures of federal awards for the year ended June 30, 2008 is \$31,871,899 of federal awards provided to subrecipients. The following is a summary of the subrecipient amounts passed through the University for the fiscal year ended June 30, 2008:

	CFDA Number	Amounts Provided to Subrecipients
<u>MAJOR PROGRAMS</u>		
Research and Development		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 13,000
Grants for Agricultural Research, Special Research Grants	10.200	554,171
Grants for Agricultural Research_Competitive Research Grants	10.206	684,142
Integrated Programs	10.303	174,184
Rural Housing Preservation Grants	10.433	26,827
Food Stamps	10.551	3,654
Forestry Research	10.652	4,000
Cooperative Forestry Assistance	10.664	70,553
Environmental Quality Incentives Program	10.912	10,000
ITA Special Projects	11.113	21,084
Coastal Zone Management Administration Awards	11.419	75,427
Marine Mammal Data Program	11.439	1,527
Unallied Science Program	11.472	985,584
Basic and Applied Scientific Research	12.300	94,883
Military Medical Research and Development	12.420	90,013
Basic Scientific Research	12.431	1,195,292
Air Force Defense Research Sciences Program	12.800	463,247
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	80,911
Sport Fish Restoration	15.605	451,823
Assistance to State Water Resources Research Institutes	15.805	21,624
Outdoor Recreation_Acquisition, Development and Planning	15.916	17,613
Part E - Developing, Testing and Demonstrating Promising New	16.541	33,117
Highway Research and Development Program	20.200	20,179
State Planning and Research	20.515	16,952
University Transportation Centers	20.760	17,819
Aerospace Education Services Program	43.001	151,975
Engineering Grants	47.041	2,639,927
Mathematical and Physical Sciences	47.049	852,506
Geosciences	47.050	27,152
Computer and Information Science and Engineering	47.070	289,955
Biological Sciences	47.074	81,293
Social, Behavioral, and Economic Sciences	47.075	114,554
Education and Human Resources	47.076	3,370,473
Small Business Development Center	59.037	1,130,060
State Underground Water Source Protection	66.433	2,961
Water Quality Cooperative Agreements	66.463	5,500

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

	CFDA Number	Amounts Provided to Subrecipients
<u>MAJOR PROGRAMS</u>		
Research and Development		
Science To Achieve Results (STAR) Research Program	66.509	18,911
Office of Research and Development Consolidated	66.511	126,654
Surveys, Studies, Investigations and Special Purpose Grants	66.606	277,053
Office of Science Financial Assistance Program	81.049	930,875
Fund for the Improvement of Postsecondary Education	84.116	18,190
National Institute on Disability and Rehabilitation Research	84.133	31,298
Safe and Drug-Free Schools and Communities_National	84.184	6,741
Rehabilitation Training_Continuing Education	84.264	150,729
Gaining Early Awareness and Readiness for Undergraduate	84.334	72,614
Early Childhood Educator Professional Development	84.349	230,122
Transition to Teaching	84.350	16,894
Mathematics and Science Partnerships	84.366	12,800
Innovations in Applied Public Health Research	93.061	178,000
Model State-Supported Area Health Education Centers	93.107	516,001
Maternal and Child Health Federal Consolidated Programs	93.110	452,607
Environmental Health	93.113	53,158
Applied Toxicological Research and Testing	93.114	387,734
AIDS Education and Training Centers	93.145	1,342,592
Human Genome Research	93.172	61,662
Research Related to Deafness and Communication Disorders	93.173	116,805
Disabilities Prevention	93.184	115,162
Research and Training in Complementary and Alternative	93.213	155,975
Research on Healthcare Costs, Quality and Outcomes	93.226	228,464
Mental Health Research Grants	93.242	597,955
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	15,465
Advanced Education Nursing Grant Program	93.247	48,244
Occupational Safety and Health Program	93.262	449,589
Drug Abuse and Addiction Research Programs	93.279	271,046
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	346,827
Discovery and Applied Research for Technological Innovations	93.286	94,644
Minority Health and Health Disparities Research	93.307	318,147
Minority Health and Health Disparities Research	93.307	318,147
Nursing Research	93.361	214,438
Minority Biomedical Research Support	93.375	66,998
Cancer Cause and Prevention Research	93.393	177,625
Cancer Detection and Diagnosis Research	93.394	74,880
Cancer Treatment Research	93.395	49,105
Cancer Biology Research	93.396	216,842
Cancer Control	93.399	12,797

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

	CFDA Number	Amounts Provided to Subrecipients
<u>MAJOR PROGRAMS</u>		
Research and Development		
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	3,383
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	951,787
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	66,099
Heart and Vascular Diseases Research	93.837	252,554
Lung Diseases Research	93.838	71,113
Blood Diseases and Resources Research	93.839	61,080
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	4,870
Diabetes, Endocrinology and Metabolism Research	93.847	481,950
Digestive Diseases and Nutrition Research	93.848	146,172
Kidney Diseases, Urology and Hematology Research	93.849	301,071
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	83,955
Allergy, Immunology and Transplantation Research	93.855	2,309,819
Microbiology and Infectious Diseases Research	93.856	286,480
Biomedical Research and Research Training	93.859	635,241
Population Research	93.864	36,013
Child Health and Human Development Extramural Research	93.865	277,731
Aging Research	93.866	1,002,476
Medical Library Assistance	93.879	294,141
Grants for Training in Primary Care Medicine and Dentistry	93.884	15,744
Native Hawaiian Health Systems	93.932	27,770
HIV Demonstration, Research, Public and Professional	93.941	6,565
International Research and Research Training	93.989	27,484
Planning and Program Development Grants	94.007	206,223
Department of Defense Contracts	12.n/a	104,060
Miscellaneous Environmental Protection Agency	66.n/a	100,861
Department of Energy Contracts	81.n/a	23,091
Department of Education Contracts	84.n/a	5,330
Miscellaneous Department of Health and Human Services	93.n/a	37,334
United State Agency for International Development Contracts	98.n/a	203,088
Total Research and Development		<u>\$ 30,591,259</u>

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

	CFDA Number	Amounts Provided to Subrecipients
<u>MAJOR PROGRAMS</u>		
Other Federal Assistance		
Food Stamps	10.551	2,975
Disability Employment Policy Development	17.720	271,747
Professional Exchanges_Annual Open Grant	19.415	36,500
Promotion of the Humanities_Professional Development	45.163	6,144
Engineering Grants	47.041	11,250
Computer and Information Science and Engineering	47.070	494
Education and Human Resources	47.076	338,673
TRIO_Upward Bound	84.047	163,680
Education Research, Development and Dissemination	84.305	18,170
Demonstration Projects to Ensure Students with Disabilities		
Receive a Higher Education	84.333	89,102
Early Childhood Educator Professional Development	84.349	246,752
Transition to Teaching	84.350	42,602
Improving Teacher Quality State Grants	84.367	23,993
University Centers for Excellence in Developmental Disabilities		
Education, Research, and Service	93.632	28,000
Miscellaneous Department of Defense	12.n/a	560
Total Other Federal Assistance		<u>1,280,640</u>
Total Awards to Subrecipients		<u>\$ 31,871,899</u>

University of Massachusetts
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

5. Student Financial Aid Loan Programs

The following schedule presents new loans processed by the University for eligible students under federal student loan programs and federally guaranteed loan programs for the year ended June 30, 2008:

	Federal CFDA #	Amount Disbursed	Amount Outstanding
Direct Loan Program:			
Perkins Loan	84.038	\$ 5,713,450	\$ 40,531,738
Nursing Student Loan	93.364	10,000	125,908
		<u>5,723,450</u>	<u>\$ 40,657,646</u>
William D. Ford Federal Direct Loan Program:			
Stafford/Ford Loans	84.268	91,646,513	
Parent Loans for Undergraduate Students	84.268	14,195,745	
		<u>105,842,258</u>	
Federal Family Education Loan Program:			
Stafford Loans	84.032	4,035,973	
Parent Loans for Undergraduate Students	84.032	734,018	
		<u>4,769,991</u>	
		<u>\$ 116,325,699</u>	

The Perkins Loan Program and the Nursing Student Loan Program is administered directly by the University and balances and transactions are included in the University's financial statements.

PART II

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Trustees of
University of Massachusetts

We have audited the financial statements of University of Massachusetts (the "University") (exclusive of University of Massachusetts Building Authority and University of Massachusetts Dartmouth Foundation, Inc.), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 5, 2008. In that report we indicated the extent of our reliance on the reports of other auditors in the conduct of the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the University of Massachusetts Building Authority and University of Massachusetts Dartmouth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

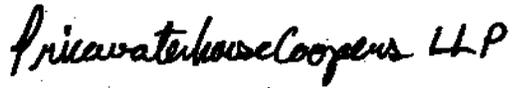
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University of Massachusetts in a separate letter dated November 7, 2008.

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

December 5, 2008

**Report of Independent Auditors on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance
In Accordance With OMB Circular A-133**

To the Board of Trustees of
University of Massachusetts

Compliance

We have audited the compliance of University of Massachusetts ("the University") (exclusive of University of Massachusetts Building Authority and University of Massachusetts Dartmouth Foundation, Inc.) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008, except for described in the second paragraph of this report. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the following compliance requirements specified by the Federal Perkins Loan Program and described in the *OMB Circular A-133 Compliance Supplement*:

- ▶ Contact with the borrower during the grace period
- ▶ Billing and collection procedures
- ▶ Reporting accounts in default to the credit bureau
- ▶ Processing payments
- ▶ Maintaining repayment records

Compliance with these requirements was audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the University's compliance with those requirements, is based solely on the reports of the other auditors.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-01 through 08-08.

Internal Control Over Compliance

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

We did not consider internal control over compliance with the following compliance requirements specified by the Federal Perkins Loan Program and described in the *OMB Circular A-133 Compliance*

- ▶ Contact with the borrower during the grace period
- ▶ Billing and collection procedures
- ▶ Reporting accounts in default to the credit bureau
- ▶ Processing payments
- ▶ Maintaining repayment records

Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the University's internal control over those compliance requirements, is based solely upon the reports of the other auditors.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The University's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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

PricewaterhouseCoopers LLP

December 5, 2008

PART III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**University of Massachusetts
 Schedule of Findings and Questioned Costs
 June 30, 2008**

Part I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) considered to be material weaknesses? _____ yes x none reported

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

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
<u>Various</u>	Research and Development Cluster
<u>84.007, 84.033, 84.063, 84.375, 84.376, 93.358</u>	Student Financial Assistance Cluster
<u>84.042, 84.044, 84.047, 84.217</u>	TRIO Cluster
<u>10.500</u>	Cooperative Extension Services

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

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

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Part II – Financial Statement Finding

There are no findings related to the audit of the University's financial statements that are required to be reported under auditing standards generally accepted in the United States of America and Government Auditing Standards.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Part III – Federal Award Findings and Questioned Costs

Part A:

The following section identifies instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133, Section 510.

Research and Development Cluster

Compliance Requirements: Allowable Costs (B)

Finding No. 08-01

Boston Campus

Federal Programs Involved

**Federal CFDA
Number**

Corporation for National and Community Service

94.007

Criteria

Per OMB Circular A-21 (C)(4) "If the institution authorizes the principal investigator or other individual to have primary responsibility for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator or designee or use of a password) will normally be considered sufficient." Without signature or initials to approve direct cost to the grant, allowability can not be determined.

Condition

We noted that for one out of 27 expenditures selected for testing from this grant, and for one out of 275 expenditures across the University, a portion of an expense charged to the grant for office supplies was not authorized by the PI or any other person with approval authority.

Cause

Proper review of the grant expenditures for allowability and approval was not performed by the campus.

Effect

Direct and indirect costs that are unallowable were charged to the grant.

Questioned Cost

We noted that the unapproved office supply direct cost was \$829 and that the indirect cost was \$165.80.

Recommendation

We recommend that the campus review their procedures for monitoring, proper authorization and approval of grant expenditures to ensure the expenses are allowable in accordance with Federal Regulations and properly approved. We further recommend that the campus refund the expenditure cost (direct and associated indirect cost) to the granting agency.

Management's Views and Corrective Action Plan:

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Finding No. 08-02

Compliance Requirement: Allowable Costs (B)

Worcester Campus

Federal Programs Involved

**Federal CFDA
Number**

Department of Health & Human Services -
Center for Medicare and Medicaid Services

93.768

Criteria

Per 2 CFR Part 220, Subtitle A, Chapter II (OMB Circular A-21) (J)(3) "Costs of alcoholic beverages are unallowable".

Condition

We noted that for one out of 13 expenditures selected for testing from this grant, and for one out of 275 expenditures across the University, a business meeting related expenditure charged on a University pro-card consisted of alcoholic beverages. We noted that the expenditure was authorized and approved by the principal investigator.

Cause

Proper review of the grant expenditures was not performed by the campus.

Effect

Direct and indirect costs that are unallowable were charged to the grant.

Questioned Cost

We noted that the direct cost associated with the unallowable cost was \$186 and that the indirect cost was \$16.74.

Recommendation

We recommend that the campus review their procedures for proper authorization and approval of grant expenditures to ensure the expenses are allowable in accordance with Federal Regulations. We further recommend that the campus refund the expenditure cost (direct and associated indirect cost) to the granting agency.

Management's Views and Corrective Action Plan:

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Finding No. 08-03

Compliance Requirement: Period of Availability (H)

Boston Campus

Federal Programs Involved	Federal CFDA Number
National Science Foundation	47.049
Department of Health and Human Services	
Health Agency for Healthcare Research and Quality	93.226
National Institutes of Health	93.242
Health Resources and Services Administration	93.256

Criteria

A-110 paragraph C.28 states, "Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency." The institution must be able to support the reasoning for a charge to a grant after the grant end date. This support should be well documented.

Condition

We noted that for four out of 15 expenses selected for testing at the Boston Campus, and four out of 55 expenses across the University that were charged to grants over 90 days after the grant expiration date did not have sufficient documentation to prove that the expense was allowable.

Cause

There was a failure by the responsible parties to follow required campus policy to maintain sufficient documentation to support an expense booked over 90 days after the grant expiration date.

Effect

Federal agencies require that the documentation to support the fact that these expenses are allowable is maintained.

Amount of Questioned Costs and How Computed

No questioned cost

Recommendation

We recommend that the campus adequately document explanations and maintain the documentation for expenses that are charged to a grant after 90 days after the grant expiration date. We also recommend that this documentation be maintained in accordance with University policy.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Finding No. 08-04

Compliance Requirement: Reporting (L)

Amherst Campus

Sponsor Award #	Federal CFDA Number
------------------------	--------------------------------

US Department of Defense Grant ID: S13300002300000 FA8718-06-C-0047	12.431
---	--------

Criteria

Standard Form SF-295, "Summary Subcontract Report," is a federal-wide form used to collect summary data on subcontracts made to small business concerns (including women-owned small businesses), small disadvantaged businesses (including, for DOD contracts, HBCUs and MIs), and large business concerns. Standard Form SF-295 are required to be submitted to each federal agency from which it has received one or more federal contracts over \$500,000 that have subcontracting plans.

Standard Form SF-294, "Subcontracting Report Form for Individual Contracts," is a federal-wide form used to collect data on subcontracts made to small, small disadvantaged, and large business concerns under individual federal contracts in excess of \$500,000 which include a subcontracting plan. Submittal of the forms continues to be required on a semi-annual basis; agencies may not require a more frequent submission without specific approval from the OMB. The reports are required for the periods October 1-March 31 and periods April 1- September 1, and must be submitted within 30 days from the last day in the period.

Condition

We noted that for one out of two Bi-annual SF-294 and SF-295 reports selected for testing at the Amherst Campus and one out of two across the University for the U.S. Department of Defense were not filed within the 30-day requirement. The required report was filed 19 days late.

Cause

Administrative delay in processing of the reporting forms.

Effect

Federal agencies did not receive the required financial information in accordance with the policy.

Recommendation

We recommend that the campus prepare and file in a timely manner the Bi-Annual SF-294 and SF-295 reports to comply with federal regulations.

Questioned Cost

No costs are questioned as the finding pertains to the transfer of information.

Management's Views and Corrective Action Plan:

See the University's views and corrective action plan.

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Finding No. 08-05

Compliance Requirement: - Reporting (L)

Worcester Campus

Federal Programs Involved	Federal CFDA Number
Department of Health and Human Services National Institutes of Health	93.395
Department of Health and Human Services Center for Medicare and Medicaid Services	93.768
Department of Health and Human Services National Institutes of Health	93.847

Criteria

Per the National Institutes of Health Grant Policy Statement, Part II, Subpart A and 45 CFR 74.52, on an annual basis, the SF 269, Financial Status Report, must be submitted for each budget period no later than 90 days after the close of the budget period.

Per the Special Terms and Conditions of the Medicaid Infrastructure Grant, on a quarterly basis, the SF 269, Financial Status Report, must be submitted for each budget period no later than 30 days after the close of the quarter.

Per the instructions for Progress Reports for Public Health Services Grants and 5 CFR 1320.10 (e) (1) (ii), the Form PHS 2590 Grant Progress Report is due 60 days prior to the grant end date, if the intention is for this report to serve as part of the application to continue a grant.

Condition

We noted that one out of one annual SF-269 Financial Status Report selected for testing at the Worcester Campus and one out of three across the University was not filed within ninety days following the end of budget period as required by the National Institutes of Health Grant Policy Statement, Part II, Subpart A and 45 CFR 74.52. The required report was filed 25 days late.

We further noted that three out of three quarterly SF-269 Financial Status Reports selected for testing at the Worcester Campus and three out of three across the University were not filed within thirty days following the end of quarter as required by the National Institutes of Health Grant Policy Statement, Part II, Subpart A and 45 CFR 74.52. The required reports were filed between 2 and 80 days late.

We further noted that one out of one PHS 2590 Grant Progress Report selected for testing at the Worcester Campus and one out of one across the University was not filed within sixty days before the grant end date required by the instructions for Progress Reports for Public Health Services Grants and 5 CFR 1320.10 (e) (1) (ii). The required report was filed 24 days late.

Cause

The due dates for these reports were over looked and the responsible parties failed to submit the reports in a timely manner and in accordance with required policies.

Effect

Federal agencies do not receive the required financial information in accordance with the policy.

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Amount of Questioned Costs and How Computed

No costs are questioned as the finding pertains to the transfer of information.

Recommendation

We recommend that the campus prepare and file in a timely manner the Annual SF-269, Quarterly-269, and PHS 2590 Grant Progress Reports to comply with federal regulations.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Finding No. 08-6

Compliance Requirement: Sub-recipient Monitoring (M)

Boston Campus

Federal Programs Involved	Federal CFDA Number
Department of Labor	17.720
Department of State	19.415
National Science Foundation	47.074
	47.076

Criteria

A-110 paragraph C.51(a) states, "Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award."

Condition

We noted that for eight out of 25 selections selected for testing at the Boston Campus, and eight out of 55 selections across the University, that documentation supporting the required monitoring procedures could not be provided.

Cause

Documentation related to the A-133 certification letters sent to sub-recipients required under campus policy were not maintained.

Effect

Federal agencies do not know that subrecipients of the campus are complying with all laws and regulations.

Amount of Questioned Costs and How Computed

No questioned cost

Recommendation

We recommend that the campus document its procedures for ensuring that sub-recipients comply with federal requirements. These procedures should include maintaining all correspondence related to monitoring of sub-recipients.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Student Financial Assistance Cluster

Finding No. 08-07

Compliance Requirement: Special Tests and Provisions (N) - Student Status Changes

Amherst Campus

Federal Programs Involved

**Federal CFDA
Number**

Federal Direct Loan Program

84.268

Criteria

Per the Code of Federal Regulations 685.309(b)(1-2)(i), "A school shall – (1) upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (i) enrolled at that school but had ceased to be enrolled on at least a halftime basis."

Per the Code of Federal Regulations 668.22(c)(1)(i-ii), "(1) For purposes of this section, for a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is— (i) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (ii) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing orally, of his or her intent to withdraw."

Condition

We noted that for six out of 30 students selected for testing at the Amherst Campus and seven out of 60 students across the University for Student Status Confirmation Report testing, the campus failed to notify the National Student Loan Clearinghouse that the students withdrew or graduated within the required time frame in accordance with Federal Regulations. Each of the six students graduated in May 2008; however, their change in status was not reported until September 2008.

We noted that for two out of 30 students selected for testing at the Amherst Campus and two out of 60 students across the University for Student Status Confirmation Report testing, the students' change in status of withdrawal was reported inaccurately to the National Student Loan Clearinghouse. One student's change in status date was reported as February 2008 and the other student's change in status was reported as December 2007. Both students should have been reported as of October 2007. The student's records were corrected in October 2008.

Cause

The campus has not established a transmission schedule with the National Student Loan Clearinghouse that ensures transmission every 60 days. In addition, the registrar's office had turnover during the fiscal year.

Effect

Student's status at the National Student Loan Clearinghouse may not be accurate.

Amount of Questioned Costs and How Computed

No costs are questioned as the finding pertains to the transfer of information.

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Recommendation

We recommend that the campus develop and implement procedures to ensure all changes in status are submitted to the National Student Loan Clearinghouse accurately, or if necessary, that manual corrections are made. In addition, status changes should be submitted on a timely manner in accordance with Federal regulations.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Finding No. 08-08

Compliance Requirement: Special Tests and Provisions (N) - Student Status Changes

Boston Campus

Federal Programs Involved	Federal CFDA Number
Federal Direct Loan Program	84.268

Criteria

Per the Code of Federal Regulations 685.309(b)(1-2)(i), "A school shall – (1) upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (i) enrolled at that school but had ceased to be enrolled on at least a halftime basis."

Condition

We noted that for one out of 30 students selected for testing at the Boston Campus and seven out of 60 students across the University for Student Status Confirmation Report testing, the campus failed to notify the National Student Loan Clearinghouse that the student graduated within the required time frame in accordance with Federal Regulations. The student graduated in June 2008; however, their change in status was not reported until October 2008.

Cause

The campus has not established a transmission schedule with the National Student Loan Clearinghouse that ensures transmission every 60 days.

Effect

Student's status at the National Student Loan Clearinghouse may not be accurate.

Amount of Questioned Costs and How Computed

No costs are questioned as the finding pertains to the transfer of information.

Recommendation

We recommend that the campus develop and implement procedures to ensure all changes in status are submitted to the National Student Loan Clearinghouse in a timely manner in accordance with Federal regulations.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

**University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008**

Finding No. 08-09

Compliance Requirement: Special Tests and Provisions (N) - Return of Title IV Funds

Boston Campus

Federal Programs Involved	Federal CFDA Number
Federal Direct Loan Program	84.268
Federal Perkins Loan	84.038
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376

Criteria

Per the Code of Federal Regulations 668.22(j)(1)(g), "An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew".

Condition

We noted that for three out of 30 students selected for testing at the Boston Campus and three out of 60 students across the University whose Title IV refunds were not returned to the Federal Government within the required 45 days. The refunds were returned from 17 to 20 days late.

Cause

Employee turnover in the student financial aid office led to insufficient training.

Effect

These errors have resulted in the campus not meeting the deadline required for the return of unearned Title IV funds.

Recommendation

We recommend that the campus implement procedures to ensure that all unearned Title IV funds are returned within the required timeframe.

Amount of Questioned Costs and How Computed

Total costs of \$3,890.04 from the programs were ultimately refunded by the campus.

Management's Views and Corrective Action Plan

See the University's views and corrective action plan.

University of Massachusetts
Schedule of Findings and Questioned Costs
June 30, 2008

Part B:

Other Reports

The University of Massachusetts utilizes Affiliated Computer Services, Inc. Education Services ("ACS") as its institutional servicer to perform certain compliance requirements related to the Perkins Loan Program for the Amherst, Boston and Lowell Campuses. The ACS Audits of Federal Student Financial Assistance Programs Report for the year ended June 30, 2008 includes two findings related to application of grace period following deferment and improper processing of payment due dates, together with ACS management's responses to these findings.



UNIVERSITY OF MASSACHUSETTS
Amherst • Boston • Dartmouth • Lowell • Worcester

Central Administrative Services
Internal Audit Office

November 21, 2008

PricewaterhouseCoopers LLP
125 High Street
Boston, MA 02110

The University of Massachusetts is pleased to submit our Management Views and Corrective Action Plan responses to the Fiscal Year ended June 30, 2008 Report on Federal Financial Assistance Programs In Accordance With OMB Circular A-133.

Sincerely,

A handwritten signature in cursive script that reads 'Robert M. Harrison'.

Robert M. Harrison
Director of Audit

(508) 856-8863

Encl.

University of Massachusetts
2008 Management's Views and Corrective Action Plans

OMB Circular A-133 Audit
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

(Reference FY 2008 A-133 for Complete Findings Narratives)

RESEARCH AND DEVELOPMENT CLUSTER OF PROGRAMS

Compliance Requirements – Allowable Costs (B)

Boston Campus

Finding No. 08-01

A purchase order for the expenditure in question was created and approved for 100 units of an office supply at a unit price of \$7.33. Although the invoice was for 100 units at a unit price of \$15.62, the Controller's Office paid the invoice. We were unable to find documentation for this approval, and the employee involved no longer works at the University.

As a result of this finding, the Controller's Office has reviewed and clarified the campus' policies and procedures for proper authorization and approval for payments against grant purchase orders with discrepancies. For any voucher that does not match the related PO for a grant expenditure, the Controller's Office will continue its policy of zero tolerance for variances. In such situations, the Controller's Office will send the item to the Office of Research and Sponsored Programs for its review and for ORSP to seek written approval from the PI or other authorized signatory for payment. We have provided appropriate additional training to staff about this policy.

The University of Massachusetts Boston will repay the granting agency for the expenditure in question (both direct and indirect cost).

Contact Person(s):

Michelle Auerbach, Assistant Vice Chancellor, Research (617) 287-5372
Katherine Hope, Assistant Vice Chancellor A&F (617) 287-5167

Compliance Requirements – Allowable Costs (B)***Worcester Campus*****Finding No. 08-02**

The unallowable expense has been transferred out of this Federal project and a refund in the amount of \$202.74, for both direct and the applicable indirect cost was processed to CMS. Additionally, the Compliance Specialist performed a comprehensive internal review of all business meal transactions charged to the faculty's sponsored accounts from the inception of the award period. The review revealed that there were no additional unallowable costs incurred.

We have also clarified and reinforced, with our Grant Accounting and Accounts Payable personnel, our procedure requiring the signature of Grant Accounting management be included on all employee travel and business expense reimbursements involving sponsored accounts, prior to payment, to ensure adequate internal controls over future transactions. Additionally, a reminder of the University's research compliance policies will continue to be sent to all Department Heads, Administrators and Faculty on an annual basis.

Grant Accounting management has concluded that this was an isolated allocation error. Our conclusion is based on the fact that there was no discovery of additional unallowable costs being charged to the faculty's sponsored accounts and review of existing procedures.

Contact Person(s):

Michael Stanton, Controller (508) 856-1507

Amy Miarecki, Director Post-Award Adm. & Compliance (508) 856-5401

Compliance Requirements – Period of Availability (H)***Boston Campus*****Finding No. 08-03**

As of July 1, 2008, the Boston Campus created and implemented use of a Late Cost Transfer Form (Over 90 Days) to ensure that appropriate documentation is collected and filed for all expenses charged to a grant 90 days after the original expense. This form is required for all cost transfers (salary and non-salary) requested beyond the 90-day time period from the date of the original transaction. The form requires that the PI explain why the cost is being moved off of the fund where it was originally charged, a justification for moving the cost to the fund where it will now be charged, and why the cost transfer was not requested within 90 days after the posting of the original

transaction. The PI must identify what actions she/he has taken within her/his department to eliminate the need for cost transfers of a similar type in the future. The PI must provide backup documentation showing where the expense was originally charged. We also require that the PI sign and date the form, which includes the following statement:

“By requesting this transfer, I certify to the correctness of the cost on the fund to which it will be charged. I understand that, once transferred, the cost cannot be moved to another sponsored project fund. I further certify that the cost is allowable under the terms and conditions of the award to which it will be transferred. “

Before approving the form, the post-award team will confirm that the expense being transferred occurred during the grant’s period of performance and that funding is available to support the expense. Once the form is approved it is filed in the grant folder.

Contact Person(s):

Michelle Auerbach, Assistant Vice Chancellor, Research (617) 287-5372
Katherine Hope, Assistant Vice Chancellor A&F (617) 287-5167

Compliance Requirements – Reporting

Amherst Campus

Finding No. 08-04

The Amherst campus has established a schedule of the due dates of SF294/295 reports to ensure timely submission of the reports.

Contact Person(s):

John Martin, Director of Procurement (413) 545-0361
Andrew P. Mangels, Controller (413) 545-1675

Compliance Requirements – Special Test and Provisions – Reporting (L)

Worcester Campus

Finding No. 08-05

Grant Accounting management monitors financial reporting requirements through monthly performance indicators in an ongoing effort to be fully compliant with reporting timelines. Grant Accounting works with departmental personnel to prepare required

financial reports and will continue to monitor reporting due dates to ensure timely filing in accordance with federal and sponsoring agency guidelines.

Grant Progress Reports are filed directly by the principal investigators. Central grant administration will begin entering progress report due dates into the Grants Management system. This will enable faculty to be alerted and reminded that they have a progress report due in 60 days or less to help ensure timely filing of reports in accordance with federal and sponsoring agency guidelines.

Contact Person(s):

Michael Stanton, Controller (508) 856-1507

Amy Miarecki, Director Post-Award Adm. & Compliance (508) 856-5401

Compliance Requirements – Sub-recipient Monitoring

Boston Campus

Finding No. 08-06

The Boston Campus is in the process of creating written procedures for monitoring sub-recipient monitoring. Pre-award staff members are responsible for issuing all subcontracts and amendments. All subcontracts are issued with the A-133 Certification form as an attachment, and all amendments that extend the period of performance are also issued with the A-133 Certification form. Pre-award staff members are responsible for looking up all sub-recipients in the Excluded Parties List System (<https://www.epls.gov/>) to ensure that they have not been disbarred or suspended. A Sub-recipient database exists for the Pre-award staff to log the date that this check was performed. The database contains fields to indicate the date that the subcontract was sent to the sub-recipient and the date it was returned to UMass Boston fully-executed. This database will be expanded to include a field to indicate the date that the completed A-133 Certification form was returned by the sub-recipient. The Pre-award staff members have been retrained so that they fully understand their responsibility to review all returned subcontracts and amendments to ensure that the A-133 Certification form was also completed and returned. The newly hired Research Compliance Manager will review the database on a monthly basis to verify that the Certification forms are being returned and that all data is being entered on a timely basis.

Contact Person(s):

Michelle Auerbach, Assistant Vice Chancellor, Research (617) 287-5372

Katherine Hope, Assistant Vice Chancellor A&F (617) 287-5167

STUDENT FINANCIAL ASSISTANCE CLUSTER OF PROGRAMS**Compliance Requirements: Special Tests and Provisions – Student Status Changes*****Amherst Campus*****Finding No. 08-07**

The delay in reporting to the National Student Clearinghouse (NSC) did not affect post withdrawal processing of Federal Direct loans.

Staff turnover and inadequate documentation during a peak reporting time were the contributing factors to the error. A newly assigned staff member was unaware of the need to manually input a date parameter into the data extract which resulted in the delay, although the majority of the dates in the NSC Anticipated Graduation Date field for that population did not change.

For students who withdraw retroactively to a prior term, a manual correction must be submitted to the NSC to correct. In all cases the students' status at the NSC has been corrected and is accurate.

The staff has mitigated the errors, clarified the documentation and new staff has been trained in the reporting process and submitted necessary corrections to the NSC.

Contact Person(s):

John Lenzi, Registrar
Andrew Mangels, Controller

(413) 545-4640
(413) 545-1675

Compliance Requirements: Special Tests and Provisions – Student Status Changes***Boston Campus*****Finding No. 08-08**

We concur with this finding. The Registrar's Office did not report to the clearinghouse that the student in question had graduated within the 60 day notification period. We have corrected the problem by scheduling a 5th transmission to the spring semester schedule of reports that are sent to the National Student Clearing House. This fifth report will pick up any student whose graduation status is updated after our normal graduation review process.

Contact Person(s):

David Cesario, Registrar

(617) 287-6204

Katherine Hope, Assistant Vice Chancellor A&F

(617) 287-5167

Compliance Requirements – Special Tests and Provisions – Return of Title IV Funds***Boston Campus*****Finding No. 08-09**

In each of the cases cited, the Financial Aid Office calculated the Return of Title IV funds within 45 days and determined no refund was required. However a secondary review by senior staff revealed errors in the original calculation which required a return of funds. This secondary review was not performed within 45 days. The Financial Aid Office has provided additional training to staff responsible for Return of Title IV and has revised procedures to ensure that secondary reviews are done in a timely fashion to ensure compliance with the 45 day requirement.

Contact Person(s):

Judy Keyes, Financial Aid Director

(617) 287-6283

Katherine Hope, Assistant Vice Chancellor A&F

(617) 287-5167



University of Massachusetts
Summary Schedule of Prior Year Audit Findings

OMB Circular A-133 for fiscal year ended June 30, 2008
(For the prior year ended June 30, 2007 findings)

RESEARCH AND DEVELOPMENT CLUSTER OF PROGRAMS

Finding No. 07-01: Compliance Requirements – Special Tests and Provisions – Reporting - Amherst Campus

Original Response - The Amherst campus agrees with the finding. We have implemented an improved procedure for monitoring PMS-272 reporting requirements. A report is generated monthly listing the due date of Federal Assistance reports and a log is kept on submission dates.

Status

We continue to generate the reports and logs indicated above to ensure timely submission of PMS-272 reports.

Contact Person(s):

Andrew P. Mangels, Controller

(413) 545-1675

Sam Killings, Assistant Controller

(413) 545-0806

STUDENT FINANCIAL ASSISTANCE CLUSTER OF PROGRAMS

Finding 07-02: Compliance Requirements – Special Tests and Provisions – Federal Work Study Agreements - Dartmouth Campus

Original Response - In support of the recently completed Time and Attendance Reporting Audit, a team approach, which includes payroll, student employment office and international student office, will conduct supervisor/timekeeper education through group workshops and individual training. Individual supervisor training has begun and group training is targeted to occur beginning December 1, 2007.

- Summary Schedule of Prior Year Audit Findings -

Status

Intensive training occurred with supervisors / timekeepers in a general session held in December 2007 and with individual departments who hire large numbers of students, including the department identified in the audit finding. No additional cases of missing time sheets have been identified. We will offer group and individual workshops in FY09.

Contact Person(s):

Suzanne Audet, Interim Controller (508) 999-8076

Bruce Palmer, Financial Aid Director (508) 999-8634

Finding 07-03: Compliance Requirements – Special Tests and Provisions - Student Loan Repayments & Exit Counseling - Dartmouth Campus

Original Response - University Information Technology Services (UITS) has developed a new loan exit process, as described below in the Lowell Campus Finding 07-04 Response, which will allow us to identify on a weekly basis, students that need exit interviews mailed to them.

Status

UM Dartmouth has been monitoring the new exit process that has been developed by UITS. A report is run on a weekly basis which identifies no shows, withdrawals, and grads.

The process has been working properly, enabling us to automatically generate exit interview letters in conformance with federal regulations.

Contact Person(s):

Suzanne Audet, Interim Controller (508) 999-8076

Bruce Palmer, Financial Aid Director (508) 999-8634

Finding 07-04: Compliance Requirements – Special Tests and Provisions - Student Loan Repayments & Exit Counseling – Lowell Campus

Original Response - During June 2007, a comprehensive program/report was written by the UMass Financial Aid core team in Shrewsbury. All design documents as well as the new template for the exit packet mailings were given to the audit team last week for their review.

- Summary Schedule of Prior Year Audit Findings -

In summary:

The new process which is run on a weekly basis (or can be run more often if requested) identifies students that have a Perkins loan and places a Perkins Exit Indicator of "I" on each borrower's student account.

When the student falls into one of the following categories the indicator is changed from "I" initiated to "C" complete:

- Inactive in program/plan,
- Withdrawn,
- No Show/Less than ½ Time Enrollment, or
- Expected to graduate

This process also assigns an exit communication to the student at this time. An exit package is sent via certified mail to the student at his/her most current address. Thus, the student under normal conditions will receive the exit packet well within the required 30 day time frame.

The above program provides us with another valuable feature. When a student returns to school and re-enrolls for ½ time or greater, the system will reset the complete "C" indicator back to initiate "I" so that the student will be exited again once they met the above requirements.

Status

The Lowell campus continues to have great success with this process. The student receivables staff that monitors the Perkins loan program is using this process to closely monitor the status of loan program participants allowing them to follow up, in a very timely manner, with students who are no longer enrolled.

Contact Person(s):

Charles Gisondi, Comptroller (978) 934-3521
Diane McLaughlin, Accounts Receivable Director (978) 934-3578

Finding 07-05: Compliance Requirements – Special Tests and Provisions - Student Status Changes – Amherst Campus

Original Response - The reporting to the clearinghouse was delayed for these two cases; however, it did not affect the exit processing of Direct Loans or Federal Perkins Loans. Exit processing occurs prior to the students' separation in anticipation of their graduation. The students' status at the Clearinghouse, although delayed, is accurate.

- Summary Schedule of Prior Year Audit Findings -

The Amherst Campus will adjust the processing calendar to report graduating students prior to 60 days from the earliest 'Degree Confer' date. We will also submit an additional graduated student report 60 days later to catch any student that cleared graduation requirements since the first report.

Status

The campus has updated the reporting calendar for graduated students and has submitted the reports in accordance to that schedule.

Contact Person(s):

Andrew P. Mangels, Controller

(413) 545-1675

Suzanne Peters, Director of Financial Aid Services

(413) 545-0356

Finding 07-06: Compliance Requirements – Special Tests and Provisions - Student Status Changes – Lowell Campus

Original Response - The Fall 2006 term was the first full semester that UMass Lowell was on the new Intercampus Student Information System, ISIS. The monthly Student Status Confirmation Report filed with the National Student Clearinghouse had been designed and tested and working when ISIS went live. However, after the November 2006 report was filed, it was found to have numerous problems. The Clearinghouse deleted the file so that UMass Lowell could correct it and re-file it.

On February 8, 2007 the reporting was corrected, updated, and filed with the Clearinghouse to include the full Fall 2006 term.

The report has run successfully and has been filed on time, with the clearinghouse since that occurrence.

Status

The Lowell campus has continued to file the Student Status Confirmation Report without exception, complete and on time since the February 2007 filing.

Contact Person(s):

Charles Gisondi, Comptroller

(978) 934-3521

Patricia Duff, Registrar

(978) 934-2369

Submitted 10/20/2008

Robert M. Harrison

Director of Audit 508-856-8863