



RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
(A Component Unit of the State of New Jersey)

Financial Statements, Management's Discussion
and Analysis and Schedule of Expenditures
of Federal Awards

June 30, 2009

(With Independent Auditors' Reports Thereon)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
(A Component Unit of the State of New Jersey)

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Independent Auditors' Report on Basic Financial Statements and Schedule of Expenditures of Federal Awards

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the accompanying statements of net assets of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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. The financial statements of the blended component units of Rutgers, The State University of New Jersey were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rutgers, The State University of New Jersey as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 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. 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 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 audits.



The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 basic financial statements taken as a whole.

KPMG LLP

December 9, 2009

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

The following management discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, the State University of New Jersey (the University) at June 30, 2009 and 2008, and its results of operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the University, which directly follow the MD&A.

The University's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements focus on the financial condition of the University, the changes in financial position, and cash flows of the University as a whole rather than the accountability of funds.

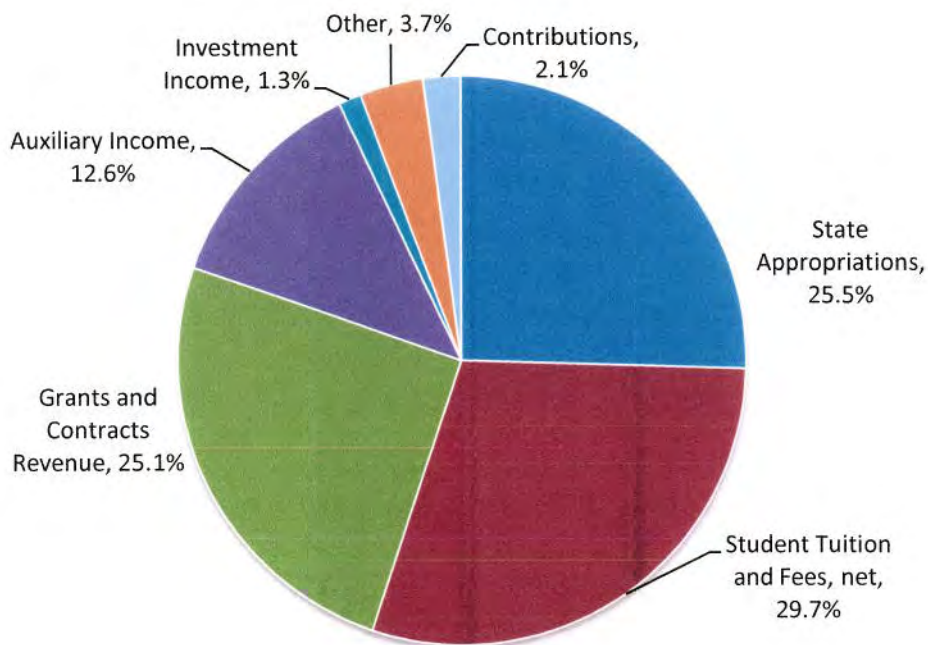
In 2009, the financial reporting entity of Rutgers included 30 degree granting schools, of which 17 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, which administers the fundraising activities for the University.

Financial Highlights and Economic Outlook

The University's financial condition at June 30, 2009 remained stable with net assets decreasing by a modest 0.06% or \$1.3 million. Total operating revenues increased by \$132.0 million or 11.7% with increases of 11.2% in net student tuition and fees, 14.5% in grant and contract revenue, and 6.9% in auxiliary revenues. Operating expenses increased only 5.5% in 2009 while nonoperating revenues decreased 27.3% primarily as a result of market value losses.

As the State University of New Jersey, the appropriation from the State represents a vital part of the University's funding. In fiscal 2009, the State decreased the University's base appropriation by 9.0% and provided partial funding of salary program increases. The decrease in State funding has been offset by tuition increases coupled with strong enrollment demand, targeted reductions to unit budgets as necessary, and an emphasis on increasing revenues from other sources. Tuition revenue is another significant source of funding for the University. In fiscal 2009, in addition to an increase in tuition rates averaging 8.3%, enrollment was at our highest with 52,471 students.

As presented in the chart below, net student tuition and fees, state appropriation and grant and contract revenue are the three primary sources of revenue for the University.



Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets (current and noncurrent), liabilities (current and noncurrent) and net assets (the difference between total assets and total liabilities) of the University. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the statement of net assets. Net assets is one indicator of the financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2009, 2008 and 2007 is as follows (dollars in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Current assets	\$648,874	\$626,222	\$589,239
Noncurrent assets			
Endowment, restricted and other noncurrent cash and investments	849,238	835,348	755,001
Capital assets, net	1,781,594	1,654,905	1,609,842
Other assets	100,345	78,811	66,528
Total assets	<u>3,380,051</u>	<u>3,195,286</u>	<u>3,020,610</u>
Liabilities			
Current Liabilities	277,473	336,412	226,279
Noncurrent Liabilities	793,463	548,438	574,937
Total liabilities	<u>1,070,936</u>	<u>884,850</u>	<u>801,216</u>
Net assets (assets less liabilities)			
Invested in capital assets, net of debt	1,069,426	1,045,262	1,032,839
Restricted - nonexpendable	295,844	359,348	339,324
Restricted - expendable	414,168	402,998	390,575
Unrestricted	529,677	502,828	456,656
Total Net Assets	<u>\$2,309,115</u>	<u>\$2,310,436</u>	<u>\$2,219,394</u>

Current Assets and Current Liabilities

Current assets include unrestricted cash and cash equivalents, investments that mature within a year, receivables and pledges due within a year, inventories and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year as well as all cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Receivables and pledges deemed to be collectible in more than a year are also included as noncurrent. Current assets increased \$22.7 million in 2009 as opposed to a \$37.0 million increase in 2008.

Current liabilities include all liabilities that are payable within the next fiscal year. Deferred revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Current liabilities decreased \$58.9 million in 2009 primarily as a result of the conversion of short term commercial paper that was refinanced by long term bond issues in 2009. Current liabilities increased \$110.1 million in 2008 primarily from the issuance of Commercial Paper in the amount of \$100.1 million. This commercial paper was issued to refinance the University's capital lease for the Civic Square facility and for temporary financing of several projects approved by the Board.

The University's current assets cover current liabilities by a factor of 2.3 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2008 was 1.9 times. The University's current assets also cover almost five months of its total operating expenses, excluding depreciation.

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

Endowment and Other Investments

The primary financial objective of the investment management of the Endowment is to preserve and, hopefully, enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings for current use. The long term investment goal of the Endowment is to attain a total return of at least 4.5% plus inflation, fees, and costs. The investment objectives of the Endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. A major portion of the University's endowment is maintained in the long term investment pool managed by the University's Joint Investment Committee. The total annual return for the long-term investment pool was -15.3% in 2009 and 0.03% in 2008. The average annual return over the 5 year period ending June 30, 2009 and 2008 was 3.9% and 10.6%, respectively.

The University distributes endowment earnings in a way that balances the annual support needed for operational purposes against the requirement to preserve the future purchasing power of the endowment. The endowment spending-rate policy is based on total return, not just cash earnings. The total distribution for the endowment was \$23.1 million in 2009 and \$20.5 million in 2008.

The University's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principal gift remain inviolate and be invested in perpetuity with the income generated from the investment to be expended for a specific purpose as designated by the donor. These permanent endowments decreased \$47.3 million to \$279.8 million for 2009 from \$327.1 in 2008. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The University's term endowments decreased by \$8.6 million to \$36.4 million in 2009 from \$45.0 million in 2008. Quasi endowments consist of restricted gifts and unrestricted funds that have been designated by the University for long-term investment purposes and therefore act as endowments. The University's quasi endowments decreased by \$27.5 million to \$150.9 million from \$178.4 million in 2008.

From a net assets perspective, earnings from the endowment, while expendable, are mostly restricted in use by the donors. It is important to note that of the University's endowment funds, only \$95.7 million or 20.5% (\$102.7 million or 18.7% in 2008), can be classified as unrestricted net assets. From this unrestricted endowment, a significant portion of the income is internally designated by the University for scholarships, fellowships, professorships, and research efforts.

Capital Assets and Debt Activities

As a result of increasing student demand and the University's desire to meet such demand with quality academic programs and student life, the University has increased its commitment of resources to infrastructure improvement, construction of new state-of-the-art academic buildings and residential halls as well as technology enhancement initiatives. The University administration, together with faculty, students and the communities in which each campus is located, is actively developing a strategic and capital development plan for the University, which, when completed will serve as the plan for the University's future development and growth.

Capital asset increases totaled \$126.7 million in 2009, as compared to \$45.1 million in 2008. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities as well as significant investments in equipment, including information technology. Several major projects completed during 2009 include:

- Upgrades to increase the capacity of the Busch/Livingston High Voltage lines.
- The College of Nursing Building on the New Brunswick Campus.
- Acquisition of a parking deck on the Newark Campus.
- An addition to the Douglass Developmental Disability Center.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the State. As of June 30, 2009, the University had various projects under construction or in the design stage. Significant projects include:

- Expansion of the University Stadium on the Busch Campus.
- Construction and renovation of a new facility for the Rutgers Business School on the Newark Campus.
- Construction of the Camden Recreation Center.
- Addition to the Livingston Student Center.
- Construction of the Institute for Health.

On June 15, 2006, the Board of Governors and Board of Trustees of the University approved a comprehensive debt policy for the University to provide an internal strategic framework for capital planning and overall debt management. In 2008, the Board of Governors and the Board of Trustees of the University approved a Commercial Paper program. The commercial paper program is being used for the interim financing of capital projects and temporary funding of outstanding debt issues.

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

In 2009, the University issued General Obligation Bonds 2009 Series F in the amount of \$233.1 million to refinance Commercial Paper outstanding and provide long term financing for various capital projects, as well as refunding Series U and a partial refunding of 1998 Series A. The University also issued General Obligation Bond Series 2009G in the amount of \$80.0 million to provide financing for the stadium expansion.

Net Assets

Net Assets represent the residual interest in the University's assets after the deduction of its liabilities. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year. Net assets consist of three major categories; invested in capital assets (net of related debt), restricted net assets (nonexpendable and expendable), and unrestricted net assets. Net assets decreased by \$1.3 million in 2009. In 2008, net assets increased \$91.0 million.

The first category, net assets invested in capital assets, net of related debt, represent the University's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The increase of \$24.2 million in 2009 is primarily attributable to construction projects including the construction of the Rutgers Business School in Newark and the Solar Panel Farm on the Livingston Campus. In 2008, there was an increase of \$12.4 million in this category.

The next category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable net assets are those resources that have been set aside and invested as required by the provider of the resources. These funds are not available for expenditures, but rather must be invested in perpetuity with the earnings on those investments to be used as specified by the external donor at the time the resources are received. Nonexpendable net assets decreased by \$63.5 million in 2009 as a result of declines in market value. In 2008, nonexpendable net assets increased by \$20.0 million in 2009 as a result of additional contributions held at the Foundation for the endowment fund.

Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as specified by external donors. The increase of \$11.2 million in 2009 is attributable to an increase in funds received for research. In 2008, there was an increase of \$12.4 million in expendable restricted net assets.

The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose. Substantially all of the University's unrestricted net assets have been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The University, therefore, has an obligation to its students to maintain these funds for the purposes that they were received. The increase in unrestricted net assets of \$26.8 million in 2009 is primarily the result of funds designated for deferred maintenance, system improvements and other capital projects totaling \$23.6 million. In 2008, unrestricted net assets increased \$46.2 million.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are classified as either operating or nonoperating. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating. Nonoperating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as nonoperating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenues.

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2009, 2008 and 2007 is as follows (dollars in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues			
Student tuition and fees (net of scholarship allowance)	\$525,121	\$472,294	\$423,738
Grants and contracts	444,429	388,171	368,169
Auxiliary enterprises (net of scholarship allowance)	221,770	207,395	190,107
Other operating revenues	65,036	56,451	51,423
Total operating revenues	<u>1,256,356</u>	<u>1,124,311</u>	<u>1,033,437</u>
Operating expenses	<u>1,677,983</u>	<u>1,590,598</u>	<u>1,486,906</u>
Operating loss	<u>(421,627)</u>	<u>(466,287)</u>	<u>(453,469)</u>
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	450,134	476,511	455,764
Contributions	37,872	44,455	50,449
Endowment and investment income	23,367	38,317	40,956
Unrealized and realized (loss)/gain on marketable investments	(98,632)	(8,945)	79,165
Interest on capital asset related debt	(30,455)	(25,892)	(25,940)
Net other nonoperating revenues (expenses)	<u>(1,582)</u>	<u>(531)</u>	<u>(921)</u>
Net nonoperating revenues	<u>380,704</u>	<u>523,915</u>	<u>599,473</u>
(Loss)/Income before other revenues and expenses	<u>(40,923)</u>	<u>57,628</u>	<u>146,004</u>
Other revenues and expenses	<u>39,602</u>	<u>33,414</u>	<u>32,564</u>
(Decrease)/Increase in net assets	<u>(1,321)</u>	<u>91,042</u>	<u>178,568</u>
Net assets at beginning of year	<u>2,310,436</u>	<u>2,219,394</u>	<u>2,040,826</u>
Net assets at end of year	<u>\$2,309,115</u>	<u>\$2,310,436</u>	<u>\$2,219,394</u>

The University's net assets decreased by \$1.3 million in 2009. The \$98.6 million decrease in market value of the University's investments significantly contributed to this decrease creating a loss before other revenues and expenses of \$40.9 million. This loss was offset by capital gifts and grants of \$30.4 million and additions to permanent endowments of \$9.2 million.

In 2008, net assets increased by \$91.0 million. Endowment and investment income of \$38.3 million, \$44.5 million in contributions, and \$10.9 million in grants and gifts used to construct, renovate or acquire capital assets contributed to this increase. In addition, \$22.3 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

Operating revenues increased \$132.0 million in 2009. Significant components of operating revenues include the following:

Student tuition and fees, net of scholarship allowances are the largest component of operating revenues. Tuition and fees are reflected net of scholarship allowances, which represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs and gifts raised by the University. The University provided \$146.7 million of a total \$192.9 million of student aid directly to student accounts. The remaining \$46.2 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to \$118.4 million. Another \$28.3 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$52.8 million in 2009. The increase resulted primarily from an increase in tuition rates of 8.6% for undergraduates and graduate students, as well as an average increase of 6.3% in student fees. Also, full time enrollment increased by 5.7% while part time enrollment decreased by 3.2%. In 2008, tuition and fees net of scholarship allowances, increased \$48.6 million. The increase in 2008 resulted from an 7.8% increase in tuition rates for undergraduates and graduate students, as well as an average increase of 9.6% in student fees.

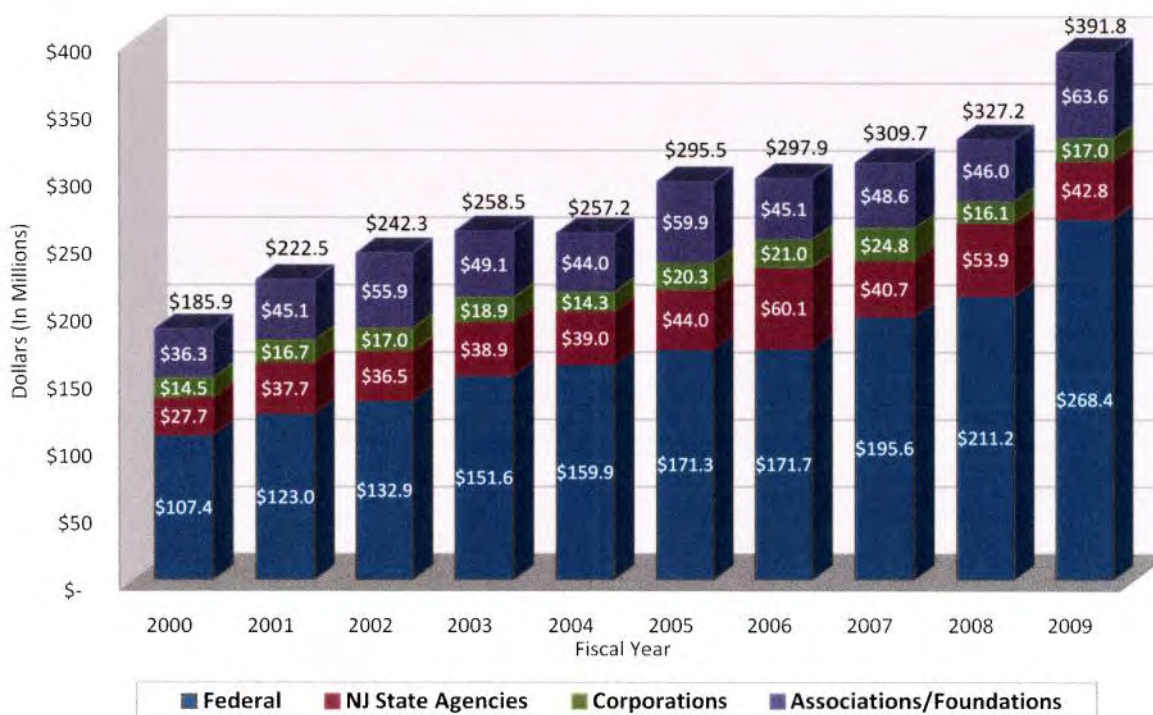
Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

Grants and Contracts includes revenues for sponsored programs from federal, state and nongovernmental grants and contracts that normally provide for the recovery of direct and indirect costs, or expenses. In 2009, grants and contracts increased \$56.3 million. The following table summarizes the research awards received by the University over the last 10 years.

**Research, Education and Public Service Grants
FY 2000-2009**



Federal grants for research increased \$22.9 million in 2009. This year the University received increased funding from several federal agencies. The greatest increases came from the Department of Health and Human Services – National Institute for Health with an increase of \$7.7 million, the majority of these were from several large awards to the Department of Life Science - Genetics. The University also was the recipient of an \$8.3 million grant from the Department of Defense – Army awarded to a member of the Chemistry Department. In 2008, Federal grants for research remained relatively flat.

State support for research decreased by \$1.0 million this year. While awards from the State of NJ – Department of Children and Families increased by \$5.2 million primarily as a result of awards to the School of Social Work, awards from most state agencies declined this year. Grants from the Department of the Treasury and the Commission on Science & Technology decreased by \$3.9 million and \$1.9 million, respectively. In 2008, State support for research increased by \$8.3 million.

Finally, nongovernmental grants and contracts increased \$26.0 million in 2009. This increase can be attributed to two large grants received from the Robert Wood Johnson Foundation for capital projects. The University received \$10.0 million for the Institute for Food, Nutrition and Health and \$8.0 million for the Institute for Health Sciences from the Foundation. In 2008, nongovernmental grants and contracts increased \$4.7 million. Revenue was earned from the following large grants in 2008; \$1.7 million from the Casino Reinvestment Development Authority for construction of the Food Innovation Building, \$1.0 million from Sanofi-Aventis for a postdoctoral Pharmacy fellowship, and \$0.9 million from Raytheon Company for research related to nanomaterials.

Auxiliary enterprise revenues include revenues from the University's housing and dining facilities, as well as other business type activities such as the bookstore and the golf course that provide support to the University's primary missions of education, research and public service. Auxiliary revenues, net of scholarship allowances, increased in 2009 by \$14.4 million while expenditures increased by \$12.8 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 4.9%. There was also an overall increase of 5.5% in meal plans sold. In 2008, auxiliary revenues, net of scholarship allowances, increased by \$17.3 million while expenditures increased by \$18.4 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 4.9%. There was a 6.0% increase in occupancy on the Newark campus and a 1.5% increase in occupancy on the New

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2009 and 2008

Brunswick campus. Meal plans sold increased 11.6%. Additionally, intercollegiate athletic revenue increased \$4.9 million as a result of two additional home football games, increased ticket prices for football and basketball games, increased game attendance and increased revenue sharing from the Big East for both men's and women's basketball.

Operating expenses increased \$87.4 million in 2009 and consist of the following significant components:

Instruction expenditures consist of all expenses incurred in providing academic programs for the University's students. These expenses increased by \$30.9 million this year. Salary increases and increased fringe benefit costs on those salaries accounted for a total of \$24.4 million. In 2008, these expenditures increased by \$36.6 million. Salary increases and increased fringe benefit costs on those salaries accounted for a total of \$28.1 million. The remainder of this increase resulted from additional positions to cover an increase in courses offered in areas such as the Graduate School of Social Work and Summer Session Program in New Brunswick.

Expenditures for sponsored programs funded by grant and contract revenues increased by \$32.4 million in 2009. The primary increases were expenditures on federal grants which increased \$15.3 million and an increase in expenditures on awards from Foundations of \$5.6 million. In 2008, these expenditures increased \$11.2 million.

General Administration and Institutional expenditures increased \$5.8 million in 2009. In 2008 there was a increase of \$6.4 million in these expenditures. This increase was a result of salary increases as well as staff additions at the Foundation as they prepare for another campaign.

Scholarships and fellowships consist of payments made directly to students as a result of financial aid awarded to the student. In 2009, these expenditures increased \$5.4 million. This increase was due to increases in the maximum award amounts for both the State Tuition Aid Grant Program (TAG) and the Federal Pell grants of 19.2% and 9.8%, respectively. In addition, both programs also saw increases in the number of recipients with an increase of 6.4% for TAG and 6.5% for Pell. The University also continued to increase University funded scholarships. These expenditures increased by \$6.2 million in 2008.

Expenditures for operation and maintenance of plant decreased \$1.0 million in 2009. In 2008, these expenditures increased \$16.3 million. The primary cause of this increase was due to rising utility costs.

Net Nonoperating revenues decreased \$143.2 million in 2009 and consist primarily of the following:

State appropriations, including fringe benefits paid directly by the State, decreased \$26.4 million in 2009. The appropriation by the State was reduced by \$23.6 million as a result of budgetary constraints at the State. The reduction to the University's base appropriation and salary funding amounted to \$22.9 million. The remaining reduction resulted from the elimination of other programs funded in 2008.

In 2008, total State appropriations, including fringe benefits paid directly by the State increased \$20.7 million. The appropriation by the State for University operations increased \$19.5 million primarily as a result of an increase in the base appropriation of \$12.4 million and an increase of \$6.5 million in funding of salary program increases. State payments on behalf of the University for fringe benefits, also, increased by \$1.2 million. Increases in program costs for health insurances were offset by the implementation of employee contributions this year.

Contributions decreased \$6.6 million in 2009. Contributions have been impacted by the decline in economic conditions this year. Contributions decreased \$6.0 million in 2008.

Endowment and Investment Income decreased \$15.0 million in 2009. This decrease resulted primarily from the decline in interest rates during 2009. Endowment and investment income decreased by \$2.6 million in 2008.

Unrealized and realized gains (losses) on investments decreased \$89.7 million in 2009. This decrease was due to the decline in the market at June 30, 2009 resulting in a \$54.3 million unrealized losses and a decrease of \$35.4 million in net realized gains during the year. Unrealized and realized gains on investments decreased \$88.1 million in 2008.

Other revenues and expenses consist of grants and gifts received by the University for capital projects, as well as additions to permanent endowments. In 2009, this category increased \$6.2 million. This increase primarily resulted from an increase in capital grants and gifts received this year. This category increased in 2008 by \$0.9 million.

Rutgers, The State University of New Jersey

STATEMENTS OF NET ASSETS

June 30, 2009 and 2008

(dollars in thousands)

	2009	2008
ASSETS:		
Current Assets		
Cash and Cash Equivalents	\$100,132	\$73,946
Short-Term Investments	417,863	413,757
Accounts Receivable, net	83,902	89,781
Student Notes Receivable, net	8,254	8,397
Contributions Receivable, net	21,508	20,310
Inventories	4,467	4,843
Prepaid Expenses	11,754	14,282
Construction Costs Reimbursable	994	906
Total Current Assets	<u>648,874</u>	<u>626,222</u>
Noncurrent Assets		
Cash and Cash Equivalents	218,019	149,585
Long-Term Investments	631,219	685,763
Accounts Receivable, net	24,986	24,986
Student Notes Receivable, net	28,773	28,962
Contributions Receivable, net	30,629	11,633
Bond/Commercial Paper Issuance Costs, net	15,957	13,230
Capital Assets, net	<u>1,781,594</u>	<u>1,654,905</u>
Total Noncurrent Assets	<u>2,731,177</u>	<u>2,569,064</u>
TOTAL ASSETS	<u>3,380,051</u>	<u>3,195,286</u>
LIABILITIES:		
Current Liabilities		
Accounts Payable and Accrued Expenses	132,232	109,134
Deferred Revenue	56,122	52,585
Payroll Withholdings	8,234	6,873
Other Payables	1,729	1,746
Annuities Payable	912	1,052
Short-Term Liabilities	41,110	132,969
Long-Term Liabilities	<u>37,134</u>	<u>32,053</u>
Total Current Liabilities	<u>277,473</u>	<u>336,412</u>
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	17,899	13,542
Annuities Payable	5,269	6,101
Long-Term Liabilities	<u>770,295</u>	<u>528,795</u>
Total Noncurrent Liabilities	<u>793,463</u>	<u>548,438</u>
TOTAL LIABILITIES	<u>1,070,936</u>	<u>884,850</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,069,426	1,045,262
Restricted for		
Nonexpendable		
Instruction	143,227	163,438
Scholarships and Fellowships	138,740	178,833
Libraries	6,704	8,498
Other	7,173	8,579
Expendable		
Instruction	151,049	149,854
Research	80,723	64,441
Scholarships and Fellowships	62,979	70,673
Libraries	9,641	12,032
Loans	38,516	38,552
Capital Projects	48,428	38,756
Debt Service Reserve	4,923	9,542
Renewal and Replacement Reserve	5,748	7,393
Other	12,161	11,755
Unrestricted	<u>529,677</u>	<u>502,828</u>
TOTAL NET ASSETS	<u>\$2,309,115</u>	<u>\$2,310,436</u>

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2009 and 2008

(dollars in thousands)

	2009	2008
OPERATING REVENUES		
Student Tuition and Fees (net of scholarship allowances of \$118,419 in 2009 and \$104,011 in 2008)	\$525,121	\$472,294
Federal Grants & Contracts	239,788	209,389
State & Municipal Grants & Contracts	124,471	118,843
Nongovernmental Grants & Contracts	80,170	59,939
Auxiliary Enterprises (net of scholarship allowances of \$28,313 in 2009 and \$25,394 in 2008)	221,770	207,395
Other Operating Revenues	65,036	56,451
Total Operating Revenues	1,256,356	1,124,311
OPERATING EXPENSES		
Educational and General		
Instruction	585,335	554,470
Sponsored Research	185,229	157,398
Other Separately Budgeted Research	72,090	70,424
Other Sponsored Programs	95,159	90,560
Extension and Public Service	37,497	34,371
Libraries	38,363	37,533
Student Services	62,960	61,498
Operations and Maintenance of Plant	148,996	150,042
General Administration and Institutional	105,797	100,011
Scholarships and Fellowships	46,208	40,804
Depreciation	89,135	94,796
Auxiliary Enterprises	210,664	197,911
Other Operating Expenses	550	780
Total Operating Expenses	1,677,983	1,590,598
Operating Loss	(421,627)	(466,287)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	305,252	328,895
State Paid Fringe Benefits	144,882	147,616
Contributions	37,872	44,455
Endowment and Investment Income (net of investment management fees of \$1,588 in 2009 and \$2,867 in 2008)	23,367	38,317
Unrealized and Realized Losses on Investments	(98,632)	(8,945)
Interest on Capital Asset Related Debt	(30,455)	(25,892)
Loss on Disposal of Capital Assets	(159)	(1,171)
Other Nonoperating (Expenses) Revenues	(1,423)	640
Net Nonoperating Revenues	380,704	523,915
 (Loss) Income before Other Revenues and Expenses	 (40,923)	 57,628
Capital Appropriations	8	154
Capital Grants and Gifts	30,404	10,943
Additions to Permanent Endowments	9,190	22,317
(Decrease) Increase in Net Assets	(1,321)	91,042
 Net Assets - Beginning of the Year	 2,310,436	 2,219,394
 Net Assets - End of the Year	 \$2,309,115	 \$2,310,436

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008

(dollars in thousands)

	2009	2008
Cash Flows from Operating Activities		
Student Tuition and Fees	\$592,818	\$528,531
Research Grants and Contracts	470,690	394,475
Federal Appropriations	5,078	5,879
Payments to Employees and for Benefits	(869,332)	(821,590)
Payments to Suppliers	(451,226)	(438,797)
Payments for Utilities	(80,677)	(80,871)
Payments for Scholarships and Fellowships	(98,273)	(79,730)
Collection of Loans to Students and Employees	5,323	6,085
Auxiliary Enterprises Receipts:		
Housing	109,151	96,155
Dining	57,773	53,393
Athletics	14,917	12,839
Parking	6,994	6,468
Other	18,098	17,511
Other Receipts	60,892	69,697
Net Cash Used by Operating Activities	<u>(157,774)</u>	<u>(229,955)</u>
Cash Flows from Noncapital Financing Activities		
State Appropriations	304,897	327,805
Contributions for other than Capital Purposes	18,883	39,241
Contributions for Endowment Purposes	7,773	22,744
Net Cash Provided by Noncapital Financing Activities	<u>331,553</u>	<u>389,790</u>
Cash Flows from Financing Activities		
Proceeds from Capital Debt and Leases	330,071	107,305
Capital Appropriations	8	154
Capital Grants and Gifts Received	29,887	9,853
Purchases of Capital Assets and Construction in Progress	(207,198)	(129,798)
Principal Paid on Capital Debt and Leases	(130,046)	(28,876)
Interest Paid on Capital Debt and Leases	(29,569)	(26,666)
Debt Defeasance	(45,776)	(14,300)
Bond Issuance Costs	(2,424)	(256)
Other Receipts	308	2,241
Net Cash Used by Financing Activities	<u>(54,739)</u>	<u>(80,343)</u>
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	3,154,685	4,519,669
Investment Income	18,945	38,250
Purchase of Investments	(3,198,050)	(4,526,415)
Net Cash (Used)/Provided by Investing Activities	<u>(24,420)</u>	<u>31,504</u>
Net Increase in Cash and Cash Equivalents	94,620	110,996
Cash and Cash Equivalents - Beginning of the year	223,531	112,535
Cash and Cash Equivalents - End of the year	<u>\$318,151</u>	<u>\$223,531</u>

(Continued)

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008
(dollars in thousands)

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities:		
Operating Loss	(\$421,627)	(\$466,287)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	144,882	147,616
Depreciation	89,135	94,796
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	(973)	(678)
Changes in Assets and Liabilities:		
Receivables, net	9,403	(4,583)
Inventories	375	(435)
Prepaid Expenses	(1,652)	(1,759)
Accounts Payable and Accrued Expenses	16,780	1,789
Deferred Revenue	3,503	4,480
Payroll Withholdings	1,361	(5,792)
Other Payables	339	198
Net Cash Used by Operating Activities	<u>(\$157,774)</u>	<u>(\$229,955)</u>

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

The financial statements of Rutgers, the State University of New Jersey (the University) have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statement – and Management's Discussion and Analysis – Public Colleges and Universities*.

GASB Statement No. 34 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the University as an economic unit.

The accounting policies of the University conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. The University's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the Foundation). The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University. Although the Foundation is a legally separate, not-for-profit organization, it exists for the benefit of the University and is considered a component unit of the University. The balances and transactions of the Foundation were blended with those of the University for reporting purposes, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Copies of the Foundation's financial statements can be obtained by writing to the Foundation at Rutgers University Foundation, Winants Hall, 7 College Avenue, New Brunswick, NJ 08901.

Under GASB Statement No. 14, as amended by GASB Statement No. 39, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The University reports as a business type activity, as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and all highly liquid investments with an original maturity of three months or less except for those managed as a component of the University's investment portfolio. Cash and cash equivalents that are externally restricted to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net assets.

Investments

Investments are recorded at fair value in the statements of net assets. The year-to-year change in the fair value of investments is reported in the statements of revenues, expenses, and changes in net assets.

The fair value of investments is based on the last sale price on the last business day of the fiscal year as quoted by an industry standard pricing service. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued by this pricing service based on market evaluations using standard trade publications and other quote devices. Investments in non-marketable securities are reported in the financial statements based upon values provided by external investment managers which are reviewed and evaluated by the University's management for reasonableness. Investments with a maturity greater than one year and investments externally restricted for endowment purposes and to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net assets.

(Continued)

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the University are not included in the University's cash and cash equivalents and investments. The market value of such funds aggregated approximately \$49.3 million at June 30, 2009 (\$63.5 million in 2008). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.5 million in 2009 (\$2.7 million in 2008), is reported in the accompanying financial statements as nonoperating revenues.

Inventories

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis.

Bond/Commercial Paper Issuance Costs

The University capitalizes costs incurred in connection with its bond/commercial paper issues and amortizes these costs over the life of the respective obligations.

Capital Assets

Capital assets consist of land, buildings, land improvements and infrastructure, equipment, construction in progress and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation. Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 5.3 million (5.2 million in 2008) volumes have not been capitalized.

Deferred Revenue and Deferred Charges

Deferred revenue and deferred charges include summer session activity which will be recognized as revenue and expense in the following fiscal year.

Net Assets

Net assets is the difference between the University's assets and its liabilities. GASB Statement No. 34 requires that these resources be classified for accounting and reporting purposes into four categories as follows:

Invested in capital assets, net of related debt represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets – nonexpendable consist of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing income, which may either be expended or added to principal.

Restricted net assets – expendable includes all resources for which the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties as well as Perkins loans and U.S. government grants refundable.

Unrestricted net assets represent resources available to the University for educational and general operations and spendable endowment income. These resources are derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises and several academic programs, such as summer session and continuing education, are substantially self-supporting activities that provide services for students, faculty and staff.

Under the University's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Revenue Recognition

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarship allowances applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred.

Grants and contracts revenue is comprised mainly of funds received from grants from the federal, State of New Jersey and municipal and other nongovernmental sources and is recognized as the related expenses are incurred.

(Continued)

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

Revenue from State appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University. The University is fiscally dependent upon these appropriations.

Contributions, including pledges other than endowment, are recognized as revenues in the period donated. Additions to permanent endowments are recognized upon receipt. Endowment and investment income is recognized in the period earned.

Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net assets are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, and (3) most federal, state and municipal and other nongovernmental grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, endowment and investment income and contributions.

Scholarships and Fellowships

Scholarships, fellowships or stipends include payments made directly to students in the form of student aid. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and is deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

The University distributes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2009, the University disbursed \$217.6 million (\$169.2 million in 2008) under the Federal Direct Student Loan Program. Direct student loans receivable are not included in the University's statements of net assets since they are repayable directly to the U.S. Department of Education.

Income Taxes

The University is exempt from income taxes on related income pursuant to federal and State tax laws as an instrumentality of the State of New Jersey.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment increases the uncertainty of those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The University's cash and cash equivalents balance at June 30, 2009 includes a cash book balance of \$8.8 million (\$6.5 million in 2008). The actual amount of cash on deposit in the University's bank accounts at June 30, 2009 was \$24.7 million (\$18.9 million in 2008). Of this amount, \$0.9 million (\$0.4 million in 2008) was insured by the Federal Deposit Insurance Corporation at June 30, 2009. At June 30, 2009, \$23.8 million (\$18.5 million in 2008) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2009 and 2008.

The Foundation's cash and cash equivalents include uncollateralized deposits, including any bank balance that is collateralized with securities held by a pledging financial institution, or by its trust department or agent but not in the Foundation's name. The Foundation's cash and cash equivalents balance at June 30, 2009 includes a cash book balance of \$6.2 million (\$18.8 million in 2008). The actual amount of cash on deposit in the Foundation's bank accounts at June 30, 2009 was \$12.3 million (\$18.8 million in 2008). Of this amount, \$0.2 million (\$0.1 million in 2008) was insured by the Federal Deposit Insurance Corporation at June 30, 2009. Cash and cash equivalents in excess of those balances, \$12.1 million in 2009 (\$18.7 million in 2008), are uncollateralized.

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

The University and Foundation's cash and cash equivalents are carried in the financial statements at fair value and consist of the following as of June 30, 2009 and 2008 (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Money Market Funds	\$249,158	\$161,736
Repurchase Agreements	39,877	36,841
Cash and Deposits	29,116	24,954
Total Cash and Cash Equivalents	<u>\$318,151</u>	<u>\$223,531</u>

Investments

Effective July 1, 2004, the University and Foundation adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. This statement establishes and modifies disclosure requirements related to investment and deposit risks.

The Board of Governors and the Board of Trustees, through the Joint Committee on Investments, exercise authority over the investment of the University's Long-Term Investment Pool. Professional investment managers manage the investment of funds in accordance with the Investment Policy as established by the Joint Committee on Investments, approved by the Board of Governors with the consent of the Board of Trustees. Additionally, a professional investment consultant monitors and reports on the Long-Term Investment Pool and the individual investment managers. Under the terms of the University's bond indentures, bond proceeds and debt service funds may be invested and reinvested only in obligations which will by their terms mature on or before the date funds are needed for expenditure or withdrawal.

The primary financial objective of the investment management of the University's Long-Term Investment Pool is to preserve and enhance the Long-Term Investment Pool's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the Long-Term Investment Pool is to attain an average annual total return of at least 4.5% (5.0% in 2008), net of inflation, fees, and costs. The University's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the Long-Term Investment Pool's market values. Current earned income will be used for ongoing spending requirements.

The University's investments are carried in the financial statements at fair value and consist of the following at June 30, 2009 and 2008 (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Commercial Paper	\$128,315	\$198,486
U.S. Government Treasury Securities	301,129	221,951
U.S. Government Agency Securities	90,556	95,107
Commodities	28,274	43,061
U.S. Corporate Equities	227,089	271,844
Foreign Corporate Equities	91,937	117,822
Real Estate	88,357	105,720
Corporate Bonds	46,828	640
Other Investments	4,722	4,277
Total Investments	<u>\$1,007,207</u>	<u>\$1,058,908</u>

The Board of Overseers, through its Investment Committee, has authority over the investment of the Foundation's funds. Professional investment managers are engaged by the Foundation and have full discretion to buy, sell, invest and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

The primary financial objective of the Foundation's investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principal. To achieve the goals of safety, liquidity and return, the assets in the General Endowment Fund are invested in laddered high quality short term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long-term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving Portfolio are divided into an Equity Portion (equities including convertibles and cash devoted to equities) and a Fixed Income Portion (bonds, notes, nonconvertible preferred stock and cash devoted to fixed income).

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

The Foundation's investments are carried in the financial statements at fair value, based on quoted market values, and consist of the following as of June 30, 2009 and 2008 (dollars in thousands):

	<u>2009</u>	<u>2008</u>
U.S. Government Treasury Securities	\$1,923	\$5,348
U.S. Government Agency Securities	8,830	19,623
Corporate Bonds	2,352	3,829
Municipal Bonds	18	
Mortgage-backed Securities	22,391	3,324
Asset-backed Securities	335	560
Preferred Stock	187	
Common Stock	2,080	6,865
Foreign Corporate Debt Securities	16	56
Real Estate	3,019	575
Other Investments	724	432
Total Investments	<u>\$41,875</u>	<u>\$40,612</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The operating funds of the University are managed against the expected cash requirements of these funds. The University projects its cash requirements and arranges investment maturities accordingly. Special attention is given to the interest rate environment in times of economic growth or downturns. The table below reflects the operation of this process. Endowment funds have a much longer outlook and are invested by professional managers against an index as provided in the University's investment guidelines. For the University, the following table summarizes the maturities as of June 30, 2009 and 2008 (dollars in thousands):

Investment Type	Market Value	<u>2009</u>			
		Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$128,315	\$126,817	\$1,498		
U.S. Government Treasury Securities	301,129	253,382	47,747		
U.S. Government Agency Securities	90,556	34,625	55,746	\$11	\$174
Corporate Bonds	46,828	278	46,398	152	
Total	566,828	<u>\$415,102</u>	<u>\$151,389</u>	<u>\$163</u>	<u>\$174</u>
U.S. Corporate Equities	227,089				
Foreign Corporate Equities	91,937				
Other Investments	121,353				
Total	<u>\$1,007,207</u>				

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

Investment Type	2008				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$198,486	\$198,486			
U.S. Government Treasury Securities	221,951	187,287	\$33,682		\$982
U.S. Government Agency Securities	95,107	28,594	64,324	\$1,991	198
Corporate Bonds	640	9	372	259	
Total	516,184	\$414,376	\$98,378	\$2,250	\$1,180
U.S. Corporate Equities	271,844				
Foreign Corporate Equities	117,822				
Other Investments	153,058				
Total	\$1,058,908				

The Foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets. For the Foundation, the following table summarizes the maturities as of June 30, 2009 and 2008 (dollars in thousands):

Investment Type	2009				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$1,923	\$152	\$999	\$565	\$207
U.S. Government Agency Securities	8,830	15	8,658		157
Corporate Bonds	2,352	409	762	948	233
Municipal Bonds	18				18
Mortgage-backed Securities	22,391	45		1,780	20,566
Asset-backed Securities	335		335		
Preferred Stock	187	48	57		82
Total	36,036	\$669	\$10,811	\$3,293	\$21,263
Common Stock	2,080				
Foreign Corporate Debt Securities	16				
Real Estate	3,019				
Other Investments	724				
Total	\$41,875				

(Continued)

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2009 and 2008

Investment Type	Market Value	2008 Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$5,348		\$4,081	\$847	\$420
U.S. Government Agency Securities	19,623		6,190	13,281	152
Corporate Bonds	3,829	\$1,857	932	772	268
Mortgage-backed Securities	3,324	15	76	5	3,228
Asset-backed Securities	560		337	223	
Total	32,684	\$1,872	\$11,616	\$15,128	\$4,068
Common Stock	6,865				
Foreign Corporate Debt Securities	56				
Real Estate	575				
Other Investments	432				
Total	\$40,612				

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's Investment Policy states that individual bonds shall be rated with an investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's (S&P)). The average credit quality of the Core Fixed Income Fund shall be maintained at AA (by S&P or equivalent rating by Moody's or Fitch) or higher. The prospect of credit risk or risk of permanent loss shall be avoided in the Core Fixed Income Fund. Issues of state or municipal agencies shall not be purchased except in unusual circumstances. A fixed income manager may invest in foreign securities up to a limit of 20% of the portfolio. At June 30, 2009 and 2008, the University's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2009	2008
U.S. Government Treasury and Agency Securities	AAA	\$391,685	\$317,058
Corporate Bonds	AAA	46,193	
Corporate Bonds	AA+	75	75
Corporate Bonds	AA	227	225
Corporate Bonds	A+		85
Corporate Bonds	A	182	109
Corporate Bonds	A-		50
Corporate Bonds	BBB+	151	96
Commercial Paper	AAA	35,325	
Commercial Paper	A-1+	65,996	
Commercial Paper	A-1	26,994	
Total		\$566,828	\$317,698

The Foundation's Investment Policy states that individual bonds shall be rated an investment grade by at least two rating agencies (Moody's and S&P). The average credit quality of the Fixed Income Securities must be maintained at a class BBB/Baa or higher as rated by both standard services (Moody's and S&P). Up to 10% of the investment manager's portfolio may be invested in securities rated BBB/Baa or lower as rated by both standard services (Moody's and S&P). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be A/A or better.

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At June 30, 2009 and 2008, the Foundation's investment quality ratings, at fair value, as rated by S&P were as follows (dollars in thousands):

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2009</u>	<u>2008</u>
U.S. Government Treasury and Agency Securities	AAA	\$10,753	\$24,971
Mortgage-backed Securities	AAA	22,391	3,324
Corporate Bonds	AAA	61	31
Corporate Bonds	AA	92	62
Corporate Bonds	A	998	1,573
Corporate Bonds	AA+	72	
Corporate Bonds	A+	359	1,368
Corporate Bonds	A-	287	199
Corporate Bonds	AA-		267
Corporate Bonds	BBB+	241	259
Corporate Bonds	BBB	242	70
Municipal Bonds	A	18	
Asset-backed Securities	AAA	272	412
Asset-backed Securities	A		74
Asset-backed Securities	A+	63	49
Asset-backed Securities	A-		25
Preferred Stock	A-	39	
Preferred Stock	BBB	100	
Preferred Stock	BB	48	
Total		<u>\$36,036</u>	<u>\$32,684</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the University's name. Money market and mutual funds are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2009 and 2008, the University had \$301.9 million and \$460.0 million, respectively, of investments that were uninsured or unregistered but not in the University's name.

As of June 30, 2009 and 2008, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The University and the Foundation limit the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No single transaction may exceed 5% of the portfolio nor shall a single equity security exceed 10% of the market value of assets under management. Additionally, no single industry shall represent more than 25% of the market value of the Equity Fund.

Investments - Endowment Funds

The majority of endowment funds assets are in the Long-Term Investment Pool. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2009, the pooled cash, receivables and investments had a total market value of \$430.7 million (\$509.4 million in 2008). In addition, the aggregate market value of endowment funds, cash, receivables and investments separately invested was \$74.9 million at June 30, 2009 (\$79.0 million in 2008). The investment depreciation was \$25.9 million at June 30, 2009 (appreciation of \$66.1 million in 2008). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net assets.

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The University employs a spending policy which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principal, while any shortfall is covered by capital appreciation.

Alternative Investments

As part of its investment strategy, the University has committed to invest a total of \$147.7 million to 28 non-marketable alternative asset partnerships at June 30, 2009 (\$116.6 million to 19 non-marketable alternative asset partnerships in 2008). As of June 30, 2009, the University has \$87.9 million of paid-in capital to these partnerships (\$65.5 million in 2008) and \$59.9 million in unfunded commitments (\$51.1 million in 2008).

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets.

NOTE 3 – ACCOUNTS RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2009 and 2008 (dollars in thousands):

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2009</u>	<u>Net 2008</u>
Government Grants Receivable and Other Sponsored Programs	\$53,616	\$420	\$53,196	\$56,935
One Washington Park	24,986		24,986	24,986
Federal and State Governments	7,535		7,535	7,180
Student Accounts Receivable	7,215	2,558	4,657	3,901
Other	19,615	1,101	18,514	21,765
Total	<u>\$112,967</u>	<u>\$4,079</u>	<u>\$108,888</u>	<u>\$114,767</u>

Students' notes receivable in the statements of net assets are also shown net of the allowance for doubtful notes which amounted to \$3.8 million at June 30, 2009 (\$3.7 million in 2008).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2009 and 2008, considering type, age, collection history and other appropriate factors.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The anticipated receipt of contributions receivable is as follows at June 30, 2009 and 2008 (dollars in thousands):

<u>Year Ending June 30:</u>	<u>2009</u>	<u>2008</u>
Within one year	\$22,139	\$20,841
Two to five years	31,007	12,153
	53,146	32,994
Less allowance for uncollectible contributions	(1,009)	(1,051)
Total Contributions Receivable	<u>\$52,137</u>	<u>\$31,943</u>

Contributions receivable related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. These contributions receivable, which approximated \$20.2 million at June 30, 2009 (\$26.8 million in 2008) have not been included in the accompanying statements of net assets.

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NOTE 5 – CAPITAL ASSETS

The detail of Capital Assets activity for the years ended June 30, 2009 and 2008 is as follows (dollars in thousands):

	Balance 2008	Additions	Retirements/ Capitalization	Balance 2009
Capital Assets Not Being Depreciated:				
Land	\$53,427	\$4,758		\$58,185
Capitalized Art Collections	57,116	690		57,806
Construction in Progress	86,568	165,612	\$43,515	208,665
Total	<u>197,111</u>	<u>171,060</u>	<u>43,515</u>	<u>324,656</u>
Capital Assets Being Depreciated:				
Land Improvements	221,518	19,730		241,248
Buildings	1,927,056	43,793	1,380	1,969,469
Equipment	404,116	27,205	12,096	419,225
Total	<u>2,552,690</u>	<u>90,728</u>	<u>13,476</u>	<u>2,629,942</u>
Less Accumulated Depreciation:				
Land Improvements	138,799	17,653		156,452
Buildings	656,422	47,744	169	703,997
Equipment	299,675	23,738	10,858	312,555
Total	<u>1,094,896</u>	<u>89,135</u>	<u>11,027</u>	<u>1,173,004</u>
Net Capital Assets Being Depreciated	<u>1,457,794</u>	<u>1,593</u>	<u>2,449</u>	<u>1,456,938</u>
Total Capital Assets, net	<u>\$1,654,905</u>	<u>\$172,653</u>	<u>\$45,964</u>	<u>\$1,781,594</u>

During 2009, the University has net capitalized interest expense of \$2.8 million (capitalized interest expense of \$3.6 million and \$0.8 million of interest income) in construction in progress in the accompanying statements of net assets.

	Balance 2007	Additions	Retirements/ Capitalization	Balance 2008
Capital Assets Not Being Depreciated:				
Land	\$52,562	\$865		\$53,427
Capitalized Art Collections	49,245	7,871		57,116
Construction in Progress	51,495	102,282	\$67,209	86,568
Total	<u>153,302</u>	<u>111,018</u>	<u>67,209</u>	<u>197,111</u>
Capital Assets Being Depreciated:				
Land Improvements	215,895	7,122	1,499	221,518
Buildings	1,856,135	70,921		1,927,056
Equipment	412,668	19,178	27,730	404,116
Total	<u>2,484,698</u>	<u>97,221</u>	<u>29,229</u>	<u>2,552,690</u>
Less Accumulated Depreciation:				
Land Improvements	122,085	17,613	899	138,799
Buildings	609,323	47,099		656,422
Equipment	296,750	30,084	27,159	299,675
Total	<u>1,028,158</u>	<u>94,796</u>	<u>28,058</u>	<u>1,094,896</u>
Net Capital Assets Being Depreciated	<u>1,456,540</u>	<u>2,425</u>	<u>1,171</u>	<u>1,457,794</u>
Total Capital Assets, net	<u>\$1,609,842</u>	<u>\$113,443</u>	<u>\$68,380</u>	<u>\$1,654,905</u>

During 2008, the University has net capitalized interest expense of \$0.7 million (capitalized interest expense of \$1.4 million and \$0.7 million of interest income) in construction in progress in the accompanying statements of net assets.

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NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2009 and 2008 (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Compensated Absences	\$45,044	\$43,470
Vendors	49,917	34,325
Accrued Salaries and Benefits	21,506	17,148
Workers Compensation	10,957	11,560
Retainage	10,643	5,529
Interest Payable	4,110	3,757
Other Accrued Expenses	<u>7,954</u>	<u>6,887</u>
Total Accounts Payable and Accrued Expenses	<u>\$150,131</u>	<u>\$122,676</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the years ended June 30, 2009 and 2008 is as follows (dollars in thousands):

	<u>Balance 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2009</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$122,676	\$28,372	\$917	\$150,131	\$132,232
Annuities Payable	7,153		972	6,181	912
Long-Term Liabilities	560,848	324,410	77,829	807,429	37,134
Total Noncurrent Liabilities	<u>\$690,677</u>	<u>\$352,782</u>	<u>\$79,718</u>	<u>\$963,741</u>	<u>\$170,278</u>

	<u>Balance 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2008</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$109,983	\$12,693		\$122,676	\$109,134
Annuities Payable	7,831		\$678	7,153	1,052
Long-Term Liabilities	587,858	18,129	45,139	560,848	32,053
Total Noncurrent Liabilities	<u>\$705,672</u>	<u>\$30,822</u>	<u>\$45,817</u>	<u>\$690,677</u>	<u>\$142,239</u>

NOTE 8 - SHORT-TERM LIABILITIES

Commercial Paper Program

On February 28, 2007, the University issued commercial paper to provide interim or short-term financing of various capital projects, equipment, refundings, and to refinance all outstanding general obligation bond anticipation notes of the University. The commercial paper was to be issued either as Tax-Exempt Commercial Paper or as Taxable Commercial Paper.

The commercial paper constitute direct general obligations of the University for the payment of which, as to both principal and interest, the full faith and credit of the University are pledged. Principal of the commercial paper, to the extent not paid from proceeds of general obligation bonds and proceeds of other commercial paper, and interest on the commercial paper is payable from other available University funds. The University has entered into a Standby Commercial Paper Purchase Agreement (the Standby Commercial Paper Purchase Agreement) with Wachovia Bank, National Association (the Liquidity Provider) under which the Liquidity Provider is obligated to purchase newly issued commercial paper to pay the principal of other commercial paper, subject to suspension or termination upon the occurrence of certain events. The Standby Commercial Paper Purchase Agreement

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will terminate at the close of business on February 28, 2012, unless terminated prior to such date in accordance with its terms. Morgan Stanley & Co. Incorporated will be the exclusive dealer in connection with the offering and issuance of the Series A Tax-Exempt Commercial Paper, the Series C Taxable Commercial Paper and the Series D Extendable Commercial Paper.

On March 12, 2007, the Series B General Obligation Commercial Paper was issued to defease the University's outstanding General Obligation Bonds, Series 1997A, dated June 1, 1997. The proceeds of the Series B General Obligation Commercial Paper were used: (i) to deposit funds into Series 1997A Debt Service Fund held by the Trustee sufficient to pay the principal, interest and redemption on the Series 1997A Bonds and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the Series B General Obligation Commercial Paper. The University completed the advance refunding to reduce, assuming principal payments are made, its total debt service payments over the next 20 years by \$5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$1.7 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$0.4 million, is being deferred and will be amortized as interest expense through the year 2027 using the effective interest method.

On March 6, 2007, the tax-exempt Series A General Obligation Commercial Paper was issued to defease the outstanding Revenue Refunding Bonds (Rutgers, The State University – Civic Square Project), 2005 Series (the 2005 Series Bonds), dated April 4, 2005, which 2005 Series Bonds were issued by the New Jersey Economic Development Authority (the Authority) to refinance a redevelopment project located in the City of New Brunswick, Middlesex County, New Jersey (the Project). The 2005 Series Bonds were paid in full and discharged from the proceeds of the Series A General Obligation Commercial Paper in the principal amount of \$14.3 million in accordance with and pursuant to the terms of the Revenue Bond Resolution (Rutgers, The State University – Civic Square Project) adopted by the Authority on May 3, 1994, as supplemented by the First Supplemental Revenue Refunding Resolution (Rutgers, the State University – Civic Square Project) adopted by the Authority on March 7, 2005.

On May 20, 2008, the University issued tax-exempt Series A General Obligation Commercial paper in the par amount of \$68.7 million and taxable Series C General Obligation Commercial Paper in the par amount of \$17.1 million. On March 18, 2009, the University issued additional taxable Series C General Obligation Commercial Paper in the amount of \$8.2 million. These issuances were to provide interim financing of the 2008 Projects pursuant to the Commercial Paper Resolution of the University, adopted pursuant to a resolution of the Board of Governors of the University on June 15, 2006, with the advice and consent of the Board of Trustees of the University on June 15, 2006.

During fiscal year 2009, the University redeemed General Obligation Commercial Paper Series A and C for \$0.2 million and \$0.1 million, respectively, using University funds. In addition, as part of the issuance of General Obligation Bonds, 2009 Series F and 2009 Series G, the University also redeemed \$80.2 million and \$19.6 million of General Obligation Commercial Paper Series A and B, respectively.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2009 and 2008 is as follows (dollars in thousands):

	<u>Balance</u> <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>2009</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds Payable	\$364,805	\$322,139	\$45,676	\$641,268	\$28,618
Revenue Bonds Payable	24,494	116	23,690	920	120
Lease Obligations	130,656	2,155	8,344	124,467	8,273
Notes Payable	1,950		119	1,831	123
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	<u>\$560,848</u>	<u>\$324,410</u>	<u>\$77,829</u>	<u>\$807,429</u>	<u>\$37,134</u>

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	Balance 2007	Additions	Retirements	Balance 2008	Current Portion
General Obligation Bonds Payable	\$385,480	\$46	\$20,721	\$364,805	\$21,544
Revenue Bonds Payable	26,455	9	1,970	24,494	2,046
Lease Obligations	151,705	1,286	22,335	130,656	8,345
Notes Payable	2,063		113	1,950	118
Loans Payable	22,155	16,788		38,943	
Total Long-Term Liabilities	<u>\$587,858</u>	<u>\$18,129</u>	<u>\$45,139</u>	<u>\$560,848</u>	<u>\$32,053</u>

OTHER OBLIGATIONS OF THE UNIVERSITY

Notes Payable

Notes payable at June 30, 2009 and 2008 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

The University has an unsecured \$20.0 million line of credit with a bank to be used for interim financing requirements for construction projects. This line of credit expired as of July 31, 2009, post fiscal year-end. The \$0.1 million letter of credit, which is collateral for a lease obligation, was cancelled as of February 26, 2008. No funds have been drawn on the letter of credit at June 30, 2009 or 2008.

Rutgers Community Park

In 1999, the University and the City of Camden entered into a joint venture for the acquisition, development and construction of an outdoor recreational complex designated the Rutgers Community Park which was made available to University students and the public. On June 26, 2002, the University agreed to assume the obligation for debt service payable on an aggregate of \$1.0 million in loans that the City of Camden received from the Green Acres Program of the State of New Jersey in connection with the Rutgers Community Park, pursuant to an Amended and Restated Interlocal Services Agreement between the City of Camden and the University. The assumption of the debt service payable on the Green Acres Program of the State of New Jersey loan is a general obligation of the University secured by the full faith and credit of the University. At June 30, 2009, the outstanding amount due on the loans was \$0.6 million (\$0.7 million in 2008).

Guaranty of LEAP School Bond Financing

The Delaware River Port Authority (the Authority) issued \$8.5 million of Charter School Project Bonds, Series 2003 (LEAP Academy University Charter School, Inc.) on October 2, 2003 pursuant to the Compact, the New Jersey Act, the Pennsylvania Act and an Indenture of Trust dated as of September 1, 2003, by and between the Authority and Commerce Bank, National Association, as trustee (the Guaranty), for the purpose of financing the costs of the design, development, construction and equipping of the LEAP Academy University Charter School (the LEAP School) in Camden, New Jersey. The LEAP School will be owned and managed by the LEAP Academy University Charter School, Inc., a New Jersey not-for-profit corporation, and will serve approximately 216 students in grades 9-12. The LEAP School site is adjacent to the Camden Campus. The University's obligations under the Guaranty are a general obligation of the University secured by the full faith and credit of the University.

College Hall Student Housing Project

The University entered into a Limited Minimum Revenue Guaranty, dated January 22, 2004, pursuant to which the University agreed to pay the debt service payable for a two-year period on, and thereafter to replenish the debt service reserve account established in connection with, the Middlesex County Improvement Authority's (the MCIA) \$4.2 million aggregate principal amount of Revenue Bonds (George Street Student Housing Project), 2004 Series B. The 2004 Series B Bonds mature on August 15, 2011 and were issued, together with the MCIA's \$49.9 million Revenue Bonds (George Street Student Housing Project), 2004 Series A, to finance the cost of the planning, design, development, supervision, construction, furnishing, equipping and opening of a student housing facility for use primarily by the University's students. The University's obligations under the Limited Revenue Guaranty are a general obligation of the University secured by the full faith and credit of the University.

Loans Payable

On May 30, 2007, One Washington Park Holdings (QALICB) entered into two loan and security agreements with New Jersey Community Capital Community Development Entity (NJCC CDE) I LLC and NJCC CDE II LLC in the amounts of \$36.3 million and \$2.6 million, respectively, to finance a portion of the acquisition and renovation of the property located at One Washington Park in Newark, NJ (See NOTE 16). The loans bear interest at a rate of 2.33% per annum and 1.45% per annum, respectively, and are

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payable every December 1. The principal amounts are due to NJCC CDE I LLC and NJCC CDE II LLC on December 1, 2014.

The first advance on the NJCC CDE I and II loans were made on May 30, 2007 totaling to \$31.7 million. The University recognized 69.84% or \$22.1 million of this loan in fiscal year 2007 representing Parkside RUN Investments, LLC's interest with One Washington Park Holdings, LLC as of June 30, 2007. On July 31, 2007, NJCC CDE I made the second advance on the loan for \$7.2 million. The University then recognized full responsibility on the loan to represent Parkside RUN Investments, LLC's majority interest with One Washington Park Holdings, LLC as of June 30, 2008. Total loan additions of \$16.8 million for fiscal year 2008 represent the second advance of \$7.2 million and the remaining 30.16% interest on the \$31.7 million, or \$9.6 million.

At June 30, 2009 and 2008, the outstanding balance of the NJCC CDE I and II loans remained at \$36.3 million and \$2.6 million, respectively.

Bonds Payable – General Obligation and Revenue

A summary of bonds issued and outstanding at June 30, 2009 and 2008 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30,	
			2009	2008
Revenue Refunding Bonds:				
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	\$40,015		\$23,580
Total Revenue Refunding Bonds		40,015		23,580
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	\$330	370
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	590	660
Total Revenue Bonds		3,550	920	1,030
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013	Feb. 1, 1992	94,370	18,850	22,850
2002 Series A, variable-rate, due serially to May 1, 2018	Feb. 1, 2002	110,000	69,100	72,800
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	65,100	72,910
Total General Obligation Refunding Bonds		315,690	153,050	168,560
General Obligation Bonds:				
1998 Series A, 4.89% effective, due serially to May 1, 2018 and term bonds due May 1, 2020, 2023 and 2029	Nov. 1, 1998	50,000	16,165	41,150
2002 Series B, 4.60% effective, due serially to May 1, 2023 and term bonds due May 1, 2027, 2032 and 2034	Nov. 1, 2002	50,000	44,480	45,460
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	16,735	18,175
2004 Series E, 4.69% effective, due serially to May 1, 2029 and term bonds due May 1, 2031 and 2034	July 1, 2004	86,725	82,620	84,450
2009 Series F, varying interest, due serially to May 1, 2031 and term bonds due May 1, 2039	Feb. 10, 2009	233,105	233,105	
2009 Series G, variable-rate, due serially to May 1, 2039	Apr. 29, 2009	80,000	80,000	
Total General Obligation Bonds		524,635	473,105	189,235
Total Bonds		\$883,890	\$627,075	\$382,405

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of \$15.1 million at June 30, 2009 (\$7.0 million in 2008, premium on bonds, net of bond discounts) related to Series 1992 A, Series 1998 A, Series 2002 B, Series 2003 C, Series 2003 D, Series 2004 E, and Series 2009 F.

The Revenue Refunding Bonds Payable are net of \$0 thousand at June 30, 2009 (\$116 thousand in 2008) of unamortized bond discounts related to Series U.

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Revenue and Revenue Refunding Bonds

The Revenue Refunding Bonds, Series U, and the Revenue Bonds, Series E and F, were issued under an open-ended Indenture of Trust dated May 1, 1967 to finance the construction of auxiliary enterprise facilities and to consolidate previously outstanding bond indebtedness. Under the terms of the indenture, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey. All revenues from auxiliary enterprise facilities constructed from the proceeds of the bonds, together with revenues from certain other such facilities, are pledged to secure the indebtedness and must be applied to (1) annual interest and amortization payments, (2) debt service reserve deficiencies, if any, (3) operating and maintenance expenses and (4) the funding of repair and replacement reserves. The excess of funds, after satisfying these requirements, is available to the University. The University has covenanted that so long as the bonds are outstanding it will not incur any other indebtedness secured by a pledge of the facility revenues, nor sell, mortgage or otherwise dispose of such facilities.

General Obligation and General Obligation Refunding Bonds

The General Obligation Refunding Bonds, 1992 Series A, and General Obligation Bonds, 1998 Series A, were issued under an open-ended Indenture of Trust, dated May 1, 1987, as supplemented, and the General Obligation Refunding Bonds, 2002 Series A, were issued under an Indenture of Trust, dated February 1, 2002. These bonds were issued to finance a portion of the cost of the renovation, construction and equipping of certain academic, research support and other facilities, as well as infrastructure development and land acquisitions of the University. Under the terms of the indentures, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey.

The General Obligation Bonds, 2002 Series B, were issued in the amount of \$50.0 million and dated November 1, 2002. The 2002 Series B Bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2002, each between the University and First Union National Bank (now known as Wachovia Bank, National Association), as trustee and a Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the University, are being used to finance, in part, the costs of the construction of new buildings for the Department of Biomedical Engineering and the Department of Human Genetics on the Busch Campus; the renovation of Olson Hall on the Newark Campus to upgrade and expand laboratory space, conference room space, classroom space and faculty offices for the Biological Sciences and Chemistry Departments; implementation of the Housing Fire Safety Program mandating installation of automatic fire suspension systems in all student residences and certain environmental remediation, health and safety and infrastructure support in accordance with State regulations; and the financing of certain deferred maintenance and other capital improvements in accordance with the State Higher Education Capital Improvement Fund Act of 1999.

The General Obligation Refunding Bonds, 2003 Series C, were issued in the amount of \$111.3 million and dated July 15, 2003. The bonds were issued under the terms of an Indenture of Trust, dated February 1, 2002, as supplemented, and a Third Supplemental Indenture of Trust, dated as of July 1, 2003. The 2003 Series C Bonds were issued to refund in whole the University's outstanding (i) Revenue Refunding Bonds, Series S, (ii) Revenue Refunding Bonds, Series T, (iii) General Obligation Refunding Bonds, 1993 Series 1, (iv) General Obligation Refunding Bonds, 1993 Series A, and (v) General Obligation Bonds, 1993 Series B. The proceeds of the 2003 Series C Bonds, along with certain other moneys provided, were used to (i) redeem the above mentioned bonds prior to maturity, in whole on July 31, 2003, at their appropriate respective principal amounts plus the applicable redemption premium, if any and interest, and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2003 Series C Bonds. The University completed the advance refunding to reduce its total debt service payments over the next 16 years by \$33.8 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$12.0 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$4.4 million, is being deferred and amortized as interest expense through the year 2019 using the effective interest method. In 2009, \$0.3 million (\$0.3 million in 2008) has been expensed leaving \$2.7 million as deferred charges.

The General Obligation Bonds, 2003 Series D, were issued in the amount of \$24.8 million and dated December 1, 2003. The Series 2003 D Bonds are secured under the provisions of the Indenture of Trust, dated as of February 1, 2002, as supplemented between the University and First Union National Bank (now known as Wachovia Bank, National Association), as Trustee and a Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. The proceeds of the 2003 Series D Bonds are being used to finance (i) the costs of construction of certain deferred capital maintenance projects on the New Brunswick Campus, the Camden Campus and the Newark Campus, each project with a minimum economic life of ten years, and (ii) certain administrative, legal, financing and incidental expenses relating to the issuance of these Bonds.

The General Obligation Bonds, 2004 Series E, were issued in the amount of \$86.7 million on July 1, 2004. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002, as supplemented, between the University and the First Union National Bank (now known as Wachovia Bank, National Association), as Trustee, and a Fifth Supplemental Indenture of Trust, dated July 1, 2004, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to

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U.S. Bank. The 2004 Series E Bonds are authorized to be issued pursuant to the terms of the Fifth Supplemental Indenture, supplemental to and amendatory of the Master Indenture. The 2004 Series E Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated, and the Indenture. The 2004 Series E Bonds were issued to fund capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the University, which include: (i) the construction of a student-housing facility with ancillary student-related and retail space on the Newark Campus; (ii) the expansion to and renovation of the Camden Law School; (iii) the complete interior and exterior reconstruction of the Administrative Services Building II located on the New Brunswick Campus; (iv) the fit-out and equipping of the Public Safety Building on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

The General Obligation Bonds, 2009 Series F, were issued in the Amount of \$233.1 million of February 10, 2009. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002 (the Master Indenture) as supplemented by and between the University and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Sixth supplemental Indenture of Trust, dated as of February 1, 2009, by and between the University and the Trustee (the sixth supplemental Indenture, and together with the Master Indenture, the Indenture). The 2009 Series F Bonds were issued for (i) the refinancing of Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the University, (iii) the refunding of certain outstanding bonds of the University, and (iv) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of the bonds.

The General Obligation Bonds, 2009 Series G, were issued in the amount of \$80.0 million on April 29, 2009. The bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, (the Master Indenture) as supplemented by and between the University and U.S. Bank National Association, successor to First Union National Bank, as trustee (the Trustee), and a Seventh Supplemental Indenture of Trust, dated as of May 1, 2009, by and between the University and the Trustee (the Seventh Supplemental Indenture, together with the Master Indenture, the Indenture). The 2009 Series G Bonds are authorized under the provisions of Rutgers, the State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the Act), and the Indenture. The 2009 Series G Bonds were issued for (i) the refinancing of the Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the University, and (iii) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of these bonds.

All bonds bear interest at fixed-rates with the exception of 2002 Series A and 2009 Series G, which bear interest at a variable-rate. With the intention of lowering its effective interest rate related to 2002 Series A and Series 2009 G, the University entered into swap agreement with JP Morgan Chase, Merrill Lynch, and Bank of New York. (See NOTE 10 for additional information about derivatives.) The interest rate swap exposes the University to basis risk should the relationship between the floating rate and the SIFMA/LIBOR converge, changing the synthetic rate of the bonds. The following is the synthetic rate, related to the 2002 Series A bond, at the end of fiscal years 2009 and 2008:

	<u>Terms</u>	<u>2009</u>	<u>2008</u>
Interest rate swap			
Fixed payment to counterparty	Fixed	3.96%	3.96%
Variable payment from counterparty	SIFMA,BMA	<u>-0.36%</u>	<u>-1.59%</u>
Net interest rate swap payments		3.60%	2.37%
Variable rate bond coupon payments		<u>0.15%</u>	<u>1.35%</u>
Synthetic interest rate		<u>3.75%</u>	<u>3.72%</u>

The following is the synthetic rate, related to the 2009 Series G Bonds, as the end of fiscal year 2009:

	<u>Terms</u>	<u>Merrill Lynch</u>	<u>Terms</u>	<u>Bank of New York</u>
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	<u>-0.67%</u>	SIFMA	<u>-0.36%</u>
Net interest rate swap payments		3.41%		3.46%
Variable rate bond coupon payments		<u>0.25%</u>		<u>0.25%</u>
Synthetic interest rate		<u>3.66%</u>		<u>3.71%</u>

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Using rates as of the end of the fiscal year, debt service payments to maturity, assuming current interest rates remain the same for their term, are as follows (dollars in thousands):

Year	Fixed-Rate Bonds		Variable-Rate Bond		Interest Rate	Total
	Principal	Interest	Principal	Interest	Swap, Net	
2010	\$22,620	\$23,670	\$5,220	\$304	\$5,226	\$57,040
2011	24,385	20,740	5,395	294	5,041	55,855
2012	23,745	19,666	5,655	285	4,849	54,200
2013	24,965	18,473	5,815	275	4,647	54,175
2014	19,445	17,387	11,580	265	4,441	53,118
2015-2019	88,160	74,166	52,615	1,023	15,691	231,655
2020-2024	63,085	58,055	11,420	730	9,981	143,271
2025-2029	77,125	44,987	13,855	576	7,860	144,403
2030-2034	80,620	25,839	16,905	388	5,295	129,047
2035-2039	53,825	8,335	20,640	159	2,168	85,127
Total	<u>\$477,975</u>	<u>\$311,318</u>	<u>\$149,100</u>	<u>\$4,299</u>	<u>\$65,199</u>	<u>\$1,007,891</u>

As rates vary, variable-rate bond interest payments and net swap payments will vary.

EXTINGUISHMENT OF DEBT

As of June 30, 2009, the University had extinguished \$23.6 million of the Revenue Bonds, 1997 Series U, and \$23.8 million of the General Obligation Bonds, Series 1998A, with a portion of the proceeds of the 2009 Series F Bonds. As of June 30, 2009, the University had outstanding \$16.2 million of General Obligation Bonds, Series 1998A, dated November 1, 1998.

CAPITALIZED LEASE OBLIGATIONS

Facilities Authority

Dormitories — Pursuant to the terms of a lease and agreement dated September 1, 1971 between the University and the New Jersey Educational Facilities Authority (the Facilities Authority), the University transferred to the Facilities Authority title to certain land, upon which dormitories have been constructed. In 1974, the Facilities Authority issued bonds in the aggregate amount of \$6.7 million at an effective interest cost of 5.95% per annum, for the purpose of providing long-term financing for the aforementioned facilities. At June 30, 2008, the University has paid its obligation in full. The bonds matured on July 1, 2008 and the title to the land and facilities reverted to the University.

Higher Education Capital Improvement Fund (HECIP) — Under the provisions of the State of New Jersey Higher Education Capital Improvement Fund Act (the HECIP Act) of 1999 (P.L. 1999, c. 217), the University has been allocated \$169.0 million to help finance certain of its deferred maintenance and other capital needs. The funds are provided through bonds issued by the Facilities Authority. The University is obligated to pay one-third of the debt service on the bonds. On December 20, 2000, the Facilities Authority issued bonds, the University's portion of which amounted to \$75.0 million. The bonds bear an effective interest rate of 5.06% per annum and mature on September 1, 2020. Additional bonds, Series 2002 A, were issued by the Facilities Authority on November 21, 2002. The University's portion and remaining balance of the \$169.0 million amounted to \$94.0 million. The bonds bear an effective interest rate of 3.47% per annum and mature on September 1, 2022. In accordance with the act, the University is required to make annual lease payments to retire 33.3% of the bonds, representing the University's portion, including interest. The State of New Jersey is obligated to pay the remaining 66.7% of the annual debt service. At June 30, 2009, the University had a capital lease obligation of \$46.5 million (\$48.5 million in 2008).

Equipment Leasing Fund (ELF) - Under the terms of the Higher Education Equipment Leasing Fund Act of 1993 (ELF), the State issued bonds to finance additional equipment for laboratory and instructional facilities at state institutions of higher education. The University received \$22.3 million from this bond issue. The bonds were issued on October 11, 2001 and bear interest at a rate of 3.089%. In accordance with this act, the University is required to make annual lease payments to retire 25% of the University's portion of the bonds, including interest. The State of New Jersey is obligated to pay the remaining 75% of the annual debt service. Title to all equipment purchased under this lease agreement will be transferred to the University at the conclusion of the lease. At June 30, 2009, the University's capital lease obligation for equipment purchased under the terms of this agreement was paid in full (\$0.9 million in 2008).

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Dormitory Safety Trust Fund (DSTF) - Under the provisions of the Dormitory Safety Trust Fund Act (the DSTF Act) (P.L. 2000, c.56), the University received a \$29.0 million interest free loan to finance the installation of fire suppression systems in buildings used as student dormitories. The New Jersey Educational Facilities Authority issued two series of bonds on August 14, 2001 to finance these loans. Series 2001A (Tax Exempt) bears an effective interest rate of 4.8% per annum, and Series 2001B (Federally Taxable) bears an effective interest rate of 6.1% per annum. Both series mature on March 1, 2016. At June 30, 2009, the University had a capital lease obligation of \$14.5 million (\$16.6 million in 2008).

Housing Authority

In connection with a redevelopment project undertaken by the Housing and Urban Development Authority of the City of New Brunswick (the Housing Authority), a series of agreements were entered into by the University, the Housing Authority and Robert Wood Johnson University Hospital, Inc., the outcome of which was the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. Pursuant to the terms of the capital lease and agreement dated July 1, 1992 between the University and the Housing Authority, the Housing Authority issued bonds in the aggregate amount of \$55.3 million on July 23, 1992, at an effective interest rate of 6.23% per annum, for the purpose of providing long-term financing for the project. On December 1, 1998, these bonds were refinanced in the aggregate amount of \$54.5 million, at an effective interest rate of 4.83% per annum. Such bonds mature serially through 2024. In accordance with the agreement, the University is required to pay an annual rental to the Housing Authority over the life of the agreement in amounts necessary to retire the University's portion of the bonds, including interest, to provide for sinking fund and reserve account requirements and to reimburse the Housing Authority for its administrative costs. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capital lease obligation. At June 30, 2009, this liability was \$35.2 million (\$37.0 million in 2008). As discussed more fully below, a portion of this capital lease obligation is being funded under a sublease agreement.

Hospital Sublease

In conjunction with the Housing Authority capital lease and agreement, the University simultaneously entered into a sublease and agreement with the Robert Wood Johnson University Hospital, Inc. (the Hospital), dated July 1, 1992, whereby the Hospital agreed to lease a portion of the parking facility from the University. The sublease provides for an initial term of two years which commenced July 1992, renewable in six consecutive five year terms. In accordance with the sublease, the Hospital is required to pay an annual rental to the University over the life of the agreement, subject to termination payments to the University should the options to renew not be exercised. The payments received under this sublease are being used by the University to cover a proportional amount of the lease payments due to the Housing Authority. Upon retirement of the bonds, title to the Hospital's portion of the parking deck will be transferred to the Hospital. At June 30, 2009, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$6.2 million (\$6.6 million in 2008). Payments required under the lease and agreement between the University and the Housing Authority are in no way conditional upon the receipt of payments from the Hospital under the sublease and agreement.

Certificates of Participation, Series 2004

Pursuant to an Agent Agreement, dated April 1, 2004, between the University, as Lessee, Lower George Street University Redevelopment Associates, LLC, a New Jersey limited liability company, as Lessor, and Wachovia Bank, National Association, as Agent, Certificates of Participation were issued in the amount of \$30.6 million on April 15, 2004. The Certificates of Participation represent undivided proportionate interests in the fixed rent payable by the University pursuant to the Master Lease Agreement, dated April 1, 2004, between the Lessee and Lower George Street University Redevelopment Associates, LLC. The University is obligated under the Lease to make payments of fixed rent that comprise amounts designated as interest and as principal and that are payable to the owners of the 2004 Certificates. The 2004 Certificates are being issued to finance the acquisition of the land, the preparation of the land for construction, including demolition and clearing of existing improvements, and the construction of improvements and costs of acquisition and installation of equipment. This area will primarily serve as the University's Division of Public Safety headquarters, provide additional office space for the University and provide a parking garage, all to support the University's educational functions. In addition, the 2004 Certificates are to provide for capitalized interest on the 2004 Certificates from the dates of delivery to July 1, 2005 and to pay the costs of issuance associated with the authorization, sale, execution and delivery of the 2004 Certificates. At June 30, 2009, the University had a capital lease obligation of \$28.8 million (\$29.3 million in 2008).

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Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2009 are as follows (dollars in thousands):

Year	Facilities Authority				Certificates of Participation		Total
	HECIP	DSTF (2001A)	DSTF (2001B)	Housing Authority	Hospital Sublease	Participation	
2010	\$4,455	\$2,040	\$33	\$3,665	(\$653)	\$1,861	\$11,401
2011	4,455	2,040	33	3,666	(653)	1,863	11,404
2012	4,455	2,040	33	3,665	(652)	1,858	11,399
2013	4,457	2,039	32	3,660	(652)	1,860	11,396
2014	4,462	2,040	32	3,664	(652)	1,860	11,406
2015-2019	22,284	4,080	65	18,329	(3,262)	9,299	50,795
2020-2024	21,025			14,652	(2,611)	9,270	42,336
2025-2029						9,250	9,250
2030-2034						9,204	9,204
2035-2039						7,330	7,330
Total Lease Payments	65,593	14,279	228	51,301	(9,135)	53,655	175,921
Less Amount Representing Interest	19,132			16,096	(2,881)	24,820	57,167
Present Value of Lease Payments	\$46,461	\$14,279	\$228	\$35,205	(\$6,254)	\$28,835	\$118,754

Miscellaneous Equipment Leases

The University has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2009, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$4.9 million (\$4.1 million in 2008). The annual rentals for these capitalized lease obligations are provided for in the University's operating budget and in the aggregate are not considered material.

NOTE 10 – DERIVATIVE FINANCIAL INSTRUMENTS

The University is party to derivative financial instruments (interest rate swaps) that are not reported at fair value on the Statements of Net Assets.

Objective of the swaps:

In order to protect against the potential of rising interest rates, the University has entered into four separate pay-fixed, receive-variable interest rate swaps.

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Terms, fair values, and credit risk:

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2009 are listed below:

Associated Debt	Associated Outstanding Debt	Notional Amount	Effective Date	Fixed-rate Paid	Variable-rate Received	Fair Value	Swap Termination Date	Counterparty/ Credit Rating
General Obligation Bond (GOB) 2002 Series A	\$69,100	\$69,100	2/4/2002	3.960%	SIFMA	(\$6,141)	5/1/2018	JP Morgan & Co./A+
General Obligation Commercial Paper (GOCP) Series A, C and GOB 2009 Series G	78,380	100,000	5/1/2008	4.080%	SIFMA/100 % USD- LIBOR-BBA (3 mo)	1,523	11/1/2038	Merrill Lynch/A
General Obligation Bond (GOB) 2009 Series G	21,115	21,115	5/1/2007	3.824%	SIFMA	(1,188)	5/1/2027	Bank of New York/AA-
General Obligation Commercial Paper (GOCP) Series C	13,365	13,500	5/1/2007	5.127%	100% USD- LIBOR-BBA (1 mo)	(1,684)	11/1/2017	UBS AG/A+
Total	\$181,960	\$203,715				(\$7,490)		

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2008 as listed below:

Associated Debt	Associated Outstanding Debt	Notional Amount	Effective Date	Fixed-rate Paid	Variable-rate Received	Fair Value	Swap Termination Date	Counterparty/ Credit Rating
General Obligation Bond (GOB) 2002 Series A	\$72,800	\$72,800	2/4/2002	3.960%	BMA Municipal Swap Index	(\$3,524)	5/1/2018	JP Morgan & Co./AA-
General Obligation Commercial Paper (GOCP) Series A, C	100,085	100,000	5/1/2008	4.080%	BMA Municipal Swap Index	(2,852)	11/1/2038	Merrill Lynch/A
General Obligation Commercial Paper (GOCP) Series B	19,569	21,775	5/1/2007	3.824%	BMA Municipal Swap Index	(517)	5/1/2027	Bank of New York/AA-
General Obligation Commercial Paper (GOCP) Series C	13,500	13,500	5/1/2007	5.127%	100% USD- LIBOR-BBA	(670)	11/1/2017	UBS AG/AA-
Total	\$205,954	\$208,075				(\$7,563)		

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Fair Value:

As of June 30, 2009, the swaps had a total negative fair value of \$7.5 million (negative fair value of \$7.6 million in 2008). The fair value was provided by the counterparties and derived from proprietary models based on estimates about relevant future market conditions.

Credit Risk:

As of June 30, 2009 and 2008, the University was not exposed to credit risk because the swaps, except GOCP Series A and C, and GOB 2009 Series G, had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the University would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk:

The pay-fixed receive-variable swaps expose the University to basis risk should the rates resulting from the Securities Industry and Financial Markets Association Index (SIFMA), formerly BMA Municipal Swap Index, for the GOB 2002 Series A and the GOB Series 2009 G swaps, 100% of USD-LIBOR-BBA (1 month and 3 month) for GOB Series 2009 G, GOCP Series A and C swaps not equal the rate the University pays.

Rollover Risk:

The University is exposed to rollover risk on swaps if the counterparty exercises its termination option, the University will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Termination Risk:

The University or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

NOTE 11 - COMMITMENTS

At June 30, 2009, the estimated cost of capital projects under construction, in the design stage with approved sources of funding, and in the design stage pending determination of sources of funding, aggregated approximately \$754.8 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	<u>Total Project Funding</u>		
	<u>Received at June 30, 2009</u>	<u>Additional Funding Required at June 30, 2009</u>	<u>Estimated Total Cost</u>
Borrowing	\$248,613	\$400,269	\$648,882
State Bond Issues and Capital Appropriations	19,558		19,558
Gifts and Other Sources	70,551	15,792	86,343
Total	<u>\$338,722</u>	<u>\$416,061</u>	<u>\$754,783</u>

The University leases certain space used in general operations. Rental expense was approximately \$4.1 million in 2009 (\$3.8 million in 2008). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2034. Minimum annual rental commitments approximate the following (dollars in thousands):

<u>Year</u>	<u>Amount</u>
2010	\$3,968
2011	2,725
2012	2,251
2013	1,477
2014	1,024
2015-2019	1,008
2020-2024	296
2025-2029	296
2030-2034	5
Total	<u>\$13,050</u>

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NOTE 12 - EMPLOYEE BENEFITS

Retirement Plans

The University has primarily two retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, a defined benefit plan, and the Alternate Benefit Program, a defined contribution plan. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University for these plans. Pension expense paid directly by the State of New Jersey for 2009 aggregated \$42.5 million (\$47.8 in 2008) of which \$12.1 million (\$10.1 in 2008) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

Public Employees Retirement System (PERS)

Plan Description — PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey. The payroll for employees covered by PERS for the year ended June 30, 2009 was \$170.8 million (\$165.1 million in 2008).

University employees of a certain classification are required as a condition of employment to be members of PERS. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of membership service or the three highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching ten years of credited service. Members enrolled in PERS prior to November 2, 2008, are eligible for retirement at age 60 with no minimum years of service required. Members enrolled in PERS on or after November 2, 2008, are eligible for retirement at age 62 with no minimum years of service required. Members enrolled in PERS prior to July 1, 2007, who have 25 years or more of credited service may also select early retirement without penalty at age 55 and receive full retirement benefits. Members enrolled in PERS on or after July 1, 2007, may select early retirement with an allowance reduction for each month prior to the normal retirement age as specified by the NJ Division of Pensions and Benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Contributions — Covered University employees were required by PERS to contribute 5.5% of their annual compensation during fiscal years 2009 and 2008. The State contributes the remaining amounts necessary to pay benefits when due. The State contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State's annual contribution approximates the actuarially determined pension cost for the year.

Employees can also make voluntary contributions to two optional State of New Jersey tax-deferred investment plans, the Supplemental Annuity Collective Trust (SACT) and the Additional Contributions Tax Sheltered (ACTS) programs. Both plans are subject to limits within the Internal Revenue Code.

Financial statements for the PERS are included in the State of New Jersey's Comprehensive Annual Financial Report, which may be obtained by writing to the State of New Jersey, Department of the Treasury, Office of Management and Budget, PO Box 221, Trenton, NJ 08625-0221.

Alternate Benefit Program (ABP)

Plan Description — ABP is a multiple-employer, State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2009 was \$507.1 million (\$476.3 million in 2008).

Faculty, part-time lecturers, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer (State) contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in ABP.

Contributions — The employee mandatory contribution rate for ABP is 5.0% of base salary and is matched by the State at 8.0% of base salary. Contributions can be invested with up to six investment carriers available under the plan for fiscal year 2009. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code.

Other Retirement Plans

The University has a small number of employees enrolled in the State of New Jersey Police and Firemen's Retirement System (PFRS) and two Federal retirement plans, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). All three of the plans are defined benefit plans and cover the University's police (PFRS) and selected positions

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related to the University's Cook College/New Jersey Agricultural Experiment Station (CSRS or FERS). The University also has a small number of Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), which provides for the purchase of annuities for the covered employees. Participation in all of these plans is limited, and the associated amounts are not significant.

Deferred Compensation Plan

University employees with membership in PERS, ABP or PFRS are eligible to participate in the State of New Jersey's Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to tax defer and invest a portion of their base salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Prudential Financial. The plan does not include any matching employer (State) contributions. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights, are held in trust by the State for the exclusive benefit of the participating employees and their beneficiaries.

Post-Retirement Health Care Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the University's retired employees, in accordance with State statutes. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey's mandatory pension plans. Employees retiring with 25 years of service credited after June 30, 1997 may share in the cost of the health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, the amounts are not available to the University and no expenses or liabilities for these benefits are reflected in the University's financial statements.

Additional detailed information about these programs is provided in the State of New Jersey's Comprehensive Annual Financial Report.

Postemployment Benefits Other Than Pension

The State of New Jersey implemented Government Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the fiscal year ended June 30, 2008. The State of New Jersey is legally responsible for contributions to the other postemployment benefits plan that covers the employees of the University. The employees of the University are employees of the State of New Jersey according to State statute, therefore, the other postemployment benefits plan liability is reported by the State of New Jersey.

NOTE 13 - COMPENSATED ABSENCES

The University accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences (i.e. unused vacation, sick leave) attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The University recorded a liability for accumulated vacation time in the amount of \$37.8 million at June 30, 2009 (\$35.4 million in 2008). The liability is calculated based upon employees' accrued vacation time as of the statements of net assets date and is recorded in accounts payable and accrued expenses in the accompanying statements of net assets.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The pay out to retirees for unused accumulated sick time is calculated at the lesser of ½ the value of earned time or \$15,000. Employees separating from the University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University recorded a liability for accumulated sick leave balances in the amount of \$7.2 million at June 30, 2009 (\$8.1 million in 2008) which is included in accounts payable and accrued expenses in the accompanying statements of net assets.

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Notes to the Financial Statements

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NOTE 14 - RISK MANAGEMENT

The University, jointly with 15 other higher education institutions, has established Genesis Ltd. a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda. Genesis, a Captive Reinsurance Company, reinsures general liability, professional liability, and automobile liability risks of its shareholders. The University has approximately a 13.8% equity ownership of Genesis and receives a pro-rata share of the income generated. The University's annual premium payments to the company for insurance coverage are based on actuarial studies and are charged to expenses. The insurance policies have deductibles that vary by policy, the most significant of which provides for the payment of general liability claims.

In 2004, the University and its 15 partners formed a Vermont Reciprocal Risk Retention Group, Pinnacle Consortium of Higher Education, to further enhance and support the insurance programs and provide fronting services for Genesis. The primary purpose of this second alternate risk funding company is to reduce costs, reduce collateral requirements for Genesis and provide the flexibility to conduct business in the U.S.

The University is self-insured for workers compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total liability at June 30, 2009 for these items is \$11.0 million (\$11.6 million in 2008). The reserve balance recorded at June 30, 2009 is \$13.8 million (\$13.9 million in 2008). No discount rate is used. The self insurance reserve represents the estimated ultimate cost of settling claims and related expenses resulting from events that have occurred. The reserves includes the amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported (IBNR).

The University has accrued expenses for deductibles and incurred but not reported liabilities in the statements of net assets. The accrued expenses are based on estimates by management and third party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims incurred but not reported.

NOTE 15 - CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the University's financial statements.

The University receives funds from federal, state and private agencies under grants and contracts for research, training and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is the University's belief that any disallowances or adjustments would not have a significant effect on the University's financial statements.

NOTE 16 – ONE WASHINGTON PARK

In September 2006, the University's Board of Governors authorized the negotiation and execution of a contract of purchase and sale and arrangement for construction financing for the Rutgers Newark Business School's relocation to One Washington Park, Newark, New Jersey, where space will be consolidated for faculty offices and classrooms. The building will be converted into a condominium in which 11 floors of the building along with a proposed 15,000 square foot addition to be located at grade level will be reconstituted as the Rutgers Business School space.

The overall project budget includes the following: (i) the acquisition of the Rutgers Business School Space, (ii) the construction costs needed to build out the interior and exterior of such space, (iii) the construction costs needed to improve and repair certain common elements and common building systems in the building, (iv) the fee required under the Architect's Contract, and (v) other non-construction related costs. The overall project cost is expected to be \$83.0 million. Funding for this project will be coming from several sources, particularly, in fiscal year 2006, the State of New Jersey made a special appropriation to Rutgers University in the amount of \$18.0 million earmarked specifically for the Business School. The University is also participating in the New Markets Tax Credit (NMTC) program administered by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI) and will enter into a transaction with City National Bank of New Jersey, PNC Bank, National Community Investment Fund, and New Jersey Community Capital, also known as a Community Development Entity (CDE).

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The transactions that involved the University during fiscal year 2008 are as follows: At the post-closing on July 31, 2007, the University loaned to One Washington Capital, LLC (Rutgers leverage lender) \$4.3 million and invested \$3.3 million in Parkside RUN Investments, LLC. (Rutgers affiliate and Managing Member of One Washington Park Holdings, LLC). Parkside RUN Investments, LLC then forwarded the \$3.3 million as an investment to One Washington Park Holdings, LLC, a qualified active low-income community business (QALICB).

The transaction, which occurred during the fiscal year 2009 related to the NMTC program, involved the University's purchase of property designated as Unit No. B-1B of One Washington Park Condominium for \$22.0 million from the QALICB.

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Department of Agriculture			
Agricultural and Rural Economic Research	10.250		28,900
Agricultural Research Basic and Applied Research	10.001		816,053
Biotechnology Risk Assessment Research	10.219		167,188
Cooperative Extension Service	10.500		40,392
Environmental Quality Incentives Program	10.912		57,623
Forest Health Protection	10.680		25,093
Forest Stewardship Program	10.678		9,382
Forestry Research	10.652		22,926
Grants for Agricultural Research Competitive Research Grants	10.206		1,388,395
Grants for Agricultural Research, Special Research Grants	10.200		3,176,317
Integrated Programs	10.303		652,234
International Science and Education Grants	10.305		12,800
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		2,605,796
Specialty Crop Research Initiative	10.309		119,967
Various	10.RD		502,073
Subtotal			9,625,139
Department of Commerce			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		91,498
Chesapeake Bay Studies	11.457		17,147
Climate and Atmospheric Research	11.431		143,798
Coastal Services Center	11.473		1,890,682
Coastal Zone Management Estuarine Research Reserves	11.420		1,249,076
Cooperative Science and Education Program	11.455		352,465
Measurement and Engineering Research and Standards	11.609		282,382
Special Oceanic and Atmospheric Projects	11.460		236,661

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Department of Commerce			
Undersea Research	11.430		713,212
Various	11.RD		138,003
Subtotal			5,114,924
Department of Defense			
Air Force Defense Research Sciences Program	12.800		528,768
Basic and Applied Scientific Research	12.300		3,853,799
Basic Scientific Research	12.431		665,334
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		177,632
Basic, Applied, and Advanced Research in Science and Engineering	12.630		37,502
Mathematical Sciences Grants Program	12.901		276,156
Military Medical Research and Development	12.420		8,779,034
Research and Technology Development	12.910		501,200
Various	12.RD		4,768,696
Subtotal			19,588,121
Department of Education			
Education Research, Development and Dissemination	84.305		180,108
Subtotal			180,108
Department of Energy			
Conservation Research and Development	81.086		652,856
Office of Science Financial Assistance Program	81.049		1,217,547
Stewardship Science Grant Program	81.112		618,385
Various	81.RD		3,313,635
Subtotal			5,802,423

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Department of Health and Human Services			
Academic Research Enhancement Award	93.390		60,989
Aging Research	93.866		1,487,076
Alcohol National Research Service Awards for Research Training	93.272		231,906
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		152,801
Alcohol Research Programs	93.273		1,757,661
Allergy, Immunology and Transplantation Research	93.855		3,308,724
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		311,063
Biological Response to Environmental Health Hazards	93.113		429,387
Biomedical Imaging Research	93.286		1,491,537
Biomedical Research and Research Training	93.859		19,054,125
Cancer Biology Research	93.396		1,167,243
Cancer Cause and Prevention Research	93.393		3,853,825
Cancer Construction	93.392		324,187
Cancer Control	93.399		410,099
Cancer Detection and Diagnosis Research	93.394		181,094
Cancer Treatment Research	93.395		263,424
Cell Biology and Biophysics Research	93.821		1,430
Center for Research for Mothers and Children	93.865		910,444
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		(51,595)
Diabetes, Endocrinology and Metabolism Research	93.847		361,965
Digestive Diseases and Nutrition Research	93.848		61,896
Drug Abuse Research Programs	93.279		1,733,865
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		3,690,340
Heart and Vascular Diseases Research	93.837		176,434

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Department of Health and Human Services			
Human Genome Research	93.172		888,576
Kidney Diseases, Urology and Hematology Research	93.849		872,582
Lung Diseases Research	93.838		261,331
Medical Library Assistance	93.879		9,963
Mental Health Research Grants	93.242		13,332,460
Nursing Research	93.361		250,812
Occupational Safety and Health Research Grants	93.262		172,794
Oral Diseases and Disorders Research	93.121		199,722
Population Research	93.864		450,977
Research and Training in Complementary and Alternative Medicine	93.213		183,046
Research Infrastructure	93.389		330,391
Research on Healthcare Costs, Quality and Outcomes	93.226		1,716,858
Research Related to Deafness and Communication Disorders	93.173		838,091
Senior International Fellowships	93.989		483,582
Trans-NIH Recovery Act Research Support	93.701	Y	30,460
Various	93.387		34,508
Various	93.RD		8,761,510
Vision Research	93.867		1,074,718
Subtotal			71,262,301
Department of Homeland Security			
Centers for Homeland Security	97.061		160,616
Homeland Security Advanced Research Projects Agency	97.065		31,358
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077		401,319
Subtotal			593,293

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Department of Justice			
Various	16.RD		216,363
Subtotal			216,363
Department of Labor			
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		104,786
Subtotal			104,786
Department of the Interior			
Assistance to State Water Resources Research Institutes	15.805		60,167
Conservation Grants Private Stewardship for Imperiled Species	15.632		47,136
Various	15.AB1		27,686
Various	15.DAV		1,962
Various	15.RD		568,597
Subtotal			705,548
Department of Transportation			
Aviation Research Grants	20.108		417,992
Transit Planning and Research	20.514		500,726
Various	20.RD		3,577,874
Subtotal			4,496,592
Department of Veterans Affairs			
Various	64.RD		53,361
Subtotal			53,361
Environmental Protection Agency			
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		49,017
Office of Research and Development Consolidated Research	66.511		15,449
Pesticide Environmental Stewardship Regional Grants	66.714		21,998

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Environmental Protection Agency			
Pollution Prevention Grants Program	66.708		19,434
Science To Achieve Results (STAR) Program	66.509		372,443
Surveys, Studies, Investigations and Special Purpose Grants	66.606		53,843
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716		48,380
Targeted Watershed Grants	66.439		143,402
Subtotal			723,966
Institute of Museum and Library Services			
National Leadership Grants	45.312		317,963
Subtotal			317,963
National Aeronautics and Space Administration			
Aerospace Education Services Program	43.001		253,916
Technology Transfer	43.002		35,725
Various	43.RD		1,119,829
Subtotal			1,409,470
National Archives and Records Administration			
National Historical Publications and Records Grants	89.003		174,545
Subtotal			174,545
National Endowment for the Humanities			
Promotion of the Humanities Research	45.161		139,838
Subtotal			139,838
National Science Foundation			
Biological Sciences	47.074		8,795,587
Computer and Information Science and Engineering	47.070		7,168,205
Education and Human Resources	47.076		3,496,467
Engineering Grants	47.041		7,554,736

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
National Science Foundation			
Geosciences	47.050		2,747,012
International Science And Engineering (OISE International)	47.079		101,917
Mathematical and Physical Sciences	47.049		8,452,128
Office of Cyberinfrastructure	47.080		30,299
Polar Programs	47.078		358,077
Social, Behavioral, and Economic Sciences	47.075		1,603,682
Trans-NSF Recovery Act Research Support	47.082	Y	1,188
Undergraduate Science, Engineering, and Mathematics Education	47.071		19,819
Various	47.RD		111,990
			<hr/>
Subtotal			40,441,107
Nuclear Regulatory Commission			
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		179,425
			<hr/>
Subtotal			179,425
			<hr/>
Subtotal Direct Research and Development			\$161,129,273

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Department of Agriculture			
Auburn University			
Grants for Agricultural Research Competitive Research Grants	10.206		28,171
Cornell University			
Grants for Agricultural Research, Special Research Grants	10.200		102,024
East Coast Shellfish Growers Association			
Grants for Agricultural Research, Special Research Grants	10.200		20,414
Illinois Institute of Technology			
Integrated Programs	10.303		54,969
Marine Biological Laboratory			
Various	10.RD		12,262
Michigan State University			
Integrated Programs	10.303		14,395
New Mexico State University			
Integrated Programs	10.303		30,275
North Carolina State University			
Cooperative Extension Service	10.500		4,423
Integrated Programs	10.303		103,977
Penn State University			
Grants for Agricultural Research, Special Research Grants	10.200		19,991
Penn State University-Northeast IPM Center			
Integrated Programs	10.303		10,686
Southern University and A&M College			
1890 Institution Capacity Building Grants	10.216		11,411
State of Connecticut			
Various	10.RD		11,311
State of New Jersey (SNJ)-Department of Agriculture			
Rural Business Enterprise Grants	10.769		25,102

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Texas Tech University			
Grants for Agricultural Research Competitive Research Grants	10.206		56,969
University of Delaware			
Integrated Programs	10.303		11,964
University of Illinois			
Various	10.RD		26,364
University of Maine			
Grants for Agricultural Research, Special Research Grants	10.200		25,491
University of Massachusetts			
Integrated Programs	10.303		(3,468)
University of Rhode Island			
Integrated Programs	10.303		3,825
Sustainable Agriculture Research and Education	10.215		60,844
University of Vermont			
Cooperative Extension Service	10.500		11,286
Sustainable Agriculture Research and Education	10.215		67,329
Various	10.RD		43,518
			753,533
Subtotal			
Department of Commerce			
National Estuarine Research Reserve System			
Coastal Services Center	11.473		53,633
New Jersey Marine Sciences Consortium			
Sea Grant Support	11.417		303,129
Various	11.RD		12,890
Princeton University			
Climate and Atmospheric Research	11.431		41,743
University of Alaska			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		11,322

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
University of California-Berkeley			
Congressionally Identified Construction Projects	11.469		1,966
University of California-San Diego			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		45,878
University of Delaware			
Coastal Services Center	11.473		14,972
University of Maine			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		51,616
University of Maryland			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		51,455
University of New Hampshire			
Coastal Zone Management Administration Awards	11.419		132,712
Virginia Institute of Marine Science			
Sea Grant Support	11.417		44,782
Woods Hole Oceanographic Institution			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		55,326
			821,424
Subtotal			
Department of Defense			
Airpark Sales and Service, Inc.			
Various	12.RD		7,623
California Institute of Technology			
Basic Scientific Research	12.431		107,271
Desert Research Institute			
Basic Scientific Research	12.431		44,157
Dow Corning			
Various	12.RD		37,476

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Electro Energy, Inc.			
Various	12.RD		13,448
Impulse Devices, Inc.			
Various	12.RD		106,735
Institute for the Study of Learning and Expertise			
Various	12.RD		2,442
Johns Hopkins University			
Various	12.RD		37,322
Lockheed Martin Corporation			
Various	12.RD		118,951
Monterey Peninsula College			
Basic and Applied Scientific Research	12.300		9,934
Multi-Phase Technologies, LLC			
Various	12.RD		23,924
NanoMech, LLC			
Various	12.RD		21,000
Omega Optics, Inc.			
Various	12.RD		47,219
Pliant Corporation			
Various	12.RD		207,462
Raytheon Company			
Basic and Applied Scientific Research	12.300		677,141
Various	12.RD		39,258
Science Applications International Corporation (SAIC)			
Various	12.RD		14,473
Smart Information Flow Technologies			
Various	12.RD		29,874
Technology Assessment and Transfer, Inc.			
Various	12.RD		8,814

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
University of Arizona			
Various	12.RD		270,234
University of California-Berkeley			
Research and Technology Development	12.910		67,083
University of Maryland			
Basic and Applied Scientific Research	12.300		93,023
University of Miami			
Basic and Applied Scientific Research	12.300		16,850
University of Missouri			
Various	12.RD		140,000
University of Texas			
Various	12.RD		38,831
University of Utah			
Basic and Applied Scientific Research	12.300		102,112
University of Washington			
Various	12.RD		75,094
Vanderbilt University			
Air Force Defense Research Sciences Program	12.800		42,678
Washington University - St. Louis			
Research and Technology Development	12.910		136,431
Woods Hole Oceanographic Institution			
Basic and Applied Scientific Research	12.300		116,159
Subtotal			<u>2,653,019</u>
Department of Education			
City University of New York (CUNY)-Research Foundation			
Fund for the Improvement of Postsecondary Education	84.116		11,082
Essex County College			
Strengthening Minority-Serving Institutions	84.382		11,966
Various	84.RD		28,014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
New Jersey Institute of Technology			
National Institute on Disability and Rehabilitation Research	84.133		88,692
Penn State University			
Various	84.RD		1,354,873
Prevent Child Abuse - New Jersey Chapter			
Various	84.RD		83,557
State of New Jersey (SNJ)-Department of Education			
Various	84.RD		(1,106)
Syracuse University			
National Institute on Disability and Rehabilitation Research	84.133		52,074
Vanderbilt University			
Various	84.RD		486,622
			2,115,774
Subtotal			
Department of Energy			
Altair Nanomaterials, Inc.			
Various	81.RD		10,437
Altairnano, Inc.			
Various	81.RD		20,598
Automotive Composites Consortium			
Various	81.RD		15,456
Battelle			
Various	81.RD		325,471
Brookhaven National Labs			
Various	81.RD		26,798
Ceramatec, Inc			
Various	81.RD		45,859
Fermilab			
Various	81.RD		124,945

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Jefferson Science Associates, LLC			
Various	81.RD		48,860
Lawrence Berkeley National Lab			
Various	81.RD		23,641
Oak Ridge National Laboratory			
Various	81.RD		55,678
Oregon State University			
Various	81.RD		73,932
Penn State University			
Renewable Energy Research and Development	81.087		23,497
Planetary Emissions Management			
Various	81.RD		30,413
Princeton University			
Office of Science Financial Assistance Program	81.049		(889)
Various	81.RD		17,683
Sandia National Laboratory			
Various	81.RD		5,000
Siemens Corporate Research and Support Inc.			
Various	81.RD		194,879
South Dakota State University			
Regional Biomass Energy Programs	81.079		14,976
State of New Jersey (SNJ)-Board of Public Utilities			
Various	81.RD		54,564
University of Texas			
Various	81.RD		239,266
Vanderbilt University			
Various	81.RD		273,121
			1,624,185
Subtotal			

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YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Department of Health and Human Services			
Albert Einstein College of Medicine			
Allergy, Immunology and Transplantation Research	93.855		(2,615)
Various	93.RD		146,856
Baylor College			
Research Infrastructure	93.389		10,188
Various	93.RD		486,018
Bionex Pharmaceuticals, LLC			
Drug Abuse Research Programs	93.279		21,435
Boston College			
Drug Abuse Research Programs	93.279		87,440
Boston University			
Research and Training in Complementary and Alternative Medicine	93.213		27,267
California Pacific Medical Center			
Various	93.RD		27,031
Carolinas HealthCare System			
Center for Research for Mothers and Children	93.865		13,200
Children's Hospital of Philadelphia			
Blood Diseases and Resources Research	93.839		185,072
Kidney Diseases, Urology and Hematology Research	93.849		84,562
City of Newark, NJ			
Various	93.RD		31,618
Columbia University			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		22,460
Trans-NIH Recovery Act Research Support	93.701	Y	7,080
Columbus Children's Research Institute			
Trans-NIH Recovery Act Research Support	93.701	Y	4,488
Commonwealth of Pennsylvania			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		156,887

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YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Duke University			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		24,789
Education Development Center			
Child Care and Development Block Grant	93.575		73,319
Emory University			
Cancer Centers Support Grants	93.397		57,476
Fox Chase Cancer Center			
Various	93.RD		39,952
Health Research Inc.			
Allergy, Immunology and Transplantation Research	93.855		242,101
Hospital for Special Surgery			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		6,948
Various	93.RD		50,196
Indiana University			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		22,279
Integrated DNA Technologies - IDT			
Various	93.RD		82,303
Johns Hopkins University			
Mental Health Research Grants	93.242		7,791
Lawrence Berkeley National Laboratory			
Human Genome Research	93.172		289,478
Link2Health Solutions, Inc.			
Various	93.RD		9,109
Louisiana State University			
Research and Training in Complementary and Alternative Medicine	93.213		17,849
Massachusetts General Hospital			
Cancer Centers Support Grants	93.397		26,784

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Mayo Clinic Rochester			
Various	93.RD		73,232
Michigan State University			
Head Start	93.600		258,026
Montefiore Medical Center			
Microbiology and Infectious Diseases Research	93.856		16,715
Various	93.RD		69,760
Mount Sinai Medical Center			
Drug Abuse Research Programs	93.279		20,543
Nanoprobes, Inc.			
Various	93.RD		7,298
New York Blood Center			
Various	13.RD		34,136
New York Structural Biology Center			
Various	93.RD		100,499
New York University School of Medicine			
Biomedical Research and Research Training	93.859		5,445
Penn State University			
Lung Diseases Research	93.838		40,708
Princeton University			
Biomedical Imaging Research	93.286		96,988
Biomedical Research and Research Training	93.859		48,036
Purdue University			
Research and Training in Complementary and Alternative Medicine	93.213		161,960
Research Triangle Institute			
Various	93.RD		91,244
State of Arkansas			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		17,291

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
State of New Jersey (SNJ)-Department of Education			
Various	93.RD		196,663
State of New Jersey (SNJ)-Department of Health and Senior Services (DHSS)			
HIV Prevention Activities Health Department Based	93.940		(1,109)
Various	93.RD		246,227
State of New Jersey (SNJ)-Department of Health and Senior Services (DHSS)-Division of HIV/AIDS Services			
HIV Demonstration, Research, Public and Professional Education Projects	93.941		290,667
Various	93.RD		243,292
State of New Jersey (SNJ)-Department of Human Services (DHS)-Developmental Disabilities Council			
Developmental Disabilities Basic Support and Advocacy Grants	93.630		22,475
State University of New York (SUNY)-Buffalo			
Various	93.RD		6,819
State University of New York (SUNY)-Stony Brook			
Cancer Cause and Prevention Research	93.393		122,736
State University of New York (SUNY)-The Research Foundation			
Alcohol Research Programs	93.273		286,293
Textile Research Institute			
Biomedical Imaging Research	93.286		148,233
Various	93.RD		13,020
Thomas Jefferson University Medical College			
Cancer Cause and Prevention Research	93.393		41,176
University of California-Berkeley			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		35,928
Various	93.RD		15,532

(Continued)

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
University of California-San Francisco			
Various	93.RD		537,025
University of Cincinnati			
Various	93.RD		7,828
University of Illinois			
Various	93.RD		65,073
University of Kansas Medical Center			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		35,856
University of Medicine and Dentistry of New Jersey (UMDNJ)			
Biomedical Imaging Research	93.286		64,471
Various	93.RD		68,000
University of Medicine and Dentistry of New Jersey (UMDNJ)-Cancer Institute of New Jersey			
Cancer Cause and Prevention Research	93.393		22,877
Cancer Detection and Diagnosis Research	93.394		93,948
Various	93.RD		119,254
University of Medicine and Dentistry of New Jersey (UMDNJ)-Robert Wood Johnson Medical School			
Allergy, Immunology and Transplantation Research	93.855		263,138
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		1,789,941
Biological Response to Environmental Health Hazards	93.113		(2,963)
Biometry and Risk Estimation Health Risks from Environmental Exposures	93.115		48,661
Drug Abuse Research Programs	93.279		9,676
Medical Library Assistance	93.879		59,531
Mental Health National Research Service Awards for Research Training	93.282		172,444
Various	93.RD		1,427,590
University of Michigan			
Drug Abuse Research Programs	93.279		36,927

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
University of Michigan			
Research Infrastructure	93.389		67,888
University of Oklahoma Health Sciences Center			
Various	93.RD		101,429
University of Pennsylvania			
Biomedical Imaging Research	93.286		109,100
Mental Health Research Grants	93.242		23,610
University of Pittsburgh			
Allergy, Immunology and Transplantation Research	93.855		158,033
Various	93.RD		80,369
University of Southern California			
Biomedical Research and Research Training	93.859		60,274
University of Texas			
Allergy, Immunology and Transplantation Research	93.855		327,761
Center for Research for Mothers and Children	93.865		51,291
Lung Diseases Research	93.838		830
University of Washington			
Center for Research for Mothers and Children	93.865		17,137
University of Wisconsin			
Aging Research	93.866		154,000
Biomedical Research and Research Training	93.859		734
Research and Training in Complementary and Alternative Medicine	93.213		15,220
Washington University - St. Louis			
Research and Training in Complementary and Alternative Medicine	93.213		6,771
Yale University			
Allergy, Immunology and Transplantation Research	93.855		5,739
			10,968,657
Subtotal			

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Department of Homeland Security			
State of New Jersey (SNJ)-Department of Law and Public Safety (DLPS)-Office of Emergency Management			
Emergency Management Performance Grants	97.042		39,133
Stevens Institute of Technology			
Centers for Homeland Security	97.061		229,604
Subtotal			268,737
Department of Housing and Urban Development			
D&R International			
Various	14.RD		4,897
Subtotal			4,897
Department of Justice			
State of New Jersey (SNJ)-Department of Corrections			
Offender Reentry Program	16.202		54,341
Various	16.RD		4,885
Subtotal			59,226
Department of Labor			
Middlesex County			
Various	17.RD		134,885
Newark Alliance			
Various	17.RD		45,972
State of New Jersey (SNJ)-Department of Labor			
Various	17.RD		48,832
Subtotal			229,689
Department of the Interior			
Ecostudies Institute			
Coastal Program	15.630		23,741
National Fish and Wildlife Foundation			
Fish and Wildlife Management Assistance	15.608		3,492

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
University of Maine			
Cooperative Research Units Program	15.812		3,262
			30,495
Subtotal			
Department of Transportation			
A. Strauss-Weider, Inc.			
Various	20.RD		4,588
Auburn University			
Various	20.RD		9,269
Camden County			
Various	20.RD		10,401
City University of New York (CUNY)-Research Foundation			
Various	20.RD		73,084
City University of New York (CUNY)-Transportation Research Center			
Federal Transit Grants for University Research and Training	20.502		100,899
Various	20.RD		169,990
Cornell University			
Biobased Transportation Research	20.761		41,759
Health Research Inc.			
Various	20.RD		15,409
Iowa Department of Transportation			
Various	20.RD		34,074
Metropolitan Transit Authority - Harris County, Texas			
Various	20.RD		59,511
National Academy of Sciences			
Various	20.RD		178,707
National Research Council (NRC)-Transportation Research Board			
Various	20.RD		4,753

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
New Jersey Transit Corporation			
Various	20.RD		65,959
Rensselaer Polytechnic Institute			
Various	20.RD		33,541
State of New Jersey (SNJ)-Department of Law and Public Safety (DLPS)-Department of Highway Traffic & Safety			
Safety Belt Performance Grants	20.609		(3,254)
Various	20.RD		105,350
State of New Jersey (SNJ)-Department of Transportation			
Various	20.RD		1,752,561
Subtotal			2,656,601
Environmental Protection Agency			
Institute of Ecosystem Studies			
Water Pollution Control State and Interstate Program Support	66.419		1,822
Ocean County College-Barnegat Bay			
National Estuary Program	66.456		9,743
State of New Jersey (SNJ)-Department of Environmental Protection			
Nonpoint Source Implementation Grants	66.460		176,658
Performance Partnership Grants	66.605		119,797
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements Section 1442 of the Clean Water Act	66.436		1,141
Various	66.RD		57,353
University of Illinois			
Science To Achieve Results (STAR) Program	66.509		25,126
University of Medicine and Dentistry of New Jersey (UMDNJ)-Robert Wood Johnson Medical School			
Various	66.RD		159,680
Subtotal			551,320

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Institute of Museum Services			
William Paterson University			
Institute of Museum and Library Services National Leadership Grants	45.312		122,062
Subtotal			122,062
National Aeronautics and Space Administration			
Brimrose Corporation of America			
Various	43.RD		15,798
California Institute of Technology (CIT)-Jet Propulsion Laboratory			
Various	43.RD		8,710
Clark University			
Aerospace Education Services Program	43.001		13,229
iBiometrics, Inc.			
Various	43.RD		17,121
Smithsonian Astrophysical Observatory			
Various	43.RD		152,191
Space Telescope Science Institute			
Various	43.RD		185,542
Stevens Institute of Technology			
Various	43.RD		6,000
University of Maryland			
Various	43.RD		6,394
Virginia Institute of Marine Science			
Various	43.RD		35,953
Woods Hole Oceanographic Institution			
Various	43.RD		(960)
Subtotal			439,978

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
National Science Foundation			
Altairnano, Inc.			
Various	47.RD		70,867
Arizona State University			
Social, Behavioral, and Economic Sciences	47.075		95,214
BBN Laboratories, Inc.			
Various	47.RD		29,371
Gallaudet University			
Various	47.RD		66,632
Georgia Institute of Technology			
Computer and Information Science and Engineering	47.070		39,537
iBiometrics, Inc.			
Various	47.RD		17,281
Iowa State University			
Social, Behavioral, and Economic Sciences	47.075		30,599
Liberty Science Center			
Education and Human Resources	47.076		36,780
Marine Biological Laboratory			
Various	47.RD		129,526
New Jersey Institute of Technology			
Biological Sciences	47.074		121,185
Engineering Grants	47.041		59,227
Northeastern University			
Engineering Grants	47.041		39,339
Oberlin College			
Various	47.RD		2,647
Penn State University			
Mathematical and Physical Sciences	47.049		73,530

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
Princeton University			
International Science And Engineering (OISE International)	47.079		76,436
Raritan Valley Community College			
Various	47.RD		2,109
Smithsonian Institution			
Social, Behavioral, and Economic Sciences	47.075		10,269
Various	47.RD		27,671
Stanford University			
Geosciences	47.050		34,211
Syracuse University			
Geosciences	47.050		16,613
University of Alaska			
Various	47.RD		13,112
University of California-San Diego			
Various	47.RD		233,651
University of Illinois			
Engineering Grants	47.041		73,137
University of Maryland			
Various	47.RD		106,986
University of Massachusetts			
Education and Human Resources	47.076		74,492
University of Puerto Rico			
Various	47.RD		9,453
University of Southern California			
Geosciences	47.050		5,707
University of Washington			
Mathematical and Physical Sciences	47.049		247,758
US Civilian Research and Development Foundation			
Social, Behavioral, and Economic Sciences	47.075		2,782

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RESEARCH AND DEVELOPMENT CLUSTER:			
Pass-Through:			
US-Israel Binational Science Foundation			
Various	47.RD		5,869
Vanderbilt University			
Various	47.RD		84,339
Virginia Institute of Marine Science			
Polar Programs	47.078		15,021
			1,851,351
Subtotal			
			\$25,150,948
			\$186,280,221

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
STUDENT FINANCIAL AID CLUSTER:			
Direct:			
Department of Education			
Federal Supplemental Educational Opportunity Grant Program	84.007		2,525,356
Federal Work-Study Program	84.033		4,906,509
Federal Perkins Loan Program (Including Administrative Cost of \$451,598)	84.038		4,860,937
Federal Pell Grant Program	84.063		37,273,290
Federal Direct Student Loan Program	84.268		217,593,172
Federal Academic Competitiveness Grant Program	84.375		1,380,868
Federal National Science and Mathematics Access to Retain Talent Grant Program	84.376		1,473,391
Department of Health and Human Services			
Nursing Student Loan Program	93.364		118,149
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		60,825
Total Student Financial Aid Cluster			\$270,192,497

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OTHER PROGRAMS:			
Direct:			
Agency for International Development			
Various	98.UNK		392,726
Subtotal			392,726
Department of Agriculture			
Agricultural Research Basic and Applied Research	10.001		8,890
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312		141,421
Cooperative Extension Service	10.500		4,500,558
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		7,421
Grants for Agricultural Research, Special Research Grants	10.200		416,336
Higher Education Challenge Grants	10.217		7,201
Integrated Programs	10.303		53,318
International Training Foreign Participant	10.962		2,585
Various	10.UNK		170,946
Subtotal			5,308,676
Department of Commerce			
Coastal Zone Management Estuarine Research Reserves	11.420		39,480
Economic Development Technical Assistance	11.303		99,600
Grants for Public Works and Economic Development Facilities	11.300		315,867
Subtotal			454,947
Department of Defense			
Basic and Applied Scientific Research	12.300		203,643
Basic Scientific Research	12.431		12,692

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
Department of Defense			
Mathematical Sciences Grants Program	12.901		25,848
Various	12.UNK		445,829
			688,012
Subtotal			
Department of Education			
Fund for the Improvement of Postsecondary Education	84.116		441,898
Graduate Assistance in Areas of National Need	84.200		650,187
International: Overseas Doctoral Dissertation	84.022		6,829
Javits Fellowships	84.170		359,680
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		193,106
TRIO McNair Post-Baccalaureate Achievement	84.217		157,992
TRIO Student Support Services	84.042		967,395
TRIO Upward Bound	84.047		599,366
Undergraduate International Studies and Foreign Language Programs	84.016		84,347
Various	84.UNK		165,918
			3,626,718
Subtotal			
Department of Energy			
Office of Science Financial Assistance Program	81.049		4,083
			4,083
Subtotal			
Department of Health and Human Services			
Advanced Education Nursing Grant Program	93.247		156,714
Advanced Education Nursing Traineeships	93.358		63,297

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
Department of Health and Human Services			
Aging Research	93.866		23,488
Alcohol National Research Service Awards for Research Training	93.272		145,715
Biological Response to Environmental Health Hazards	93.113		372,205
Biomedical Imaging Research	93.286		270,491
Biomedical Research and Research Training	93.859		1,068,240
Cancer Research Manpower	93.398		30,283
Center for Research for Mothers and Children	93.865		37,200
Diabetes, Endocrinology and Metabolism Research	93.847		314,017
Drug Abuse Research Programs	93.279		259,650
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		40,270
Health Care and Other Facilities	93.887		116,369
Mental Health National Research Service Awards for Research Training	93.282		391,791
Mental Health Research Career/Scientist Development Awards	93.281		115,163
Mental Health Research Grants	93.242		178,338
Research Infrastructure	93.389		281,120
Research on Healthcare Costs, Quality and Outcomes	93.226		10,459
Resource and Manpower Development in the Environmental Health Sciences	93.894		3,949
Various	93.UNK		19,989
Subtotal			3,898,748

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
Department of Homeland Security			
Homeland Security-Related Science, Technology, Engineering And Mathematics (HS STEM) Career Development Program	97.104		170,035
Various	97.UNK		1,933
Subtotal			171,968
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		113,598
Economic Development Initiative-Special Project, Neighborhood Initiative And Miscellaneous Grants	14.251		15,272
Subtotal			128,870
Department of Labor			
Employment Programs for People with Disabilities	17.720		1,165,644
Various	17.UNK		(14,437)
Subtotal			1,151,207
Department Of The Treasury			
Low Income Taxpayer Clinics	21.008		87,200
Subtotal			87,200
Department of Transportation			
Aviation Research Grants	20.108		198,122
Transit Planning and Research	20.514		5,722,481
University Transportation Centers Program	20.701		272,540
Various	20.UNK		281,530
Subtotal			6,474,673

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
Department of Veterans Affairs			
Various	64.UNK		27,934
Subtotal			27,934
Environmental Protection Agency			
Pollution Prevention Grants Program	66.708		11,340
Science To Achieve Results (STAR) Fellowship Program	66.514		5,227
Solid Waste Management Assistance	66.808		42,130
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		17,787
Training and Fellowships for the Environmental Protection Agency	66.607		(43,509)
Subtotal			32,975
Institute of Museum and Library Services			
Laura Bush 21st Century Librarian Program	45.313		15,874
Museums for America	45.301		87,284
Subtotal			103,158
National Aeronautics and Space Administration			
Various	43.UNK		(1,888)
Subtotal			(1,888)
National Archives and Records Administration			
National Historical Publications and Records Grants	89.003		59,791
Subtotal			59,791

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
National Endowment for the Arts			
Promotion of the Arts Grants to Organizations and Individuals	45.024		71,385
Subtotal			71,385
National Science Foundation			
Biological Sciences	47.074		101,381
Education and Human Resources	47.076		3,683,318
Engineering Grants	47.041		10,423
Geosciences	47.050		385,694
International Science And Engineering (OISE International)	47.079		8,681
Mathematical and Physical Sciences	47.049		32,991
Polar Programs	47.078		(3,457)
Social, Behavioral, and Economic Sciences	47.075		2,887
Various	47.UNK		404,547
Subtotal			4,626,465
Small Business Administration			
Small Business Development Centers	59.037		2,705,376
Subtotal			2,705,376
Subtotal Direct Other Programs			\$30,013,024

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Corporation for National and Community Service			
Jumpstart for Young Children			
AmeriCorps	94.006		48,949
Subtotal			48,949
Department of Agriculture			
Cornell University			
Homeland Security Agricultural	10.304		24,579
Kansas State University			
Cooperative Extension Service	10.500		66,724
Various	10.UNK		40,197
Michigan State University			
Commodity Partnerships for Risk Management Education	10.457		10,037
Penn State University-Northeast Integrated Pest Management Center			
Integrated Programs	10.303		1,902
State of New Jersey (SNJ)-Department of Agriculture			
Crop Insurance Education in Targeted States	10.458		223,811
Various	10.UNK		5,768
State of New Jersey (SNJ)-Department of Human Services			
State Administrative Matching Grants for Food Stamp Program	10.561		1,437,925
State of New Jersey (SNJ)-Department of Human Services (DHS)- Division of Family Development			
State Administrative Matching Grants for Food Stamp Program	10.561		4,114,559
University of Idaho, The Regents of the			
Grants for Agricultural Research, Special Research Grants	10.200		6,000
University of Nebraska			
Integrated Programs	10.303		7,500

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of Vermont			
Cooperative Extension Service	10.500		14,855
Sustainable Agriculture Research and Education	10.215		4,591
World Cocoa Foundation			
Various	10.UNK		7,510
Subtotal			5,965,958
Department of Commerce			
Consortium for Oceanographic Research and Education			
Marine Sanctuary Program	11.429		13,227
National Fish and Wildlife Foundation			
Habitat Conservation	11.463		51,215
Various	11.UNK		64,542
New Jersey Marine Sciences Consortium			
Sea Grant Support	11.417		23,045
University of Miami			
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		13,644
Subtotal			165,673
Department of Defense			
Academy of Applied Science			
Various	12.UNK		15,450
Science Applications International Corporation (SAIC)			
Various	12.UNK		12,096
Subtotal			27,546
Department of Education			
Cornell University			
National Institute on Disability and Rehabilitation Research	84.133		44,144

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
MPR Associates, Inc.			
Various	84.UNK		64,992
National Writing Project			
National Writing Project	84.928		104,480
Newark Public Schools			
Various	84.UNK		17,500
State of New Jersey (SNJ)-Department of Education			
Improving Teacher Quality State Grants	84.367		102,795
Mathematics and Science Partnerships	84.366		472,921
Various	84.UNK		271,381
Subtotal			1,078,213
Department of Energy			
Sandia National Laboratory			
Various	81.UNK		33,924
Subtotal			33,924
Department of Health and Human Services			
Case Western Reserve University (CWRU)-Cleveland Clinic Lerner College of Medicine			
Heart and Vascular Diseases Research	93.837		(1,834)
Columbia University			
AIDS Education and Training Centers	93.145		(2,743)
Various	93.UNK		48,510
Jae Enterprises, Inc.			
Compassion Capital Fund	93.009		26,001
Louisiana State University			
Research and Training in Complementary and Alternative Medicine	93.213		192,012

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
New Jersey Higher Education Consortium			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,277
Newark Public Schools			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV	93.938		74,367
North Jersey Community Research Initiative			
Various	93.UNK		23,350
Rowan University			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,761
State of New Jersey (SNJ)-Department of Community Affairs			
Injury Prevention and Control Research and State and Community Based Programs	93.136		75,433
State of New Jersey (SNJ)-Department of Education			
Various	93.UNK		39,388
State of New Jersey (SNJ)-Department of Health and Senior Services			
Maternal and Child Health Services Block Grant to the States	93.994		(12,053)
Various	93.UNK		62,287
State of New Jersey (SNJ)-Department of Human Services			
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		272,855
State of New Jersey (SNJ)-Department of Human Services (DHS)- Division of Family Development			
Various	93.UNK		2,867,866
The Center to Protect Workers' Rights			
Health and Safety Programs for Construction Work	93.955		82,199
University of Medicine and Dentistry of New Jersey (UMDNJ)			
Bioterrorism Training and Curriculum Development Program	93.996		28,023

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of Medicine and Dentistry of New Jersey (UMDNJ)- Robert Wood Johnson Medical School			
Allergy, Immunology and Transplantation Research	93.855		5,875
Mental Health National Research Service Awards for Research Training	93.282		37,818
Mental Health Research Grants	93.242		15,044
Various	93.UNK		93,418
University of Pittsburgh			
Allergy, Immunology and Transplantation Research	93.855		352,018
Subtotal			4,282,872
Department of Housing and Urban Development			
Cumberland County Empowerment Zone Corporation			
Various	14.UNK		10,115
Subtotal			10,115
Department of Justice			
State of New Jersey (SNJ)-Department of Law and Public Safety			
Various	16.UNK		20,873
Violence Against Women Formula Grants	16.588		(267,842)
State of New Jersey (SNJ)-Department of Law and Public Safety (DLPS)-Division of Criminal Justice			
Crime Victim Assistance	16.575		28,749
State of New Jersey (SNJ)-Department of Law and Public Safety (DLPS)-Office of Victim Witness Advocacy			
Crime Victim Assistance	16.575		41,361
Various	16.UNK		13,736
Violence Against Women Formula Grants	16.588		10,821
State of New Jersey (SNJ)-Parole Board			
Offender Reentry Program	16.202		6,660
Subtotal			(145,642)

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Department of Labor			
Middlesex County			
Various	17.UNK		557,113
New York State - Department of Labor			
Various	17.UNK		(1,444)
Newark Alliance			
Various	17.UNK		12,056
State of New Jersey (SNJ)-Department of Labor			
Various	17.UNK		25,187
WIA Adult Program	17.258		11,588
Syracuse University			
Various	17.UNK		10,367
University of Medicine and Dentistry of New Jersey (UMDNJ)- Robert Wood Johnson Medical School			
Occupational Safety and Health Susan Harwood Training Grants	17.502		18,010
Subtotal			632,877
Department of the Interior			
American Association for the Advancement of Science			
Various	15.UNK		25,841
Subtotal			25,841
Department of Transportation			
American Public Works Association			
Various	20.UNK		1,201
City University of New York (CUNY)-Research Foundation			
Federal Transit Grants for University Research and Training	20.502		30,069
City University of New York (CUNY)-Transportation Research Center			
Federal Transit Grants for University Research and Training	20.502		(8,246)

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
City University of New York (CUNY)-Transportation Research Center			
University Transportation Centers Program	20.701		11,862
Various	20.UNK		15,000
Neponset Valley Transportation Management Assoc			
Various	20.UNK		52,854
State of New Jersey (SNJ)-Department of Law and Public Safety (DLPS)-Department of Highway Traffic & Safety			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		42,321
Safety Belt Performance Grants	20.609		35,470
State and Community Highway Safety	20.600		131,159
State of New Jersey (SNJ)-Department of Transportation			
Various	20.UNK		333,208
Various			
Transit Planning and Research	20.514		52,828
Subtotal			697,726
Environmental Protection Agency			
City of Plainfield, New Jersey			
Various	66.UNK		5,670
State of New Jersey (SNJ)-Department of Environmental Protection			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		69,875
Nonpoint Source Implementation Grants	66.460		68,317
Various	66.UNK		112,895
University of Minnesota			
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean	66.034		2,049
Subtotal			258,806

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
National Aeronautics and Space Administration			
Smithsonian Astrophysical Observatory			
Various	43.UNK		1,348
Space Telescope Science Institute			
Various	43.UNK		63,900
Stevens Institute of Technology			
Various	43.UNK		2,010
The College Fund/UNCF			
Various	43.UNK		8,500
Subtotal			75,758
National Endowment for the Arts			
Mid Atlantic Arts Foundation			
Various	45.UNK		2,200
State of New Jersey (SNJ)-Department of State-New Jersey State Council on the Arts			
Promotion of the Arts Partnership Agreements	45.025		20,189
Subtotal			22,389
National Endowment for the Humanities			
NJ Council for the Humanities			
Promotion of the Humanities Federal/State Partnership	45.129		11,261
Promotion of the Humanities We the People	45.168		22,403
Various	45.UNK		6,054
Subtotal			39,718
National Science Foundation			
Newark Public Schools			
Education and Human Resources	47.076		117,969
University Corporation for Atmospheric Research			
Various	47.UNK		16,455

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
University of Arizona			
Engineering Grants	47.041		56,070
University of California-Berkeley			
Education and Human Resources	47.076		33,396
University of California-San Diego			
Geosciences	47.050		49,290
US Civilian Research and Development Foundation			
International Science And Engineering (OISE International)	47.079		2,473
US-Israel Binational Science Foundation			
Various	47.UNK		5,377
Subtotal			281,030
Subtotal Pass-Through Other Programs			\$13,501,753
Subtotal Other Programs and Student Financial Aid Cluster			\$313,707,274
Total Expenditures of Federal Awards			\$499,987,495

See accompanying notes to Schedule of Expenditures of Federal Awards.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

(1) Basis of Presentation

The purpose of the schedule of expenditures of Federal awards (the schedule) is to present a summary of those activities of Rutgers, The State University of New Jersey (the University) for the year ended June 30, 2009, which have been financed by the U.S. Government (Federal awards). For purposes of the schedule, Federal awards include all Federal assistance and procurement relationships entered into directly between the University and the Federal Government and sub-awards from non-Federal organizations made under Federally sponsored agreements. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget 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 2009 basic financial statements. Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the University. For reporting purposes, Federal expenditures have been classified into three groups:

1. Research and development cluster,
2. Student financial aid cluster, and
3. Awards other than student financial aid and sponsored research, principally development and training activities.

The accounting principles followed by the University in each of these areas and used in preparing the accompanying schedule are as follows:

- Student Financial Aid – Disbursements are recognized on the accrual basis of accounting for awards made to students and for allowable administrative expenses of running such programs.
- Awards Other Than Student Financial Aid – Disbursements (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general University activities which are allocated to Federal expenditures under negotiated formulas commonly referred to as facilities and administrative (“F&A”) costs rates. F&A costs applicable to these cost recoveries are classified as unrestricted expenditures in the statements of revenues, expenses, and changes in net assets. Credit disbursement amounts typically result from grant or contract closing adjustments or transfers.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

(2) Subrecipients

Of the Federal expenditures presented in the schedule of expenditures of Federal awards, the University provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Agricultural Research Basic and Applied Research	10.001	\$ 222,598
Grants for Agricultural Research, Special Research Grants	10.200	192,181
Grants for Agricultural Research, Competitive Research Grants	10.206	272,826
Agricultural and Rural Economic Research	10.250	6,336
Integrated Programs	10.303	192,157
Research and Development Initiative Competitive Grants Program (BRDI)	10.312	92,288
Sea Grant Support	11.417	5,186
Coastal Zone Management Estuarine Research Reserves	11.420	7,813
Undersea Research	11.430	5,428
Cooperative Science and Education Program	11.455	187,255
Special Oceanic and Atmospheric Projects	11.460	81,221
Coastal Services Center	11.473	1,162,794
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	32,600
Various	11.RD	12,509
Basic and Applied Scientific Research	12.300	1,258,876
Military Medical Research and Development	12.420	6,106,058
Research and Technology Development	12.910	13,310
Various	12.RD	225,406
Various	13.RD	174,877
Assistance to State Water Resources Research Institutes	15.805	6,146
Various	15.RD	65,744
Various	16.RD	29,273
Employment Programs for People with Disabilities	17.720	487,845
Aviation Research Grants	20.108	168,283
Transit Planning and Research	20.514	1,121,529
State and Community Highway Safety	20.600	60,150
Safety Belt Performance Grants	20.609	36,534
Various	20.RD	2,302,937
Various	20.UNK	141,255
Aerospace Education Services Program	43.001	17,180
Various	43.RD	194,302
Engineering Grants	47.041	1,973,810
Mathematical and Physical Sciences	47.049	164,206
Geosciences	47.050	175,935
Computer and Information Science and Engineering	47.070	246,594

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Program Title	Federal CFDA Numbers	Amount Provided to Subrecipients
Biological Sciences	47.074	\$ 1,759,703
Social, Behavioral, and Economic Sciences	47.075	60,528
Education and Human Resources	47.076	1,305,680
Small Business Development Center	59.037	1,257,428
Targeted Watershed Grants	66.439	26,366
Nonpoint Source Implementation Grants	66.460	40,572
Science to Achieve Results (STAR) Program	66.509	32,000
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	6,322
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	67,495
Conservation Research and Development	81.086	25,000
Stewardship Science Grant Program	81.112	428,331
Various	81.RD	1,494,082
National Institute on Student Achievement, Curriculum, and Assessment	84.305	63,716
Mathematics and Science Partnerships	84.366	32,983
Various	84.RD	92,966
Oral Diseases and Disorders Research	93.121	20,887
Human Genome Research	93.172	353,595
Research and Training in Complementary and Alternative Medicine	93.213	60,942
Research on Healthcare Costs, Quality and Outcomes	93.226	343,139
Mental Health Research Grants	93.242	1,411,378
Occupational Safety and Health Research Grants	93.262	6,689
Alcohol Research Programs	93.273	18,557
Drug Abuse Research Programs	93.279	100,043
Biomedical Imaging Research	93.286	247,369
Sickle Cell Treatment Demonstration Program	93.365	11,896
Cancer Cause and Prevention Research	93.393	525,326
Cancer Detection and Diagnosis Research	93.394	551
Cancer Control	93.399	5,092
Child Care and Development Block Grant	93.575	39,187
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	24,800
Heart and Vascular Diseases Research	93.837	71,062
Lung Diseases Research	93.838	8,030
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	32,417
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	535,142
Allergy, Immunology and Transplantation Research	93.855	88,215
Biomedical Research and Research Training	93.859	5,124,401
Aging Research	93.866	324,803
Health and Safety Programs for Construction Work	93.955	48,475

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Senior International Fellowships	93.989	\$ 221,669
Various	93.RD	354,840
Various	93.UNK	25,970
Centers for Homeland Security	97.061	31,854
Homeland Security Research Testing, Evaluation and Demonstration of Technologies Related to Nuclear Detection	97.077	72,556
Various	98.UNK	<u>151,858</u>
		<u>\$ 34,397,357</u>

(3) Federal Direct Student Loan Program

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the University under this program at June 30, 2009.

(4) Federal Perkins Loan Program, Nursing Student Loan Program, and Income Contingent Loan Program

The balance of loans outstanding under the Federal Perkins Loan Program, Nursing Student Loan Program, and Income Contingent Loan Program (CFDA # 84.226) at June 30, 2009 was \$38,644,270, \$396,481 and \$98,527, respectively.



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

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the financial statements of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. 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 blended component units of Rutgers, The State University of New Jersey were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



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 other matters that we reported to management of the University in a separate letter dated December 9, 2009.

This report is intended solely for the information and use of the board of governors, the board of trustees and management of the University and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 9, 2009



KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

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

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

Compliance

We have audited the compliance of Rutgers, The State University of New Jersey (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (Federal OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to its major Federal program for the year ended June 30, 2009. The University's major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal program 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 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 Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Federal 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 its major Federal program for the year ended June 30, 2009.

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.



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 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 the entity's 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.

This report is intended solely for the information and use of the board of governors, the board of trustees and management of the University and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 26, 2010

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(1) Summary of Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2009.
- (b) The audit disclosed no material weaknesses and no significant deficiencies were reported in connection with the basic financial statements of the University as of and for the year ended June 30, 2009.
- (c) The audit disclosed no instances of noncompliance which are material to the basic financial statements of the University as of and for the year ended June 30, 2009.
- (d) The audit disclosed no material weaknesses and no significant deficiencies were reported in connection with the major Federal program of the University for the year ended June 30, 2009.
- (e) An unqualified opinion was issued on the University's compliance with its major Federal program for the year ended June 30, 2009.
- (f) There were no audit findings which are required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2009.
- (g) The major Federal program of the University for the year ended June 30, 2009 was the Research and Development Cluster (various CFDA numbers).
- (h) The dollar threshold used to distinguish between type A and type B programs was \$3,000,000 for Federal awards for the year ended June 30, 2009.
- (i) The University qualified as a low-risk auditee for Federal awards for the year ended June 30, 2009.

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

No findings which are required to be reported.

(3) Findings and Questioned Costs Relating to Federal or State of New Jersey Awards

No findings or questioned costs which are required to be reported.

**Summary Status of Prior Year Audit Finding – A-133
For the Year Ended June 30, 2009**

08-01 – Reporting – Significant Deficiency

Contact Person – Michele Conlin, Assistant Controller

Prior Year Corrective Action Plan – The Federal Financial Report (FFR) will be adjusted for the next quarter to reflect the proper cumulative expenses. A new program will be developed to accommodate the new requirements of the FFR which now replaces the Federal Cash Transaction Report (FCTR). Formal written procedures will be developed to document this new process and outline the responsibilities of the report's preparer and approver, ensuring that the data reported reconciles to the University's general ledger.

Current Year Status – This process is in place and has been implemented for FY2009.