

See



State of New Hampshire
Department of Health and Human Services

NEW HAMPSHIRE HOSPITAL

36 CLINTON STREET, CONCORD, NH 03301
603-271-5300 1-800-852-3345 Ext. 5300
Fax: 603-271-5845 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Commissioner

Robert J. MacLeod
Chief Executive Officer

October 18, 2012

His Excellency, Governor John H. Lynch
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, New Hampshire Hospital to enter into an agreement with University of Vermont Technical Services Program, 280 East Avenue, Suite 2, Burlington, VT 05401-3437, vendor number 160344, to provide clinical equipment repair and preventative maintenance, in an amount not to exceed \$16,740, effective upon Governor and Council approval through June 30, 2014. Funds are available in the following account for State Fiscal Year 2013 and anticipated to be available in State Fiscal Year 2014 upon availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts if needed and justified between State Fiscal Years. Funds are available in the following account:

05-95-94-940010-8410 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: NEW HAMPSHIRE HOSPITAL, NEW HAMPSHIRE HOSPITAL, NHH-FACILITY/PATIENT SUPPORT

31% FLD 69% GEN

Fiscal Year	Class/Object	Class Title	Job Number	Amount	Fiscal Year
SFY 2013	024-500225	Contract Repairs, Equipment	94050100	\$8,370	\$8,370
SFY 2014	024-500225	Contract Repairs, Equipment	94050100	\$8,370	\$8,370
		Total		\$16,740	\$16,740

EXPLANATION

The purpose of this contract is to provide New Hampshire Hospital with clinical equipment repair and maintenance. The hospital operates approximately one hundred and fifty pieces of clinical equipment that must be maintained in accordance with Joint Commission standards. Much of this equipment is state-of-the-art and its maintenance and repair requires the services of specially trained technicians. Hospital staff lack the expertise to perform the required maintenance and repair, thus the services must be contracted. The University of Vermont Technical Services program has been maintaining and repairing this equipment since 2006 and the Hospital are pleased with the services they provide.

A Request for Proposals for these services was posted on the New Hampshire Department of Health and Human Services website from May 4, 2012 through May 21, 2012. In addition, an advertisement was placed in the New Hampshire Union Leader for three (3) days, May 6, May 7, and May 8, 2012. Two (2) Requests for Proposal were also mailed to two known vendors who provide this service. Two (2) proposals were received, one from ABM Building Value and the other from the University of Vermont Technical Services Program.

A team of three (3) reviewers from New Hampshire Hospital evaluated and scored the proposals according to the criteria as defined in the Request for Proposals. The team was comprised of the Hospital's Hospital Safety Engineer, who has over thirty (30) years hospital safety experience, the Medical Stock Control Supervisor, who has over twenty (20) years direct care and medical inventory experience, and the Business Administrator, who has several years of finance and contract experience. Points were awarded based on the following categories: competitive cost structure, twenty (20) points; references, thirty (30) points; bidder's understanding of all requirements, and demonstration of capability and experience to provide the services as described, forty (40) points, and compliance with the Request for Proposals requirements, ten (10) points. The University of Vermont Technical Services Program scored the highest and was awarded the contract. Attached is a copy of the scoring sheet.

The performance measurements for this agreement will be compliance with The Joint Commission's hospital accreditation for the Centers for Medicare and Medicaid Services, timely response to service calls and an inventory that is current and reflects the condition of equipment to avoid risks of injury and litigation.

Should Governor and Council deny this request, equipment may not be maintained to ensure safe usage, the Hospital risks loss of accreditation with The Joint Commission and the risk for patient or staff injury and litigation may increase.

Area served: statewide.

Source of funds: 69% general funds and 31% federal funds.

In the event that Federal Funds become no longer available, General Funds will not be requested to support this contract.

Respectfully submitted,



Robert J. MacLeod, DHA, FACHE
Chief Executive Officer



Nancy L. Rollins
Associate Commissioner

Approved by:



Nicholas A. Toumpas
Commissioner

**NEW HAMPSHIRE HOSPITAL
CLINICAL EQUIPMENT
PROPOSAL REVIEW for JULY 1, 2012 TO JUNE 30, 2014**

<u>RFP Criteria</u>	<u>Maximum Points</u>	ABM	UV-TSP
Competitive Cost Structure	20	15	20
References	30	30	30
requirements, and demonstration of capability and experience to provide the	40	20	40
Compliance with the RFP requirements	<u>10</u>	<u>5</u>	10
Total Points	100	70	100

NHH Proposal Reviewers:

Brian Fitts, Safety Manager

Calvin Magoon, Medical Stock Control Supervisor

Kimberly Saucier, Business Administrator

Subject: _____

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name New Hampshire Department of Health & Human Services		1.2 State Agency Address NH Hospital, 36 Clinton Street, Concord, NH 03301	
1.3 Contractor Name University of Vermont		1.4 Contractor Address 280 East Avenue, Suite 2, Burlington, VT 05401-3437	
1.5 Contractor Phone Number 802-656-0070	1.6 Account Number 010-094-8410-026-0225	1.7 Completion Date 6/30/2014	1.8 Price Limitation \$16,740
1.9 Contracting Officer for State Agency Robert J. McLeod, Chief Executive Officer		1.10 State Agency Telephone Number 603-271-5300	
1.11 Contractor Signature <i>Beverly A. Blakeney</i>		1.12 Name and Title of Contractor Signatory Beverly A. Blakeney, Director P.L.	
1.13 Acknowledgement: State of <u>Vermont</u> , County of <u>Chittenden</u> On <u>6/22/2012</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <i>Brenda Maglaris</i> [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace Brenda B. Maglaris			
1.14 State Agency Signature <i>Robert J. McLeod</i>		1.15 Name and Title of State Agency Signatory Robert J. MacLeod, CEO	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: <i>Kenne P. Perrin</i> Attorney On: <u>5 Oct. 2012</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.
6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

- 8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:
 - 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
 - 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
 - 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
 - 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

EXHIBIT A
SCOPE OF SERVICES
CLINICAL EQUIPMENT REPAIR AND MAINTENANCE
DATE OF GOVERNOR & COUNCIL APPROVAL – JUNE 30, 2014

The University of Vermont Technical Services Program (the Contractor) shall perform the following services on the clinical equipment detailed on Attachment 1 (pages 4-6). In addition, specific clinical equipment, as identified by New Hampshire Hospital (the Hospital), inspection and testing shall be required to be performed by the Contractor a minimum of 2 times per year.

1. Computerized Inventory Systems

Contractor shall establish and maintain a database containing pertinent information about the Hospital's clinical equipment. The Hospital is responsible for providing information to the Contractor relative to the acquisition and disposition of clinical equipment. The Contractor shall provide updated inventories to the Hospital when changes occur and at a minimum annually.

The inventory as of February 2012 of the equipment to be serviced under this agreement is set forth in Attachment I (pages 4-6).

2. Preventative Maintenance Schedules

Preventative Maintenance (PM) schedules shall be generated monthly as an integral part of the computerized inventory system. Schedules are generated in the prior month to facilitate scheduling of man-hours. New equipment is added to the appropriate schedule.

3. Documentation System

A documentation system shall be established to meet The Joint Commission (TJC) requirements for clinical equipment; it shall contain the following:

- a) Policies and Procedures - Policies and procedures dealing with acceptable performance limits and the procedures used for inspection of the clinical equipment shall be established;
- b) Equipment Inspection Forms – Contractor shall use a Documentation Exception process, which documents failures only. A PM/inspection worksheet shall be completed only for those devices that fail to meet a routine, scheduled inspection against safety, performance or quality assurance criteria. All incoming inspections, other additions to inventory, and devices, which have undergone corrective maintenance, shall have a documented PM/inspection form and work order completed. Copies of the equipment inspection forms shall be left with the Healthcare Safety Engineer of the Hospital at the completion of each scheduled visit;
- c) Inspection Stickers - Inspection stickers shall be placed on equipment as it is tested, indicating a date due of next test, and inspector's name. Equipment not passing the tests shall be tagged accordingly or removed from service; and
- d) A status report shall be left with the Healthcare Safety Engineer of the Hospital at the completion of each scheduled visit, describing any repairs, calibration or equipment removed from service for repairs or any other reason; and
- e) Electrical safety inspections shall be performed on electrically powered clinical equipment in order to reduce the possibility of micro shock.

4. Performance Testing and Preventative Maintenance of Clinical Equipment

- a) Performance tests shall be performed on clinical equipment in accordance with accepted engineering practices and the current code requirements of the National Fire Protection Association (Code 99 for Healthcare Facilities) and the TJC accreditation manuals;
- b) Preventative maintenance required on clinical equipment shall be performed at the time of the performance test; and
- c) The equipment to receive performance testing and preventative maintenance is identified in Attachment I (pages 4-6).

5. Incoming Inspections

Incoming inspections shall be performed on new clinical equipment prior to being put into service in order to meet TJC requirements. The test shall include an electrical safety inspection and performance tests to verify meeting of specifications and compliance with applicable codes and standards.

6. Repair Service

Minor repairs defined as requiring less than ½ hour labor shall be performed as an integral part of this agreement. Major repairs defined as requiring ½ hour or more of labor shall not be initiated until authorization is obtained from the Hospital. Minor and major repair costs shall be specified upon agreement between the Contractor and the Hospital. All equipment repaired shall receive a performance test and an incoming inspection prior to being placed back into service. Copies of the documentation shall be in compliance with 'Reporting Frequencies' as described in next paragraph (section III, #7).

7. Reporting Frequencies:

Reports shall be sent to the Hospital Safety Engineer to be in compliance with the Hospital and regulatory and/or accrediting agencies. Reports shall be completed for repairs, preventative maintenance, testing, calibrations, incoming inspections, and consultations as requested. Reporting frequencies shall be:

Repairs = Quarterly Report

Incoming Inspections = Quarterly Report

Preventative Maintenance = Semi-Annual Report

Annual Program Review & Assessment = Annual Report

Consultations = Monthly Report as requested

**EXHIBIT B
METHOD OF PAYMENT
CLINICAL EQUIPMENT REPAIR AND MAINTENANCE
AMENDMENT FOR DATE OF GOVERNOR & COUNCIL APPROVAL – JUNE 30, 2014**

Annual cost of scheduled preventative maintenance and calibration for items detailed in the clinical equipment inventory (Attachment I) shall be \$6,370 from date of Governor & Council approval through June 30, 2013, and \$6,370 from July 1, 2013 through June 30, 2014. Preventative Maintenance inspections shall include minor repairs requiring less than ½ hour labor and replacement of parts valued at less than ten dollars (\$10) per maintenance visit for each item.

Cost of additional repairs shall be \$140 per hour/\$854 per day for repairs performed from Monday through Friday, 8:00 AM-4:30 PM.

Emergency after-hours repairs shall be charged \$210.00 per hour for a minimum 3 hours for each emergency call, plus travel time. After-hours shall be considered weekends, holidays, and weekdays after 4:30 PM.

Equipment additions to inventory shall not affect the contract price if they are replacements for items on the list. There will be no cost change to the contract in year one if the inventory list changes and stays within 10% of the net number of items. The changes will be reflected in year two and would be based on the net change in inventory to be tested.

Under no circumstances shall payment under this contract exceed \$16,740.00.

R-NHH APS Clinical Equipment Inventory

Tuesday, March 06, 2012

ECA #	Type	Serial #	Model	Manufacturer
000186	THERMOMETER,ELECTRON	3120662	2080A	IVAC CORP
000274	DUST COLLECTOR	---	D60	BALDOR
000281	CHAIR,DENTAL	1882100	1005	A-DEC MEDICAL
000287	CHAIR,DENTAL	1882184	1005	A-DEC MEDICAL
000290	AMALGAMATOR	91800	VM-D	DENTSPLY
000431	CENTRIFUGE	2G0962	LABOFUGE	HERAEUS INSTRUMENTS
000432	CENTRIFUGE	260962	LABOFUGE	HERAEUS INSTRUMENTS
000441	ANALYZER,LAB	5060	5006056	DENTALEZ
002735	MICROSCOPE	---	SPENCER	AEARO CORP(AMERICAN
002791	HANDPIECE,DENTAL	A4103	15SS	HEALTHCO
008346	AMALGAMATOR	95895	VM-D	DENTSPLY
009145	THERMOMETER,INFRARED	J0033666	3000A	SHERWOOD MEDICAL CO
010274	SCALE,ADULT	---	NO MODEL	DETECTO SCALE CO DIV
010314	PUMP,ENTERAL FEEDING	---	NO MODEL	ABBOTT NUTRITION DIV
010316	PUMP,ENTERAL FEEDING	323360	FLEXIFLO	ABBOTT NUTRITION DIV
010317	PUMP,ENTERAL FEEDING	328914	FLEXIFLO	ABBOTT NUTRITION DIV
010318	PUMP,ENTERAL FEEDING	380129	COMPANI	ABBOTT NUTRITION DIV
010320	PUMP,ENTERAL FEEDING	392234	FLEXIFLO	ABBOTT NUTRITION DIV
010321	PUMP,ENTERAL FEEDING	347334	FLEXIFLO	ABBOTT NUTRITION DIV
010322	PUMP,ENTERAL FEEDING	---	NO MODEL	ABBOTT NUTRITION DIV
012731	HOT PACK CONDITIONER	1117	3537	SAMMONS PRESTON
016498	SCALE,ADULT	---	NO MODEL	DETECTO SCALE CO DIV
019058	MICROSCOPE	---	150	AEARO CORP(AMERICAN
019268	DENTAL UNIT	---	SKH35HN4	WHIP-MIX CORP
019566	AUDIOSCOPE	0000516	23300	WELCH ALLYN
103392	AMALGAMATOR	---	VM-D	DENTSPLY
103593	OXIMETER,MULTIWAVELE	01056	KMS850	KW-MED INC(KELLER
103627	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
103628	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
103639	CURING UNIT,LIGHT	4814542	VCL401	KERR CORP DIV SYBRON
103640	CURING UNIT,LIGHT	4810724	VCL401	KERR CORP DIV SYBRON
103829	LATHE	22-1-94	26A-M	PATTERSON DENTAL
103834	CURING UNIT,LIGHT	10539	2000	DENTSPLY
104813	STERILIZER,STEAM	220156	STATIM	SCICAN INC
104815	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104816	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104817	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104818	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104819	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104820	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
104821	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
105173	INFUSION PUMP	12210478	PLUM XL	HOSPIRA INC
105174	INFUSION PUMP	12210460	PLUM XL	HOSPIRA INC
105175	INFUSION PUMP	12210292	PLUM XL	HOSPIRA INC
105938	OTO/OPHTHALMOSCOPE	---	74710	WELCH ALLYN
105971	ASPIRATOR	15098-M	88-00-01	LAERDAL MEDICAL
105972	ASPIRATOR	15099-M	88-00-01	LAERDAL MEDICAL
105973	ASPIRATOR	15094-M	88-00-01	LAERDAL MEDICAL
108814	ULTRASOUND,THERAPEUTI	99C4940	716	SONICAID
109166	AUDIOSCOPE	---	23300	WELCH ALLYN
109842	ULTRASONIC CLEANER	92858-31	P4H	PATTERSON DENTAL
200017	AUDIOSCOPE	---	23300	WELCH ALLYN
200018	AUDIOMETER	---	71123	WELCH ALLYN
200019	ULTRASONIC CLEANER	0098-345	P4H	PATTERSON DENTAL
200081	STERILIZER,STEAM	---	M11	MIDMARK CORP(RITTER
200999	ELECTROCARDIOGRAPH	US00607	M1770A	PHILIPS MEDICAL
201045	GRINDER	---	375	GORTON

Department of Health and Human Services
 New Hampshire Hospital
 Clinical Equipment Repair and Maintenance
 Standard Exhibits A through J
 SFY 2013 to 2014

Contractor Initials: BWS

Date: 8/22/12

ECA #	Type	Serial #	Model	Manufacturer
201174	FILTER,AIR	F1624B	HC800F	ABATEMENT
201180	ASPIRATOR	PL15967	880020	LAERDAL MEDICAL
201283	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201284	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201285	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201286	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201287	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201288	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201289	ASPIRATOR	PL15941	880020	LAERDAL MEDICAL
201290	MONITOR,SPO2	---	2500	NONIN MEDICAL INC
201292	MONITOR,SPO2	12380401	2500	NONIN MEDICAL INC
201293	MONITOR,SPO2	---	2500	NONIN MEDICAL INC
201717	THERMOMETER,INFRARED	10106227	PRO3000	WELCH ALLYN
201719	THERMOMETER,INFRARED	10106411	PRO3000	WELCH ALLYN
201720	THERMOMETER,INFRARED	---	THERMOS	B BRAUN MEDICAL
201721	THERMOMETER,INFRARED	10106412	PRO3000	WELCH ALLYN
201722	THERMOMETER,INFRARED	10106413	PRO3000	WELCH ALLYN
201723	THERMOMETER,INFRARED	10106413	PRO3000	WELCH ALLYN
201724	THERMOMETER,INFRARED	---	THERMOS	B BRAUN MEDICAL
201725	THERMOMETER,ELECTRON	04339039	692	WELCH ALLYN
201726	THERMOMETER,ELECTRON	04339043	692	WELCH ALLYN
201727	THERMOMETER,ELECTRON	04339046	692	WELCH ALLYN
201728	THERMOMETER,ELECTRON	04339051	692	WELCH ALLYN
		Location		
201730	THERMOMETER,ELECTRON	04339058	692	WELCH ALLYN
201731	THERMOMETER,ELECTRON	---	692	WELCH ALLYN
201732	THERMOMETER,ELECTRON	04339065	692	WELCH ALLYN
201733	THERMOMETER,ELECTRON	04339069	692	WELCH ALLYN
201734	THERMOMETER,ELECTRON	04339070	692	WELCH ALLYN
201735	THERMOMETER,ELECTRON	04339071	692	WELCH ALLYN
201775	MONITOR,SPO2	12690229	2500	NONIN MEDICAL INC
201794	THERMOMETER,INFRARED	10106473	PRO3000	WELCH ALLYN
201795	THERMOMETER,INFRARED	10106412	PRO3000	WELCH ALLYN
201797	THERMOMETER,INFRARED	10106473	PRO3000	WELCH ALLYN
201811	DEFIBRILLATOR,AUTOMAT	X041043	AED PLUS	ZOLL MEDICAL CORP(ZMI
201812	DEFIBRILLATOR,AUTOMAT	x0410501	AED PLUS	ZOLL MEDICAL CORP(ZMI
201813	DEFIBRILLATOR,AUTOMAT	X04C030	AED PLUS	ZOLL MEDICAL CORP(ZMI
201814	DEFIBRILLATOR,AUTOMAT	x0410501	AED PLUS	ZOLL MEDICAL CORP(ZMI
201815	DEFIBRILLATOR,AUTOMAT	x0410501	AED PLUS	ZOLL MEDICAL CORP(ZMI
201816	DEFIBRILLATOR,AUTOMAT	X04L050	AED PLUS	ZOLL MEDICAL CORP(ZMI
201817	DEFIBRILLATOR,AUTOMAT	x0410434	AED PLUS	ZOLL MEDICAL CORP(ZMI
201818	DEFIBRILLATOR,AUTOMAT	X04L050	AED PLUS	ZOLL MEDICAL CORP(ZMI
201819	DEFIBRILLATOR,AUTOMAT	X041043	AED PLUS	ZOLL MEDICAL CORP(ZMI
201864	FILTER,AIR	F3675D	HC800F	ABATEMENT
201865	FILTER,AIR	F3673D	HC800F	ABATEMENT
201866	FILTER,AIR	F3672D	HC800F	ABATEMENT
201867	FILTER,AIR	F3682D	HC800F	ABATEMENT
201868	FILTER,AIR	F3677D	HC800F	ABATEMENT
201869	FILTER,AIR	F3744D	HC800F	ABATEMENT
201881	FILTER,AIR	F3730D	HC800F	ABATEMENT
201882	FILTER,AIR	F3676D	HC800F	ABATEMENT
201883	FILTER,AIR	F32739D	HC800F	ABATEMENT
202065	DEFIBRILLATOR,AUTOMAT	X051068	AED PLUS	ZOLL MEDICAL CORP(ZMI
202157	MONITOR,SPO2	---	2500	NONIN MEDICAL INC
202158	MONITOR,SPO2	12910532	2500	NONIN MEDICAL INC
202159	MONITOR,SPO2	---	2500	NONIN MEDICAL INC
202160	MONITOR,SPO2	12910558	2500	NONIN MEDICAL INC
202161	SCALE,ADULT	---	NO MODEL	NO MANUFACTURER
202180	CHAIR,DENTAL	1882185	1005	A-DEC MEDICAL
202248	MONITOR,NIBP,SPO2	---	SPOT	WELCH ALLYN
202250	SCALE,ADULT	E11806-0	758C	DETECTO SCALE CO DIV
202260	THERMOMETER,ELECTRON	11105675	04000-200	WELCH ALLYN

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ECA #	Type	Serial #	Model	Manufacturer
202261	THERMOMETER,ELECTRON	11105680	04000-200	WELCH ALLYN
202262	THERMOMETER,ELECTRON	11105650	04000-200	WELCH ALLYN
202263	THERMOMETER,ELECTRON	11105672	04000-200	WELCH ALLYN
202291	SCALE,ADULT	E12606-0	758C	DETECTO SCALE CO DIV
202301	THERMOMETER,ELECTRON	06177930	692	WELCH ALLYN
202302	THERMOMETER,ELECTRON	06177678	692	WELCH ALLYN
202319	SCALE,ADULT	E15706-0	758C	DETECTO SCALE DIV
202320	SCALE,ADULT	E15706-0	758C	DETECTO SCALE DIV
202321	SCALE,ADULT	E15206-0	758C	DETECTO SCALE DIV
202402	ASPIRATOR	LP10050	NO MODEL	SUNRISE MEDICAL INC
202403	ASPIRATOR	---	NO MODEL	SUNRISE MEDICAL INC
202404	ASPIRATOR	---	NO MODEL	SUNRISE MEDICAL INC(
202580	FILTER,AIR	F1573B	HC800F	ABATEMENT
202650	SCALE,ADULT	---	PRO	HEALTH O METER INC
202711	SCALE,ADULT	2500-000	PRO	HEALTH O METER INC
202823	MONITOR,NIBP,SPO2,TEMP	20071558	SPOT	WELCH ALLYN INC
202824	MONITOR,NIBP,SPO2,TEMP	20071561	SPOT	WELCH ALLYN INC
202826	MONITOR,NIBP,SPO2,TEMP	20071546	SPOT	WELCH ALLYN INC
202884	SCALE,ADULT	E31807-0	750	DETECTO SCALE DIV
202885	SCALE,ADULT	E30307-0	750	DETECTO SCALE DIV
202886	MONITOR,NIBP,SPO2,TEMP	20072214	SPOT	WELCH ALLYN INC
202887	MONITOR,NIBP,SPO2,TEMP	20072270	SPOT	WELCH ALLYN INC
202888	MONITOR,NIBP,SPO2,TEMP	20072213	SPOT	WELCH ALLYN INC
Location				
202889	MONITOR,NIBP,SPO2,TEMP	20072212	SPOT	WELCH ALLYN INC
202890	MONITOR,NIBP,SPO2,TEMP	20072213	SPOT	WELCH ALLYN INC
202891	MONITOR,NIBP,SPO2,TEMP	20072214	SPOT	WELCH ALLYN INC
202892	MONITOR,NIBP,SPO2,TEMP	20072214	SPOT	WELCH ALLYN INC
202980	HELMET PAPR	0705409-	MAX AIR	BIO-MED DEVICES INC
202983	THERMOMETER,INFRARED	11109155	6021	BRAUN MEDICAL
202984	THERMOMETER,INFRARED	11109068	6021	BRAUN MEDICAL
203107	SCANNER,ULTRASOUND,BL	---	BVI 9400	VERATHON
203172	THERMOMETER,INFRARED	A195080	TAT-5000	EXERGEN CORP(OMEGA
203173	THERMOMETER,INFRARED	A190504	TAT-5000	EXERGEN CORP(OMEGA
203174	THERMOMETER,INFRARED	A195664	TAT-5000	EXERGEN CORP(OMEGA
203175	THERMOMETER,INFRARED	A195993	TAT-5000	EXERGEN CORP(OMEGA
203176	THERMOMETER,INFRARED	A196705	TAT-5000	EXERGEN CORP(OMEGA
203177	THERMOMETER,INFRARED	A195968	TAT-5000	EXERGEN CORP(OMEGA
PB0602	ELECTROENCEPHALOGRAP	PB06029	EEG	VIASYS HEALTHCARE

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**NH Department of Health and Human Services
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Standard Exhibit C
Special Provisions**

1. **Contractors Obligations:** The Contractor covenants and agrees that all funds received by the Contractor under the Agreement shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:
2. **Compliance with Federal and State Laws:** If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.
3. **Time and Manner of Determination:** Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.
4. **Documentation:** In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department all forms and documentation regarding eligibility determinations that the Department may request or require.
5. **Fair Hearings:** The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or reapplicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.
6. **Gratuities or Kickbacks:** The Contractor agrees that it is a breach of this Agreement to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.
7. **Retroactive Payments:** Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.
8. **Conditions of Purchase:** Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party fundors for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such Costs, or has received payment in excess of such

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costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party fundors, the Department may elect to:

- 8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;
- 8.2 Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of Costs;
- 8.3 Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

Records: Maintenance, Retention, Audit, Disclosure and Confidentiality:

- 9. **Maintenance of Records:** In addition to the eligibility records specified above, the Provider covenants and agrees to maintain the following records during the Contract Period:
 - 9.2 **Fiscal Records:** Books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.
 - 9.3 **Statistical Records:** Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services
 - 9.4 **Medical Records:** Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.
- 10. **Audit:** Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Government Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.
 - 10.1 **Audit and Review:** During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

- 10.2 **Audit Liabilities:** In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.
11. **Confidentiality of Records:** All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

12. **Reports: Fiscal and Statistical:** The Contractor agrees to submit the following reports at the following times if requested by the Department.

12.1 Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

12.2 Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

13. **Completion of Services: Disallowance of Costs:** Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

14. **Credits:** All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

14.1 The preparation of this (report, document, etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, New Hampshire Hospital, with funds

provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

15. **Operation of Facilities: Compliance with Laws and Regulations:** In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

Special Provisions – Definitions

As used in the Contract, the following terms shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with Cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

FINANCIAL MANAGEMENT GUIDELINES: Shall mean that section of the Contractor Manual which is entitled “Financial Management Guidelines” and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

CONTRACTOR MANUAL: Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act, NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

**NH Department of Health and Human Services
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Standard Exhibit D**

Certification Regarding Drug-Free Workplace Requirements

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act to 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I – FOR GRANTEES OTHER THAN INDIVIDUALS

US DEPARTMENT OF HEALTH AND HUMAN SERVICES – CONTRACTORS
US DEPARTMENT OF EDUCATION – CONTRACTORS
US DEPARTMENT OF AGRICULTURE – CONTRACTORS

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). the January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street
Concord, NH 03301-6505

A) The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employee's about:
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

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- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, State, zip code) (list each location)

Check if there are workplaces on file that are not identified here.

University of Vermont From: date of G&C Approval To: 06/30/14
 Contractor Name Period Covered by this Certification

Beverly A Blakeney, Director PAS
 Name and Title of Authorized Contractor Representative

Beverly A Blakeney 8/22/12
 Contractor Representative Signature Date

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**NH Department of Health and Human Services
New Hampshire Hospital
Standard Exhibit E**

IX. Certification Regarding Lobbying

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES – CONTRACTORS
US DEPARTMENT OF EDUCATION – CONTRACTORS
US DEPARTMENT OF AGRICULTURE – CONTRACTORS**

Programs (indicate applicable program covered):

- *Temporary Assistance to Needy Families under Title IV-A
- *Child Support Enforcement Program under Title IV-D
- *Social Services Block Grant Program under Title XX
- *Medicaid Program under Title XIX
- *Community Services Block Grant under Title VI
- *Child Care Development Block Grant under Title IV

Contract Period: From: date of G&C Approval through 06/30/14

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)
- (3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Garby A. Blakney
Contractor Representative Signature

Beverly A. Blakney, Director PAB
Authorized Contractor Representative Name & Title

University of Vermont
Contractor Name

8/22/2012
Date

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Contractor Initials: *PAB*
Date: *8/22/12*

**NH Department of Health and Human Services
New Hampshire Hospital
Standard Exhibit F
Certification Regarding Debarment, Suspension and Other Responsibility Matters**

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions, execute the following Certification:

Instructions for Certification:

1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transition. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transition," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rule implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transaction", provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

1. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - b. have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d. have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

LOWER TIER COVERED TRANSACTIONS

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Department of Health and Human Services
 New Hampshire Hospital
 Clinical Equipment Repair and Maintenance
 Standard Exhibits A through J
 SFY 2013 to 2014

Contractor Initials: BHHS
 Date: 8/22/12

- b. where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Analy A. Blakeney
Contractor Representative Signature

Beverly A. Blakeney, Director PAS
Authorized Contractor Representative Name & Title

University of Vermont
Contractor Name

8/22/2012
Date

NH Department of Health and Human Services
New Hampshire Hospital
Standard Exhibit G

Certification Regarding The Americans With
Disabilities Act Compliance

The contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.

Beverly A. Blakney
Contractor Representative Signature

Beverly A. Blakney, Director, PHS
Authorized Contractor Representative Name & Title

University of Vermont
Contractor Name

8/22/12
Date

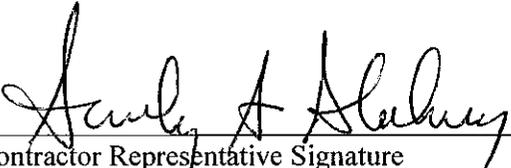
**NH Department of Health and Human Services
New Hampshire Hospital
Standard Exhibit H**

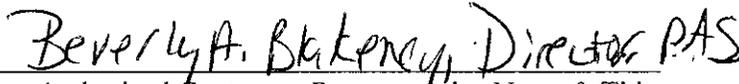
Certification Regarding Environmental Tobacco Smoke

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

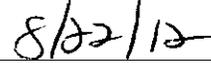
The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.


Contractor Representative Signature


Authorized Contractor Representative Name & Title


Contractor Name


Date

NH Department of Health and Human Services

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND
TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
 - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

Amely A. Blaney

(Contractor Representative Signature)

Beverly A. Blaney, Director, PAS

(Authorized Contractor Representative Name & Title)

University of Vermont

(Contractor Name)

8/22/12

(Date)

Contractor initials: AB
Date: 8/22/12
Page # 19 of Page # 20

NH Department of Health and Human Services

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 06-681-1191

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

NO YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____	Amount: _____

Contractor initials: DFB
Date: 8/22/12
Page # 20 of Page # 20

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that University of Vermont and State Agricultural College, a(n) Vermont nonprofit corporation, registered to do business in New Hampshire on May 23, 2006. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 10th day of August, A.D. 2012

A handwritten signature in cursive script, reading "William M. Gardner".

William M. Gardner
Secretary of State



The
UNIVERSITY
of VERMONT

OFFICE OF THE GENERAL COUNSEL

TO WHOM IT MAY CONCERN:

At its meeting on December 16, 1991, the Board of Trustees of The University of Vermont and State Agricultural College approved the following resolution which is still in effect:

RESOLVED, that effective December 16, 1991, the following officers of the University of Vermont are authorized to act on behalf of the University in approving grant and contract applications and agreements and requests for extensions and supplements: President; Provost and Senior Vice President; Vice President for Administration; Vice Provost for Research; and Director of Sponsored Programs. This resolution supercedes all previous resolutions.

Date:

8/27/02

Francine Bazluke
General Counsel
Secretary to the Board of Trustees

This document is currently in effect and is applicable to the attached contract, which was signed 8/22/2012.

Beverly A. Blakeney, Program Director
Pre-Award Services, Office of Sponsored Programs



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/26/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh USA Inc. TWO LOGAN SQUARE PHILADELPHIA, PA 19103-2797 Attn: philadelphia.certs@marsh.com	CONTACT NAME: PHONE (A/C, Ho, Ext): _____ FAX (A/C, No): _____ E-MAIL ADDRESS: _____	
	INSURER(S) AFFORDING COVERAGE	
J09524-VERMO--12-13	INSURER A : Pinnacle Consortium of Higher Ed VT RRRG	NAIC # 11980
INSURED UNIVERSITY OF VERMONT & STATE AGRICULTURAL COLLEGE 284 EAST AVENUE BURLINGTON, VT 05405-1705	INSURER B : N/A	N/A
	INSURER C : N/A	N/A
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES	CERTIFICATE NUMBER: CLE-003413884-19	REVISION NUMBER: 3
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THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		PCHE2012-15	07/01/2012	07/01/2013	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 2,000,000 MED EXP (Any one person) \$ 2,500 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A			WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
RE: UVM'S TECHNICAL SERVICES PROGRAM REPAIR AND MAINTENANCE OF CLINICAL EQUIPMENT FOR THE NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES. NH DHHS IS INCLUDED AS ADDITIONAL INSURED BUT ONLY AS IT RELATES TO THE NEGLIGENCE OF UVM AND ONLY FOR THE PURPOSES OF THIS AGREEMENT.

CERTIFICATE HOLDER NEW HAMPSHIRE DEPARTMENT OF HEALTH & HUMAN SERVICES 36 CLINTON STREET CONCORD, NH 03303	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Manashi Mukherjee <i>Manashi Mukherjee</i>
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**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Auditors' Reports as Required by OMB Circular A-133
and *Government Auditing Standards* and Related Information

Year ended June 30, 2011

(With Independent Auditors' Report Thereon)

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Auditors' Reports as Required by OMB Circular A-133
and *Government Auditing Standards* and Related Information

Year ended June 30, 2011

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KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditors' Report

The Honorable Thomas Salmon,
Auditor of the Accounts of the
State of Vermont

and

The Board of Trustees
The University of Vermont and
State Agricultural College:

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The University of Vermont and State Agricultural College (the University) (a component unit of the State of Vermont) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinions, insofar as they relate to the amounts included for the discretely presented component unit, are based on the report of other auditors.

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2011 and 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's 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 2011 financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the 2011 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 basic financial statements taken as a whole.

KPMG LLP

October 31, 2011

The University of Vermont

Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

Introduction

The Management's Discussion and Analysis (MD&A) provides a broad overview of the University of Vermont's financial condition as of June 30, 2011 and 2010, the results of its operations for the years then ended, significant changes from the previous years, and outlook for the future where appropriate and relevant. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the financial statements and related notes.

The University is a public, non-profit, comprehensive research institution of higher education established in 1791 as the fifth college in New England. The University consists of seven undergraduate schools and colleges, including the Colleges of Agriculture and Life Sciences, Arts and Sciences, Education and Social Services, Engineering and Mathematical Sciences, Nursing and Health Sciences, the School of Business Administration, and the Rubenstein School of Environment and Natural Resources. The University also includes an Honors College, the College of Medicine, the Division of Continuing Education and the Graduate College. The University of Vermont is the only comprehensive research university in Vermont. The University has 10,459 undergraduate students and 1,996 graduate and medical

students. It is located in Burlington, Vermont with satellite instructional and research sites throughout Vermont. It is a component unit of the State of Vermont as it receives an annual appropriation from the State. For financial reporting purposes, the University's reporting entity consists of all sectors of the University and also includes the financial information for University Medical Education Associates, Inc. (UMEA). UMEA is a legally separate tax-exempt component unit of the University whose purpose is to support the operations, activities and objectives of the College of Medicine of the University of Vermont. During fiscal 2011, the University of Vermont Foundation, Inc. was established as a legally separate entity. The Foundation is currently seeking tax-exempt status under section 501(c)(3) of the Internal Revenue Service code and will become operational in January 2012. For fiscal 2011, there was no activity to report but the University has disclosed its relationship with the Foundation in the footnotes to the financial statements. The MD&A discusses the University's financial statements only and not those of its component unit.

The focus of the MD&A is on the University's financial information contained in the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows.

Financial Highlights and Economic Outlook

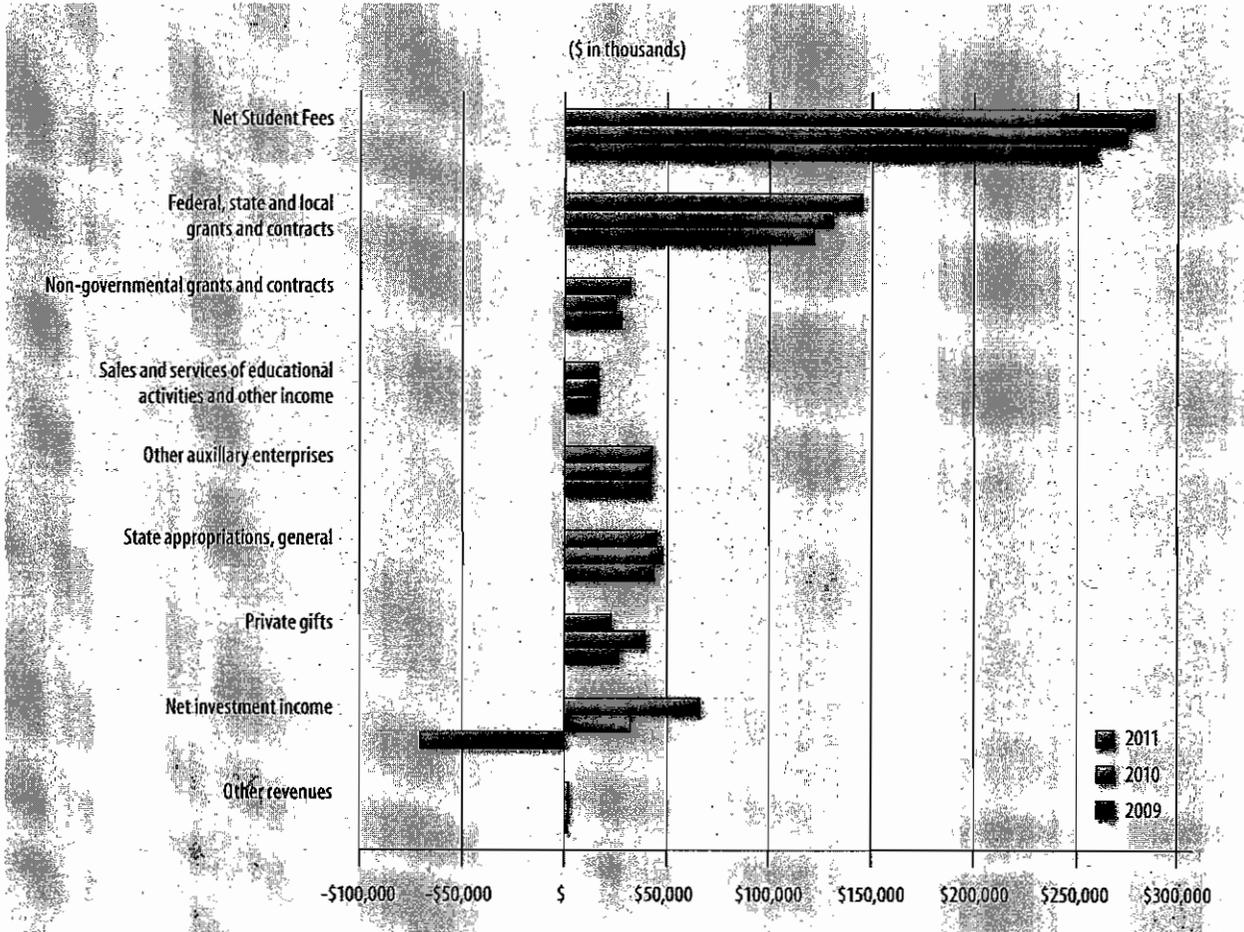
The University's net assets increased by \$45.6 million in fiscal 2011, compared to an increase of \$24.3 million in fiscal 2010. Two contributors to the change in net assets is the recovery in the financial markets, resulting in a net gain on the investment portfolio of \$65.9 million in fiscal 2011 as compared with a \$31.6 million increase in fiscal 2010, and the recognition of the University's liability for other postemployment benefits. Effective for fiscal year beginning July 1, 2007 the University is required to account for its postemployment benefit plan in accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*. GASB Statement 45 prescribes a methodology which requires the employer to recognize an expense for the value of benefits earned during the current year by active employees (i.e. the normal cost) plus an amortization of the unfunded portion of

the value of the plan benefits earned to date by active and retired employees (i.e., the actuarial accrued liability). The University recognized \$21.3 million of OPEB cost in fiscal 2011. The actuarial accrued liability at the measurement date of July 1, 2009 was \$313.2 million.

The University has been engaged in implementing a long-term strategic plan that was incorporated into a financial feasibility study and then into a strategic financial model in 2004. The financial model is dynamic and has been updated each year to incorporate actual results. A cornerstone of the strategic plan has been growth in each area of the University's diverse revenue base. Total operating revenues increased in fiscal 2011 by \$33.9 million or 7.0%. This included an increase in net student tuition and fees of \$13.0 million, or 4.8% and an increase in auxiliary revenues of \$0.9 million, or 2.2%. There was an increase of \$20.0 million, or 12.8% in federal, state, and private grants and contracts. Other critical

revenues include state appropriations which decreased by 5.5% in 2011, compared to an 11.5% increase in 2010. The decrease in state appropriations is due to a one-time addition in the general revenue appropriation of \$2.6 million in 2010 which was not available

in 2011. Investment income, as noted previously, experienced a greater increase in 2011 than in 2010. As presented in the following chart, net student fees and grants and contracts comprise the largest sources of revenue.



The University experienced an increase in operating costs of \$23.0 million, or 4.1% in fiscal 2011. Compensation and benefits represents the most significant operating cost, comprising 64.1% and 63.7% of operating costs in 2011 and 2010, respectively. Health care benefits are an increasing portion of compensation and benefits, with increases to the net cost of health plan benefits of 8.9% and 4.5% for 2011 and 2010, respectively. As noted earlier, recognition of other postemployment benefit costs, primarily

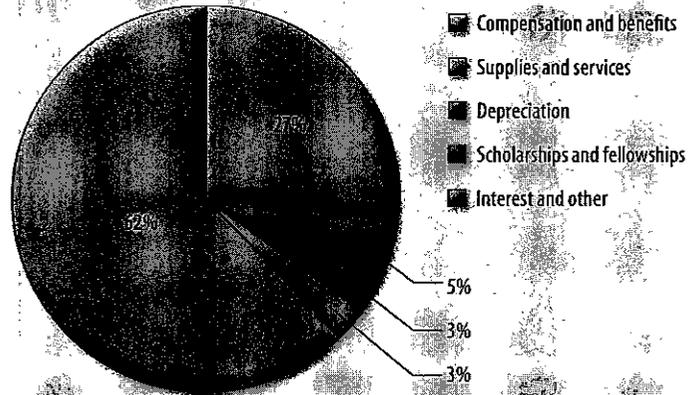
for retiree health insurance, was a significant addition to compensation and benefits costs in fiscal 2011. In addition, non-represented staff earning under \$75 thousand received an increase of 2.0% and faculty of 5.0%. Other significant non-operating expenses include interest on indebtedness which was \$20.6 million in 2011 compared to \$16.4 million in 2010, reflecting the addition of the 2010 Series-A (taxable) Build America Bonds and the 2010 Series-B general obligation bonds issued in February 2010.

The chart at right displays operating, interest, and other expenses for fiscal 2011:

The strategic financial and capital plans include investment in the physical and technological infrastructure of the University. Financing for this investment has come from a combination of donor generosity and the issuance of debt by the University.

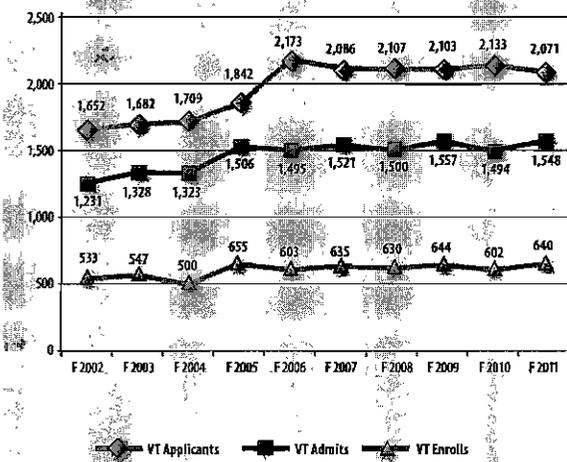
Projects in process during the current fiscal year included the Greening of the Aiken Building and various renovations and deferred maintenance projects.

The University's strategic plan includes a planned increase in undergraduate and graduate enrollment. That plan exceeded expectations in the fall of 2011, with 640 in-state and 1,783 out-of-state first-time, first-year enrollments. In the fall of 2011 the University enrolled 10,459 students in more than 100 undergraduate majors, 1,547 students in graduate and post-baccalaureate programs, and 449 students at the College of Medicine. The University attracts undergraduates from 42 states and many foreign countries. The University is primarily a regional institution however, drawing 88.6% of the undergraduates enrolled in the fall of 2011 from New England and the Middle Atlantic States, including 26.5% of its undergraduate students from Vermont. In the fall of 2011, 33.3% of total students at the University were from Vermont. Graduate and Certificate student enrollment from Vermont represented 53.0%.

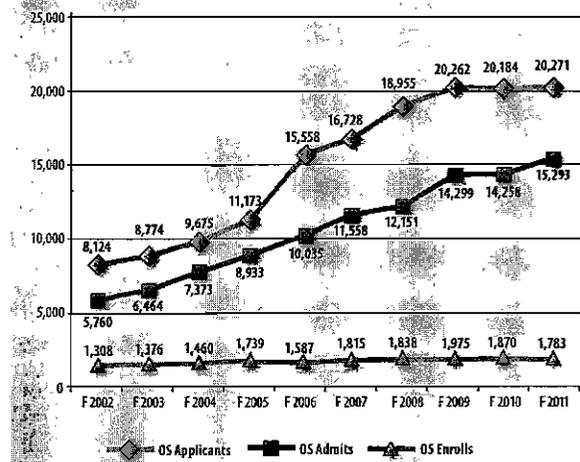


The following tables below present applications, admissions, and enrollment for in-state and out-of-state students. Final numbers for the fall of 2011 show that total applications have increased 129% since 2002, with in-state applications increasing 25% and out-of-state applications increasing 150%. Total admissions have increased for that period by 141%, with in-state admissions increasing 26% and out-of-state admissions increasing 166%. Since 2002, total first-time, first year enrollments have increased 32%, with in-state enrollments increasing by 20% and out-of-state enrollments increasing by 36%.

Trends in Vermont Applications, Admits, and Enrollments Fall 2002 to Fall 2011



Trends in Out-of-State Applications, Admits, and Enrollments Fall 2002 to Fall 2011



The University and its Board of Trustees have made a concerted effort to contain increases in tuition and fees with the average annual increases for in-state and out-of-state held to 5.53% and 5.33%, respectively, since 2005. The table at right presents tuition and fees, as well as room and board for that period.

The State of Vermont ("the State") general appropriations represented 6.8% of the University's total revenues for fiscal year 2011.

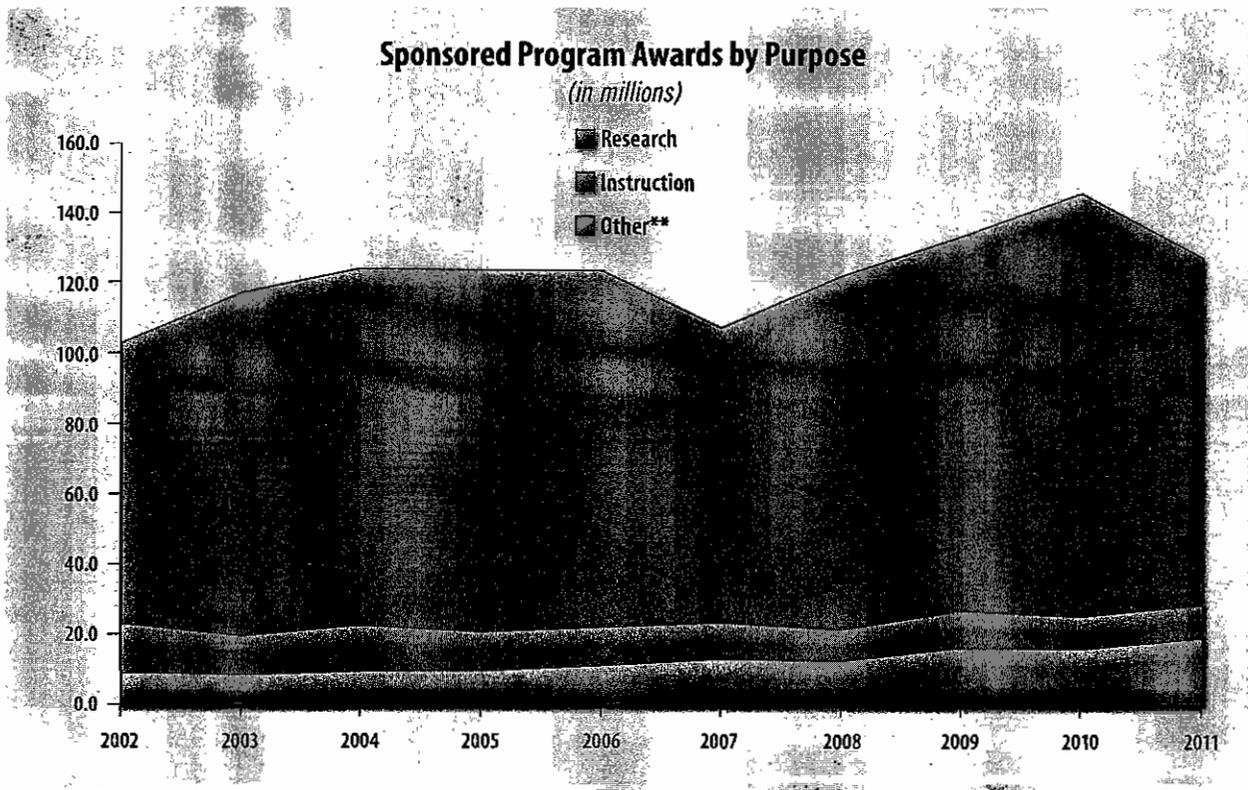
For fiscal year 2010, the State appropriation included one-time additional funding in the amount of \$2.6 million. The State capital appropriation was \$2.0 million in fiscal year 2011 which remained unchanged from fiscal year 2010.

Grant and contract revenues of \$175.3 million represented 26.8% of total revenues for fiscal 2011, and included facility and administrative cost recoveries of \$28.0 million. During fiscal 2011, the University was awarded over \$128.2 million in sponsored funds, 77.6% of which were for research activities. Approximately

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Average Annual Increase %
Student Fees								
In-State Tuition & Fees	\$10,226	\$10,748	\$11,324	\$12,054	\$12,844	\$13,554	\$14,044	5.53%
Out-of-State Tuition & Fees	\$23,866	\$24,934	\$26,308	\$27,938	\$29,682	\$31,410	\$32,630	5.33%
Room (Double)	\$4,710	\$4,936	\$5,150	\$5,426	\$5,752	\$5,964	\$6,196	4.80%
Board (Average Meal Plan)	\$2,306	\$2,396	\$2,492	\$2,598	\$2,782	\$3,032	\$3,156	5.20%
Total, In-State Cost	\$17,242	\$18,080	\$18,966	\$20,078	\$21,378	\$22,550	\$23,418	
Increase Over Previous Year	5.67%	4.86%	4.90%	5.86%	6.47%	5.48%	3.84%	5.30%
Total, Out-of-State Cost	\$30,882	\$32,266	\$33,950	\$35,962	\$38,216	\$40,406	\$41,982	
Increase Over Previous Year	5.15%	4.48%	5.22%	5.93%	6.27%	5.73%	3.90%	5.24%

70.1% of sponsored funds awarded during fiscal 2011 were from federal sources. The University's leading areas of externally sponsored programs are the biomedical sciences, agriculture, the environment, and education.

The following chart presents the growth of sponsored programs over the past decade:



Friends of the University continued to provide support in fiscal 2011 with private gifts of \$22.0 million and gifts for endowment and capital purposes of \$6.8 million.

In August 2010 the University successfully negotiated and executed an updated Affiliation Agreement between the University of Vermont and Fletcher Allen Health Care, Inc. for a period of five (5) years with provisions for an automatic renewal in the absence of a party's written notice. The Agreement is to guide and govern the parties in the achievement of their common goals including, but not limited to, providing high-quality clinical education for undergraduate and graduate students enrolled in UVM medical and health care related academic programs, and health care professionals enrolled in continuing education programs.

Overview of the Financial Statements

The financial statements of the University of Vermont and State Agricultural College (the "University") have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation consists of comparable Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, Statements of Cash Flows and accompanying notes for the June 30, 2011 and 2010 fiscal years.

These statements provide information on the financial position of the University and the financial activity and results of its operations during the years presented. A description of these statements is below. The financial statements focus on the University as a whole, rather than upon individual funds or activities.

University Medical Associates, Inc. (UMEA) is a legally separate tax-exempt component unit of the University of Vermont which issues separate audited financial statements. UMEA is presented as a separate column on the University's Statements of Net Assets and Statements of Revenues, Expenses and Change in Net Assets.

Statements of Net Assets

Net assets, or the difference between total assets and total liabilities, is considered an indicator of the current financial condition of the University. The Statements of Net Assets presents all assets and liabilities of the University as of June 30. Assets and liabilities are classified as current or non-current. 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 Statements of Net Assets. Condensed information for net assets at June 30, 2011, with comparative information for 2010 and 2009 follows:

	<i>(In thousands)</i>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets			
Current assets	<u>\$237,412</u>	<u>\$214,432</u>	<u>\$168,209</u>
Non-current assets:			
Endowment, annuities and life income			
Cash and cash equivalents and investments	327,026	276,153	261,229
Deposits with Trustees	22,539	33,948	60,828
Capital assets, net	549,124	544,755	533,027
Other	33,588	40,175	38,613
Total non-current assets	<u>932,277</u>	<u>895,031</u>	<u>893,697</u>
Total assets	<u>1,169,689</u>	<u>1,109,463</u>	<u>1,061,906</u>
Liabilities			
Current liabilities	79,617	81,271	78,546
Non-current liabilities	<u>578,465</u>	<u>562,164</u>	<u>541,598</u>
Total liabilities	<u>658,082</u>	<u>643,435</u>	<u>620,144</u>
Net assets			
Invested in capital assets, net of related debt	75,792	73,754	99,736
Restricted:			
Nonexpendable	94,662	89,758	84,006
Expendable	283,481	248,903	211,460
Unrestricted	<u>57,672</u>	<u>53,613</u>	<u>46,560</u>
Total Net assets	<u>\$511,607</u>	<u>\$466,028</u>	<u>\$441,762</u>

Net assets totaled \$511.6 million, \$466.0 million, and \$441.8 million at June 30, 2011, 2010, and 2009, respectively, increasing by \$45.6 million in 2011 and by \$24.2 million in 2010. Both 2011 and 2010 were significantly impacted by the investment market and the recognition of other postemployment benefits as prescribed by the implementation of GASB 45.

Current assets of \$237.4 million, \$214.4 million, and \$168.2 million at June 30, 2011, 2010, and 2009, respectively, consist primarily of cash and cash equivalents, and operating investments, which totaled \$168.1 million at June 30, 2011, \$155.2 million at June 30, 2010, and \$111.8 million at June 30, 2009. Cash and cash equivalents and operating investments represents approximately 3.6, 5.1, and 2.5 months of total operating expenses, excluding depreciation, for 2011, 2010, and 2009, respectively. The net increase to current assets in 2011 of \$23.0 million was driven by a \$12.9 million increase in cash, cash equivalent and operating investments and a \$7.5 million increase in accounts, loans, notes and pledges receivable. The net increase to current assets in 2010 of \$46.2 million was driven by a \$43.3 million increase in cash, cash equivalents and operating investments.

Endowment cash, cash equivalents and investments totaled \$327.0 million, \$276.2 million and \$261.2 million at June 30, 2011, 2010, and 2009, respectively, representing an increase of \$50.8 million, or 18.4% in 2011 and an increase of \$15.0 million, or 5.8% in 2010. The University's long-term investment pool consists of permanent endowments, term endowments, and funds functioning as endowments, commonly referred to as quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal be invested in perpetuity to produce income to be expended for the purposes specified by the donor. Term endowments are those funds received from donors that function as endowments for a period of time or until a specific event occurs, such as reaching a certain balance. Funds functioning as endowments consist of restricted gifts and unrestricted funds that have been designated by the University for long-term investment purposes. These funds are not subject to donor restrictions requiring the University to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other programs and activities related to the University's mission. Investments are reported in three categories in the Statements of Net Assets. Investments reported as non-current assets include endowment, annuity, and life income funds. Investments for capital activities reported as current assets are replacement reserves designated for capital renovations. All other investments are reported as operating investments.

The University's investment objective for endowment growth is to obtain an average real annual rate of return (net of investment fees) over the long-term, using a five-year moving average, of at least 5% over inflation, as measured by the Consumer Price Index.

The current annual spending allocation is at a budgeted rate of 4.5% of the previous 13 quarters' average market value of the long-term investment pool. The spending distributions from the total endowment were \$14.4 million, \$14.9 million, and \$14.2 million in fiscal years ended June 30, 2011, 2010, and 2009, respectively. These distributions were 5.0%, 5.6%, and 4.3% of the beginning market value of the endowment for fiscal years 2011, 2010, and 2009, respectively.

The decrease to *Deposits with Trustees* of \$11.4 million was primarily the result of draw-downs for construction and other capital projects. The decrease of \$26.9 million in 2010 was primarily the result of net proceeds from the 2010 Series-A and B general obligation bonds and the Bnild America Bonds issued in February 2010, interest earned on deposits of \$130 thousand, offset by draw-downs for construction and other capital projects of \$36.2 million. The proceeds from the 2010 Series-B bonds were used for refunding the 1998 Series bonds of \$20.4 million. The construction fund of the 2010 Series-A bonds totaled \$4.3 million at June 30, 2011 and \$8.8 million at June 30, 2010. The construction fund of the 2009 bonds totaled \$1.2 million at June 30, 2011, \$2.3 million at June 30, 2010 and \$34.1 million at June 30, 2009. The construction fund of the 2007 bonds totaled \$1.9 million at June 30, 2011, \$5.4 million at June 30, 2010, and \$8.3 million at June 30, 2009. The construction fund of the 2005 bond totaled \$6 million at June 30, 2011, \$3.9 million at June 30, 2010, and \$4.8 million at June 30, 2009.

Capital assets, net of accumulated depreciation, totaled \$549.1 million, \$544.8 million, and \$533.0 million at June 30, 2011, 2010 and 2009, respectively, representing an increase of \$4.3 million, or 0.8%, in 2011 and \$11.8 million, or 2.2%, in 2010. Gross capital additions totaled \$32.4 million in 2011 and \$39.2 million in 2010. Capital additions in 2011 included land acquisitions of \$1.2 million, renovations to residence and dining halls, research laboratories, Aiken construction, and other buildings of \$23.0 million, building components and equipment of \$3.2 million, fixed equipment of \$9 million, building interiors of \$2.2 million, moveable equipment of \$1.6 million, and software systems of \$3 million. Capital additions in 2010 included land acquisitions of \$3 million, renovations to residence halls, Given Health Science Complex, Jeffords Hall construction, and other building of \$19.5 million, building components and equipment of \$12.7 million, fixed equipment of \$1.1 million, building interiors of \$5.5 million, and movable equipment of \$1 million.

Current liabilities had a decrease of \$1.7 million in 2011 and an increase of \$2.7 million in 2010. The decrease in 2011 was comprised of decrease in deferred revenue, deposits, and funds held for others of \$6 million, a decrease in the current portion of bonds and notes payable of \$1.0 million, and a decrease in accounts payable and accrued liabilities of \$1 million. The increase in 2010 was comprised of a decrease to accounts payable and accrued liabilities of \$9 million, an increase to deferred revenue,

deposits, and funds held for others of \$1.5 million and an increase in the current portion of bonds and notes payable of \$2.2 million.

Non-current liabilities increased \$16.3 million in 2011 compared to \$20.6 million in 2010. The increase in 2011 is the result of the recognition of \$21.3 million in additional liability for postemployment benefits, an increase in accrued liabilities of \$1.9 million, and a decrease in non-current portion of bonds and notes payable of \$6.9 million. The increase in 2010 was the result of the recognition of \$18.8 million in additional liability for postemployment benefits and an increase of \$2.4 million to bonds and notes payable resulting from the Series 2010 Build America Bonds and 2010 general obligation bonds.

Net assets invested in capital assets, net of related debt, of \$75.8 million, \$73.8 million, and \$99.7 million, at June 30, 2011, 2010, and 2009, respectively, 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 \$2.0 million in 2011 was primarily the result of the net effect of additions and disposals to capital assets of \$32.4 million, the decrease in bonds payable related to capitalized assets of \$2.3 million, and depreciation expense of \$28.1 million. The decrease of \$25.9 million in 2010 was primarily the result of the net effect of additions and disposals to capital assets of \$39.2 million, the increase in bonds payable related to those assets of \$42.7 million, and depreciation expense of \$27.4 million.

Restricted nonexpendable net assets totaling \$94.7 million, \$89.8 million, and \$84.0 million at June 30, 2011, 2010, and 2009, respectively, consist entirely of the University's permanent endowment funds. The corpus of restricted nonexpendable resources is only available for investment purposes. The increase of \$4.9 million, or 5.5%, in 2011, resulted from gifts of \$4.9 million. The increase of \$5.8 million, or 6.8%, in 2010 was due to gifts of \$5.8 million.

Restricted expendable net assets are subject to externally imposed restrictions governing their use. Restricted expendable net assets totaled \$283.5 million, \$248.9 million, and \$211.5 million, as of June 30, 2011, 2010, and 2009, respectively.

Unrestricted net assets are not subject to externally imposed stipulations. However, substantially all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. Unrestricted net assets totaled \$57.7 million, \$53.6 million, and \$46.6 million for June 30, 2011, 2010, and 2009, respectively. The increase of \$4.1 million in 2011 is primarily due to an increase in net tuition and fees of \$13.0 million, an increase in auxiliary enterprises revenue of \$0.9 million offset by an increase in compensation and benefit expense of \$11.7 million. The increase of \$7.0 million in 2010 is primarily due to an increase in net tuition and fees of \$14.9 million and investment income of \$33.8 million offset by the accrual of expense for postemployment benefits of \$29.7 million.

Statements of Revenues, Expenses and Changes in Net Assets

The components of the change in net assets are presented in the Statements of Revenues, Expenses and Changes in Net Assets. This statement displays the revenues earned by the University, the expenses incurred by the University and the resulting increase or decrease in net assets. Revenues and expenses are categorized as either operating or non-operating, and net operating income or loss is displayed. Operating revenues generally are those earned through providing services or goods to the University's customers. Operating expenses are incurred in providing those services and goods. Significant recurring sources of the University's revenues, including state appropriations, gifts, and investment income or loss are considered non-operating.

Condensed information for the year ended June 30, 2011, with comparative totals for the years ended June 30, 2010 and June 30, 2009, follows:

	2011	2010	2009
		<i>(In thousands)</i>	
Operating revenues	\$520,312	\$486,434	\$462,594
Operating expenses	587,427	564,465	561,055
Operating loss	(67,115)	(78,031)	(98,461)
Net non-operating revenues (expenses)	103,904	86,756	(24,556)
Revenue (loss) before capital And endowment additions	36,789	8,725	(123,017)
State capital appropriations	2,000	2,000	1,600
Capital and endowment gifts and grants	6,790	13,541	5,640
Total capital and endowment additions	8,790	15,541	7,240
Increase (decrease) in net assets	45,579	24,266	(115,777)
Net assets, beginning of year	466,028	441,762	557,539
Net assets, end of year	\$511,607	\$466,028	\$441,762

Net assets increased by \$45.6 million in 2011 and by \$24.3 million in 2010. Contributors to the increase in 2011 include an increase in operating revenues of \$33.9 million and an increase in operating expenses of \$23.0 million. Operating revenues increased mostly due to an increase of \$13.0 million in net student tuitions and fees and an increase of \$20.0 million in grants and contracts revenues. The increase in operating expenses consists mostly of increases in compensation and benefits of \$17.0 million and supplies and services expenses of \$5.4 million. Investment income increased \$34.3 million in 2011. This increase was slightly offset by decreases in private gifts of \$9.4 million and capital gifts and grants of \$6.0 million. Contributors to the increase in 2010 include an increase in operating revenues of \$23.8 million and an increase in operating expenses of \$3.4 million. Operating revenues increased mostly due to an increase of \$14.9 million in net student fees and an increase of \$7.7 million in grants and contracts revenues. The increase in operating expenses consists mostly of an increase in compensation and benefits of \$2.5 million and an increase in scholarship expense of \$3.2 million. These expenses were offset by a decrease in supplies and services expense of \$2.7 million. Investment income of \$31.6 million was recognized in 2010.

Operating revenues include the following:

- *Student Tuition and Residential Life Fees, net of scholarship allowances*, are the largest component of operating revenues and the primary source of funding for the University's academic programs. Net student fees increased by \$13.0 million in 2011, comprised of an increase to tuition and fees of \$17.0 million, or 5.7%, and residential life of \$2.1 million, or 4.3%, offset by an increase in scholarship allowances of \$6.1 million, or 8.2%. Net student fees increased by \$14.9 million in 2010, comprised of an increase to tuition and fees of \$27.4 million, or 10.0%, and residential life of \$3.3 million, or 7.4%, offset by an increase in scholarship allowances of \$15.7 million, or 26.6%. Scholarship and fellowship awards applied to student accounts are presented as a reduction of student tuition and fee and residential life revenues, while payments directly made to students are presented as scholarship and fellowship expenses. Total scholarships and fellowships of \$98.1 million, \$92.0 million, and \$73.0 million, were awarded to students in 2011, 2010, and 2009, respectively. This represents a total increase of \$6.1 million, or 6.7%, for 2011 as compared to \$19.0 million, or 26.0% for 2010.
- *Revenues for sponsored programs*, of \$175.3 million in 2011, \$155.4 million in 2010, and \$147.7 million in 2009, include federal appropriations, grants and contracts, as well as state and non-governmental grants and contracts that normally provide for the recovery of direct and indirect costs or expenses. The increase of \$19.9 million is the result of an increase of \$18.9 million in federal and private grants and an increase of \$1.0 million in state grants. The increase of \$7.7

million in 2010 is the result of an increase of \$6.0 million in federal and private grants and an increase \$1.7 million in state grants. Revenues for sponsored programs are generally recognized when expenses are incurred or when significant milestones have been met under the terms of the award. The revenues for sponsored programs include recovery of indirect costs, referred to as facilities and administrative costs, of \$28.0 million, \$27.1 million, and \$24.9 million, in 2011, 2010, and 2009, respectively.

- *Auxiliary enterprise and educational activities revenues* totaled \$48.2 million, \$46.8 million, and \$46.4 million, in 2011, 2010, and 2009, respectively. Auxiliary enterprises include business type enterprises such as the bookstore, printing, mail services and conferences and events that provide support to the University's primary missions of education, research and public service. The \$1.4 million increase in 2011 and the \$4 million increase in 2010 are primarily due to increased activity related to Conferences and Events Services and activity in the Davis Center.
- *Student loan interest and other operating revenues* were \$10.5 million, \$10.9 million, and \$10.1 million in 2011, 2010, and 2009, respectively.

Significant components of operating expenses include the following:

- *Compensation and benefits* of \$376.5 million, \$359.5 million, and \$356.9 million in 2011, 2010, and 2009, respectively, comprise the most significant portion of total expenses. Compensation and benefits increased by \$17.0 million, or 4.8%, in 2011 and \$2.6 million, or 0.7%, in 2010. These increases reflected budgeted increases of 2.0% in 2011 and 2.0% in 2010 in the non-represented staff salary pool, as well as budgeted increases of 5.0% in 2011 and 5.0% in 2010 to faculty salaries subsequent to the bargained agreement reached in 2008. In addition, health plan benefit costs increased by \$4.0 million, or 8.9%, in 2011 and \$1.9 million, or 4.5%, in 2010.
- *Supplies and services* expenses increased by \$5.4 million, or 3.3%, in 2011 and decreased by \$2.7 million, or 1.7%, in 2010. This classification encompasses the many and varied non-compensation expenses that are required for the operation of the University, including utilities, professional services, non-capitalized equipment, and minor renovations.
- *Depreciation* expense increased slightly by \$0.6 million, or 2.3%, in 2011 and \$4 million, or 1.3%, in 2010, resulting from the increase in capital assets as projects were completed.
- *Scholarships and fellowships* of \$17.1 million in 2011, \$17.1 million in 2010, and \$13.9 million in 2009 are comprised of direct payments to students. As noted earlier, in addition to the amounts reflected in scholarships and fellowships

expense, financial aid is applied to tuition and residential life fees and amounts applied to each are reflected in the financial statements as a reduction of those revenues.

- **Net non-operating revenue** is comprised of several revenue and expense categories that are not considered to be operating or exchange transactions. Net non-operating revenues totaled \$103.9 million, \$86.8 million, and \$(24.6) million, in 2011, 2010, and 2009, respectively, resulting in an increase of \$17.1 million in 2011 and a decrease of \$111.4 million in 2010. Net non-operating revenues reflected an increase of \$17.1 million primarily due to investment gains of \$34.3 million offset by a reduction in private gifts of \$9.4 million, state appropriations of \$2.6 million, and an increase of \$4.2 million on interest on indebtedness. Net non-operating revenues reflected an increase of \$111.4 million in 2010 primarily due to net investment gains of \$102.6 million. Other contributors included an increase of \$4.7 million in State appropriations, an increase of \$4.2 million in private gifts, and an increase of \$1.1 million in interest on indebtedness. Net non-operating revenue includes various non-operating revenues and expenses that are grouped together on the Statements of Revenues, Expenses and Changes in Net Assets and include the following:
 - **State appropriations**, which represent funding provided by the State of Vermont, were \$44.5 million, \$47.1 million, and \$42.4 million, in 2011, 2010, and 2009, respectively, decreasing by 5.5% in 2011 and increasing by 11.0% in 2010.
 - **Private gifts and UMEA Grants to the UVM College of Medicine** totaled \$15.2 million, \$25.4 million, and \$20.3 million, in 2011, 2010, and 2009, respectively.
 - **Net investment income/(loss)** was \$65.9 million, \$31.6 million, and \$(71.0) million in 2011, 2010, and 2009, respectively. Net investment income includes realized

investment income/(loss) and the change in the unrealized appreciation or depreciation of investments. The change in unrealized appreciation/(depreciation) included in net investment income was \$48.6 million in 2011, \$24.1 million in 2010, and \$(68.4) million in 2009. Realized gains/(losses) and other income included in net investment income totaled \$10.8 million, \$1.1 million, and \$(2.6) million in 2011, 2010, and 2009, respectively.

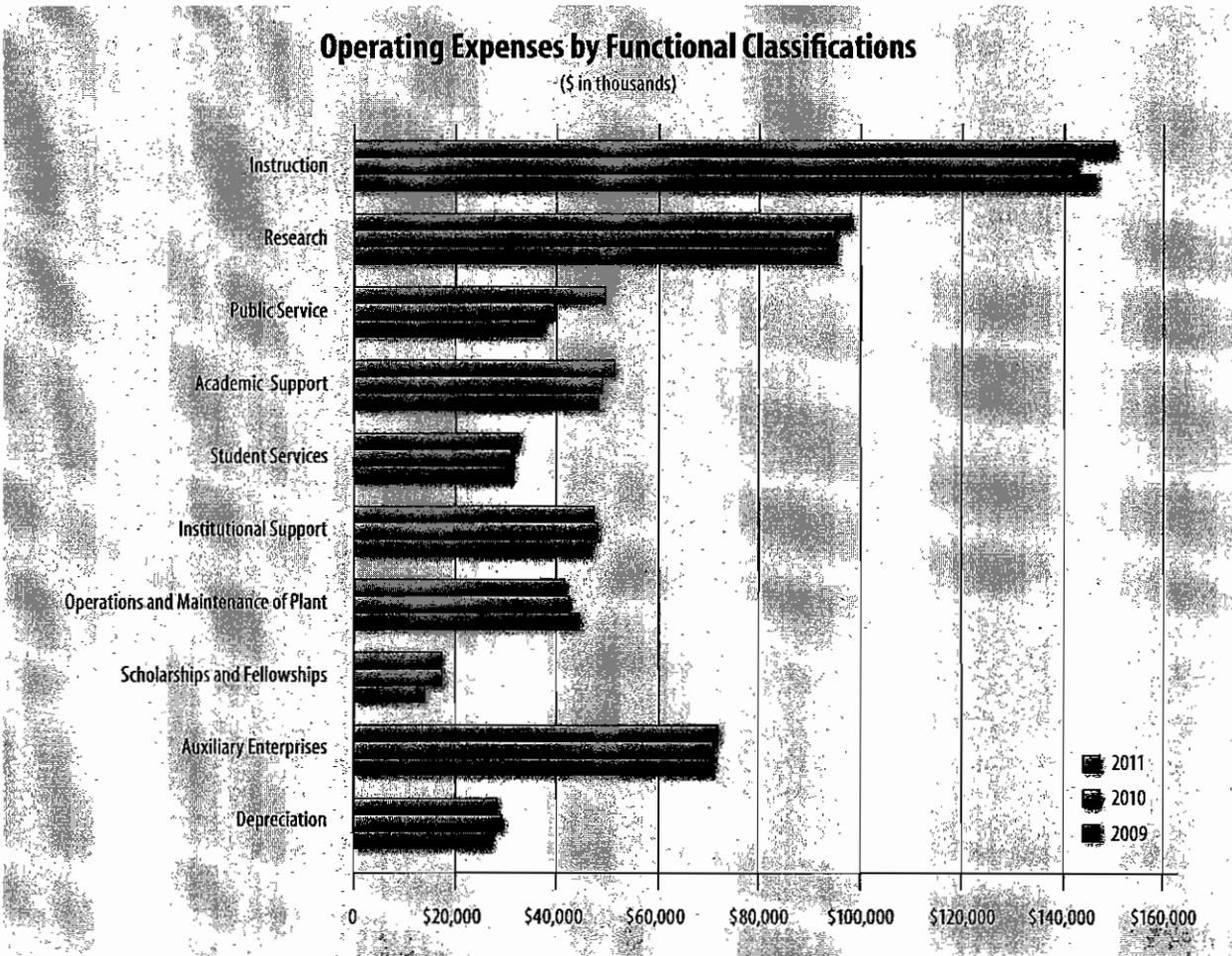
- **Interest on indebtedness** totaled \$20.6 million in 2011, \$16.4 million in 2010, and \$15.3 million in 2009. Interest on indebtedness represents interest on notes and bonds net of capitalized interest. The increases are primarily due to the increases in debt outstanding.

Other financial resources presented after *Revenue (Loss) before capital and endowment additions* include the following:

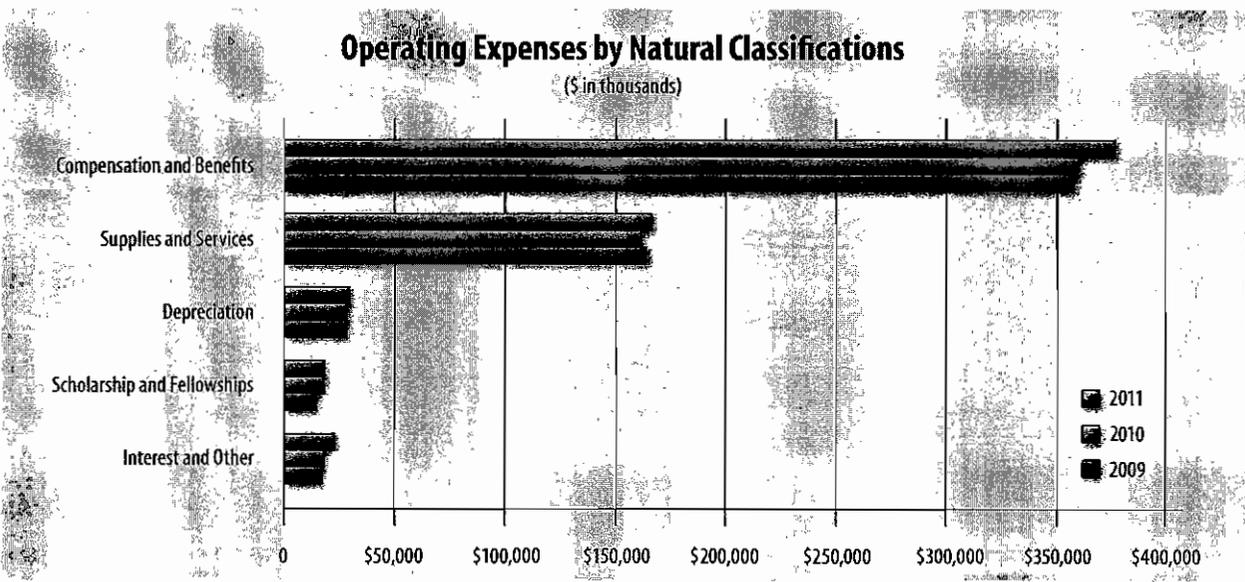
- **State capital appropriations** in 2011 and 2010 were \$2.0 million. It was \$1.6 million in 2009.
- **Capital and endowment gifts and grants** were \$6.8 million, \$13.5 million, and \$5.6 million, in 2011, 2010, and 2009, respectively.

Expenses are presented in the financial statements by natural classification, according to the type of expense, such as compensation and benefits. In addition, expenses may be aggregated by the functions that they support. Total expenses increased by \$27.3 million, or 4.7%, in 2011 and \$4.5 million, or 0.8%, in 2010. With the exception of scholarships and fellowships, depreciation, and interest expense, the increases in each of the functional categories reflect the increases in compensation and benefits and supplies and services.

The chart below presents total expenses by function for 2011, 2010, and 2009:



The following chart presents total expenses by natural classification (object) for 2011, 2010, and 2009:



Statements of Net Assets

as of June 30, 2011 and 2010

(dollars in thousands)

	2011	2010	UMEA 2011	UMEA 2010
ASSETS				
Current Assets:				
Cash and cash equivalents	\$69,372	\$131,129	\$7,197	\$4,997
Operating investments	98,680	24,033	10,347	8,799
Investments for capital activities	15,477	11,320	-	-
Accounts, loans, notes and pledges receivable, net	44,120	36,591	291	5,013
Inventories, prepaid expenses and deferred charges	9,763	11,359	2	9
Total current assets	237,412	214,432	17,837	18,818
Non-current assets:				
Endowment cash, cash equivalents and investments	327,026	276,153	-	-
Student loans, notes, and pledges receivable, net	27,519	33,648	-	-
Deposits with Trustees	22,539	33,948	-	-
Prepaid expenses, deferred charges and other assets	6,069	6,527	-	34
Capital assets, net	549,124	544,755	-	-
Total non-current assets	932,277	895,031	-	34
Total Assets	1,169,689	1,109,463	17,837	18,852
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	56,192	56,285	549	588
Deferred revenue, deposits, and funds held for others	16,296	16,871	-	-
Bonds and notes payable	7,129	8,115	-	-
Total current liabilities	79,617	81,271	549	588
Non-current liabilities:				
Accrued liabilities	15,011	13,129	-	-
Post employment benefits	90,929	69,605	-	-
Bonds and notes payable	472,525	479,430	-	-
Total non-current liabilities	578,465	562,164	-	-
Total Liabilities	658,082	643,435	549	588
NET ASSETS				
Invested in capital assets net of related debt	75,792	73,754	-	-
Restricted:				
Non-Expendable	94,662	89,758	-	-
Expendable	283,481	248,903	290	309
Unrestricted	57,672	53,613	16,998	17,955
Total Net Assets	\$511,607	\$466,028	\$17,288	\$18,264

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

Statements of Revenues, Expenses and Changes in Net Assets
for the years ended June 30, 2011 and 2010
(dollars in thousands)

	2011	2010	UMEA 2011	UMEA 2010
Operating revenues				
Tuition and fees	\$317,076	\$300,009	\$-	\$-
Residential Life	50,212	48,130	-	-
Less scholarship allowances	(80,985)	(74,853)	-	-
Net student fees	286,303	273,286	-	-
Federal, state, and private grants and contracts	175,317	155,362	-	-
Sales and services of educational activities	5,592	5,211	-	-
Other Auxiliary Enterprises	42,560	41,626	-	-
Student loan interest and other operating revenues	10,540	10,949	501	325
Total operating revenues	520,312	486,434	501	325
Operating expenses				
Compensation and benefits	(376,467)	(359,467)	(255)	(310)
Supplies and services	(165,820)	(160,456)	-	-
Depreciation	(28,070)	(27,435)	-	-
Scholarships and fellowships	(17,070)	(17,107)	-	-
Total operating expenses	(587,427)	(564,465)	(255)	(310)
Operating income (loss)	(67,115)	(78,031)	246	15
Non-operating revenues (expenses)				
State appropriations	44,541	47,143	-	-
Private gifts	11,681	21,068	2,756	9,759
Net investment income	65,863	31,609	1,721	996
Interest on indebtedness	(20,633)	(16,414)	-	-
Net other non-operating expense	(1,096)	(1,021)	-	-
UMEA Grants to UVM College of Medicine & others	3,548	4,371	(5,699)	(5,344)
Net non-operating revenues (expenses)	103,904	86,756	(1,222)	5,411
Revenue (loss) before capital and endowment additions	36,789	8,725	(976)	5,426
State capital appropriations	2,000	2,000	-	-
Capital gifts and grants	1,885	7,865	-	-
Gifts for endowment purposes	4,905	5,676	-	-
Total capital and endowment additions	8,790	15,541	-	-
Increase (decrease) in net assets	45,579	24,266	(976)	5,426
Net Assets, Beginning of Year	466,028	441,762	18,264	12,838
Net Assets, End of Year	\$511,607	\$466,028	\$17,288	\$18,264

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

Statements of Cash Flows
for the years ended June 30, 2011 and 2010
(dollars in thousands)

	2011	2010
Cash Flows From Operating Activities		
Tuition and fees	\$246,381	\$244,361
Grants and contracts	166,811	159,714
Sales and services of educational activities	5,592	5,211
Sales and services of auxiliary enterprises:		
Residential Life fees, net of scholarship allowances	39,141	30,892
Other	42,560	41,626
Payments to employees and benefit providers	(353,615)	(340,430)
Payments to vendors	(164,070)	(161,949)
Payments for scholarships and fellowships	(17,070)	(17,107)
Student loans issued	(3,815)	(3,897)
Student loans collected, interest and other revenue	4,215	3,913
Other receipts, net	9,926	10,277
Net cash used in operating activities	(23,944)	(27,389)
Cash Flows From Noncapital Financing Activities		
State general appropriation	44,541	47,143
Private gifts for other than capital purposes	22,958	24,627
Deposits of affiliates and life income payments	433	(247)
Net cash provided by non-capital financing activities	67,932	71,523
Cash Flows From Capital Financing Activities		
Proceeds from capital debt	-	29,987
State capital appropriation	2,000	2,000
Capital grants, gifts and other income	3,807	6,089
Purchases and construction of capital assets	(31,981)	(39,793)
Principal and interest paid on capital debt	(28,674)	(41,549)
Changes in deposits with trustees, net	12,113	27,349
Net cash used in capital financing activities	(42,735)	(15,917)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	127,382	138,848
Purchase of investments	(195,109)	(113,935)
Interest and dividends on investments, net	6,438	6,513
Net cash used in investing activities	(61,289)	31,426
Net Increase (Decrease) in Cash and Cash Equivalents	(60,036)	59,643
Cash and cash equivalents - beginning of year	138,283	78,640
Cash and Cash Equivalents - End of Year *	\$78,247	\$138,283
Reconciliation of Operating Loss To Cash Used by Operating Activities		
Operating loss	\$(67,115)	\$(78,031)
Adjustments to reconcile net income to net cash used in Operating Activities:		
Depreciation expense	28,070	27,435
Changes in assets and liabilities:		
Accounts receivable and loan receivables, net	(7,674)	5,596
Inventories and prepaid expense	1,619	(186)
Accounts payable	2,346	(6,278)
Deferred revenue, deposits and accrued liabilities	18,810	24,075
Net cash used in operating activities	\$(23,944)	\$(27,389)

* of total cash and cash equivalents for 2011, \$69,372 is current and \$8,875 is non-current endowment and for 2010, \$131,129 is current and \$7,154 is non-current endowment

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

(dollars in thousands)

Notes to Financial Statements For the Year Ended June 30, 2011

A. Summary of Significant Accounting Policies and Presentation

The University of Vermont and State Agricultural College is a public, non-profit, comprehensive research institution of higher education with an enrollment of approximately 12,420 undergraduate, graduate, and medical students. It is located in Burlington, Vermont with satellite instructional and research buildings throughout the State.

The University of Vermont and State Agricultural College is a component unit of the State of Vermont as it receives an annual appropriation from the State.

The University has received a letter from the Internal Revenue Service recognizing the University as an organization that is tax-exempt on related income under Section 501(a) of the Internal Revenue Code.

1. Affiliated Organizations

University Medical Education Associates, Inc. (UMEA) is a legally separate tax-exempt component unit of the University of Vermont. UMEA is governed by a minimum nine-member board, six members are named as a result of their positions at the University of Vermont and the remaining are elected by the other members. UMEA's purpose is to support the operations, activities and objectives of the College of Medicine of the University of Vermont. UMEA is a public non-profit organization that reports under Governmental Accounting Standards Board (GASB) standards. UMEA issues separate audited financial statements, which may be obtained by contacting the Dean's Office, College of Medicine. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB 14)*, UMEA is discretely presented on the University's Statements of Net Assets and Statements of Revenues, Expenses, and Changes in Net Assets.

The University of Vermont and State Agricultural College Foundation, Inc. (UVMF) was incorporated on March 14, 2011 as a not-for-profit, tax-exempt organization and will begin operations on January 1, 2012. Its purpose is to solicit, collect, invest, and disburse funds for the sole benefit of the University of Vermont and State Agricultural College. UVMF is governed by its own Board of Directors, the membership which includes the President of the University and the Chair of the University's Board of Trustees. The University of Vermont funds a portion of the operating expenses of UVMF.

2. Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as defined for public colleges and universities by the GASB. The University has elected not to adopt statements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

Net assets are categorized as follows:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Such assets include the University's physical plant.
- **Restricted:**
 - **Non-Expendable** - Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the corpus of the University's true endowment funds.
 - **Expendable** - Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University to meet those stipulations or that expire through the passage of time. Such assets include restricted gifts, grants and contracts.
- **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management, the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The University's policy for defining operating activities as reported on the Statements of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Non-exchange transactions such as gifts, investment income, state appropriations and interest on indebtedness are reported as non-operating revenues and expenses.

When both restricted and unrestricted net assets are available and appropriate to fund an expense, the University's practice is to allow the budget manager to determine which to use in each instance.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. The most significant areas that require management estimates relate to valuation of certain investment balances, the valuation of the postemployment benefit obligation, allowances on accounts and loans receivable, depreciation, and certain accruals.

3. Investments

Investments are stated at fair value in the case of marketable securities. Investments in private partnerships are stated at cost as they do not meet the definition of marketable securities. Nonmarketable investments include alternative investments such as venture capital and real estate funds, which are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. Marketable alternative investments, generally referred to as hedge funds, may contain non-marketable as well as marketable investments. Such valuations generally reflect discounts for liquidity and consider variables such as financial performance of investments, including comparison of comparable companies' earning multiples, cash flow analysis, recent sales prices of investments, and other pertinent information. Because of the

(dollars in thousands)

inherent uncertainty of valuation for these investments, the estimated values may differ from the values that would have been used had a ready market existed. University management is responsible for the fair measurements of investments reported in the financial statements. The University has implemented policies and procedures to assess the reasonableness of the fair values provided and believes that reported fair values at the balance sheet date are reasonable.

Investments are reported in three categories in the Statements of Net Assets. Investments reported as non-current assets include endowment, annuity, and life income funds. Investments for capital activities reported as current assets are replacement reserves designated for capital renovations. All other investments are reported as operating investments.

Deposits with trustees include \$11,318 in 2011 and \$10,606 in 2010 of assets held under deferred giving arrangements and \$1,145 in 2011 and \$1,152 in 2010 of investments in the waste disposal fund required by the EPA.

Investment income is recorded as revenue when earned. Net investment income is reported as non-operating revenue and includes income net of investment fees and the change in the fair value of investments. The calculation of realized gains (losses) is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The fair value of investments increased \$59,373 during 2011 including \$10,817 of realized gains and \$48,556 of unrealized gains. For 2010 the fair value of investments increased \$25,211 including \$1,142 of realized gains and \$24,069 of unrealized gains. For 2011, the unrealized gains on investments held at year-end was \$67,575 compared to an unrealized gain of \$19,019 for 2010.

The University records its purchases and sales of investments on a trade date basis.

4. Government Appropriations and Grants

The University has recorded reimbursement of indirect costs relating to government contracts and grants at a predetermined rate. The reimbursement of indirect costs included in grant revenue is \$27,954 in 2011 and \$27,122 in 2010.

Revenues associated with grants and contracts are generally recognized when related costs are incurred or when milestones are achieved. Federal, state and private grants and contracts revenue for 2011 and 2010 consists of:

Grants and Contracts	FY11	FY10
Federal appropriations, grants and contracts	\$ 138,210	\$ 125,953
State grants and contracts	5,767	4,750
Private grants and contracts	31,340	24,659
TOTAL	\$ 175,317	\$ 155,362

State appropriations (general fund and capital) are reported as non-operating revenue

5. Gifts

Gifts are recorded at their fair value and reported as non-operating revenue.

Promises to donate to the University are recorded as receivables and revenues when the University has met all applicable eligibility and time requirements. Since the University cannot fulfill the requirement to invest in perpetuity for gifts to endowments until the gift is received, pledges to endowments are not recognized.

6. Deposits and Unearned Revenue

Deposits and advance payments for the following academic year are deferred and recorded as revenues when earned. Summer session revenues are deferred to the extent that they relate to courses scheduled in July and August.

The University records deferred revenue for cash received in excess of expenditures on grants and contracts. Grants and contracts deferred revenue at June 30, is \$7,651 in 2011 and \$8,441 in 2010.

7. Employee Benefits

The University provides health and dental insurance to retired employees and their families during their lives and life insurance until age 70.

Health, dental and life insurance are paid by the University on a premium basis at the same rate as active employees for retirees under the age of 65 and at a slightly lower rate for retirees over the age of 65. The total cost for active and retired employees for health, dental and life insurance, net of employee contributions, was \$50,371 in 2011 and \$46,233 in 2010. See note J for further information about postemployment benefits.

8. Compensated Absences

The University accrues amounts for compensated absences (principally vacation allowances) as earned. They are included in the current portion of accrued liabilities.

As of June 30, 2011, \$18,876 (\$18,421 in 2010) was accrued for vacation pay of which \$13,940 (\$13,602 in 2010) was charged to unrestricted net assets and \$4,936 (\$4,819 in 2010) was included in deferred charges to be recovered from restricted expendable assets when paid.

9. Collections and Works of Art

The University maintains collections of inexhaustible assets, including: works of art; historical artifacts, biological, geological, archaeological and ethnographic materials; and literature. While the collections are undoubtedly quite valuable and irreplaceable, the University has not placed a dollar value on these assets. It is the University's policy to hold these assets for public exhibit, education and research rather than for financial gain and to protect, care for and maintain such assets in perpetuity. Accordingly, the collections are not capitalized for financial statement purposes.

(dollars in thousands)

B. Accounts, Loans, Notes, and Pledges Receivable

Accounts, loans, notes and pledges receivable at June 30, 2011 and 2010 are summarized as follows:

Accounts, Loans, Notes and Pledges Receivable, Net	June 30, 2011	June 30, 2010
Current		
Federal, state, and private grants receivable	\$ 27,766	\$ 19,787
Student and company accounts receivable	5,931	4,585
Other accounts receivable	3,711	4,219
Student loans and other notes receivable, net	3,030	2,982
Pledges receivable, net	3,682	5,018
Total Current	\$ 44,120	\$ 36,591
Non-Current		
Student loans and other notes receivable, net	\$ 23,687	\$ 24,846
Pledges receivable, net	3,832	8,802
Total Non-Current	\$ 27,519	\$ 33,648

The student accounts receivable are carried net of an allowance for doubtful accounts of \$334 in 2011 and \$322 in 2010.

Student loans and other notes receivable current portion of \$3,030 and non-current portion of \$23,687 at June 30, 2011, are carried net of an allowance for uncollectible UVM loans of \$152 and \$1,150, respectively. Student loans receivable current portion of \$2,982 and non-current portion of \$24,846 at June 30, 2010, were carried net of an allowance for uncollectible UVM loans of \$125 and \$950, respectively. The University does not record an allowance for uncollectible federal student loans since they can be assigned to the government.

The University's liability for the federal capital contribution to the Perkins, Health Professions, Primary Care, and Nursing Student loan programs is \$8,801 for 2011 (\$8,832 for 2010). These amounts are included in non-current accrued liabilities.

Collection and disbursements of pass through student loans such as Stafford Guaranteed Loans, Plus Loans, and Vermont Student Assistance Corporation's Green Mountain Loans are reported net in the Statements of Cash Flows.

Current and non-current pledges receivable are recorded at the present value of expected future cash flows, net of an allowance for unfulfilled pledges of \$455 (\$542 in 2010) and \$474 (\$950 in 2010) respectively. Discount rates ranging from 2.73% to 5.03% were applied to pledges.

C. Accounts Payable and Current Accrued Liabilities

Accounts payable and current accrued liabilities of \$56,192 (\$56,285 in 2010) are composed of accounts payable of \$14,491 (\$12,132 in 2010) and accrued liabilities of \$41,701 (\$44,153 in 2010). Accounts payable is mostly comprised of supplies and services payables, including construction, renovation and equipment of \$13,837 (\$10,978 in 2010).

D. Capital Assets

Capital assets are stated at cost or, in the case of gifts, at the fair value at the date of donation.

Interest expense, net of interest earnings on unspent bond proceeds is capitalized for debt funded construction projects. In 2011, net interest expense of \$2,810 (\$6,348 in 2010) was capitalized for projects that were funded by the 2005, 2007, 2009, and 2010 general obligation bonds.

Depreciation is calculated using the straight-line method over the estimated economic useful lives of the related assets. In order to more accurately reflect the useful lives of the Colchester Research Facility, Cook, Central Heating Plant, Marsh Life Sciences, Environmental Safety Facility, Rubenstein Lab, Dana Library, and leasehold improvements in Technology Park and the College of Medicine Freezer Farm, a componentization study was conducted by an independent appraiser in 2008. The certain research buildings are classified into the following components: 1) building (basic construction components/shell) with an estimated useful life of 40 years; 2) building service systems (plumbing, electrical, etc.) with an estimated useful life of 25 years and 3) interiors/renovations with an estimated useful life of 20 years and 4) fixed equipment with an estimated useful life of 15 years.

Other buildings are depreciated over a useful life of 40 years, fixed equipment is depreciated over a useful life of 15 years, and movable equipment is depreciated over a useful life of 5 years. Software systems are depreciated over a useful life of 7 years. Major construction projects are capitalized, but are not depreciated until they are put into service.

Depreciation expense for buildings and components including fixed equipment for fiscal year 2011 is \$23,736 (\$23,276 in 2010). Moveable equipment and software systems depreciation expense is \$4,334 for 2011 (\$4,159 in 2010).

Capital assets activity for the years ended June 30, 2011 and 2010 is summarized as follows:

A N N U A L F I N A N C I A L R E P O R T 2 0 1 1

(dollars in thousands)

Fiscal Year 2011							
Asset	Beginning Balance	Additions	Deductions	Reclassification	Balance	Accum. Deprec.	Net Balance
Land	\$ 20,972	\$ 1,225	\$ -	\$ -	\$ 22,197	\$ -	\$ 22,197
Buildings	560,058	22,995	-	-	583,053	(138,639)	394,414
Building Service Systems	82,587	3,153	-	-	85,740	(22,111)	63,629
Building Interiors	45,627	2,235	-	-	47,862	(20,207)	27,655
Fixed Equipment	102,278	885	-	-	103,163	(70,404)	32,759
Moveable Equipment	16,222	1,625	-	-	17,847	(15,990)	1,857
Software Systems	27,934	321	-	-	28,255	(21,642)	6,613
TOTAL	\$ 855,678	\$ 32,439	\$ -	\$ -	\$ 888,117	\$ (338,993)	\$ 549,124
Fiscal Year 2010							
Asset	Beginning Balance	Additions	Deductions	Reclassification	Balance	Accum. Deprec.	Net Balance
Land	\$ 20,665	\$ 307	\$ -	\$ -	\$ 20,972	\$ -	\$ 20,972
Buildings	532,233	19,455	-	8,370	560,058	(175,364)	384,694
Building Service Systems	57,753	12,702	-	12,132	82,587	(18,593)	63,994
Building Interiors	34,896	5,454	-	5,277	45,627	(18,024)	27,603
Fixed Equipment	99,767	1,117	-	1,394	102,278	(65,644)	36,634
Moveable Equipment	16,095	127	-	-	16,222	(15,592)	630
Software Systems	27,934	-	-	-	27,934	(17,706)	10,228
Construction In Progress	27,173	-	-	(27,173)	-	-	-
TOTAL	\$ 816,516	\$ 39,162	\$ -	\$ -	\$ 855,678	\$ (310,923)	\$ 544,755

Land and construction in progress are the only non-depreciable capital assets.

(dollars in thousands)

E. Bonds and Notes Payable and Other Long Term Liabilities

Bonds payable at June 30, 2011, totaled \$479,654 of which \$7,129 is current and \$472,525 is long term. Debt obligations are generally callable by the University and bear interest at fixed rates ranging from 1.70% to 7.25%. The debt obligations mature at various dates through 2045.

Long term debt activity for the years ended June 30, 2011 and 2010 is summarized as follows:

Long Term Liability	Beginning Balance	New Debt	Decreases	Ending Balance	
				Current	Non-Current
Heat System Bond (1),(2)					
1980 Issue	\$ 1,512	\$	\$ 140	\$ 145	\$ 1,227
General Obligation Bonds					
Series 1990	928		928		-
Series 1998 (3)	25,087		(35)	(35)	25,157
Series 2002 (4)	31,284		2,874	2,974	25,436
Series 2005 (5)	156,159		128	818	155,213
Series 2007 (6)	160,512		1,342	707	158,463
Series 2009 (7)	81,890		1,473	1,503	78,914
Series 2010A	9,000				9,000
Series 2010B (8)	21,173		1,265	964	18,944
Indoor Turf Field Lease		286	62	53	171
TOTAL	\$ 487,545	\$ 286	\$ 8,177	\$ 7,129	\$ 472,525

- (1) Revenue from this facility is pledged as collateral under debt agreements.
- (2) The assets are pledged as collateral under debt agreements.
- (3) This balance shown net of bond discount of \$968.
- (4) This balance shown includes bond premium of \$94.
- (5) This balance shown includes bond premium of \$3,711.
- (6) This balance shown includes bond premium of \$4,260.
- (7) This balance shown net of bond discount of \$1,173.
- (8) This balance shown net of bond premium of \$684.

A N N U A L F I N A N C I A L R E P O R T 2 0 1 1

(dollars in thousands)

Fiscal Year 2010 Long Term Liability	Beginning Balance	New Debt	Decreases	Ending Balance	
				Current	Non-Current
Heat System Bond (1),(2) 1980 Issue	\$ 1,648	\$ -	\$ 136	\$ 140	1,372
General Obligation Bonds					
Series 1990	1,793		865	928	
Series 1998 (3)	45,489		20,402	(35)	25,122
Series 2002 (4)	34,112		2,828	2,874	28,410
Series 2005 (5)	156,287		128	128	156,031
Series 2007 (6)	161,734		1,222	1,342	159,170
Series 2009 (7)	81,840		(50)	1,473	80,417
Series 2010A		9,000			9,000
Series 2010B (8)		21,173		1,265	19,908
TOTAL	\$ 482,903	\$ 30,173	\$ 25,531	\$ 8,115	\$ 479,430

- (1) Revenue from this facility is pledged as collateral under debt agreements.
- (2) The assets are pledged as collateral under debt agreements.
- (3) This balance shown net of bond discount of \$1,003.
- (4) This balance shown includes bond premium of \$98.
- (5) This balance shown includes bond premium of \$3,839.
- (6) This balance shown includes bond premium of \$4,392.
- (7) This balance shown net of bond discount of \$1,215.
- (8) This balance shown net of bond premium of \$723.

In compliance with the University's various bond indentures, at June 30, 2011 the University has deposits with trustees of \$10,077 (\$22,190 in 2010) for debt service reserves, sinking funds, other requirements and unspent 2005, 2007, 2009 and 2010A general obligation bond proceeds. Deposits with trustees are invested in obligations of the U.S. Government as required by the University's bond indentures.

The principal and interest due on bonds over the next five years and in subsequent five year periods are presented in the table below:

For the Fiscal Year Ending June 30	Principal Due	Interest Due	Total Due
2012	\$ 6,903	\$ 22,502	\$ 29,405
2013	7,144	22,259	29,403
2014	7,410	21,996	29,406
2015	7,686	21,720	29,406
2016	7,923	21,424	29,347
2017-2021	51,795	100,995	152,790
2022-2026	55,665	88,390	144,055
2027-2031	71,150	73,024	144,174
2032-2036	91,065	53,310	144,375
2037-2041	112,530	28,080	140,610
2042-2045	53,775	4,804	58,579
TOTAL	\$ 473,046	\$ 458,504	\$ 931,550

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(dollars in thousands)

Other long term liabilities at June 30, 2011 and 2010 are summarized below:

Fiscal Year 2011				Ending Balance	
Other Long Term Liability	Beginning Balance	Increases	Decreases	Current	Non-Current
Federal Student Loan Capital Contribution	\$ 8,832	\$ -	\$ 31	\$ -	\$ 8,801
Green Mountain Loan Guarantee	1,202	267	-	-	1,469
Obligations under deferred giving arrangements	3,721	3,004	1,904	412	4,409
Postemployment Benefits	69,605	21,324	-	-	90,929
Other Accrued Liabilities	301	92	61	-	332
TOTAL	\$ 83,661	\$ 24,687	\$ 1,996	\$ 412	\$ 105,940

Fiscal Year 2010				Ending Balance	
Other Long Term Liability	Beginning Balance	Increases	Decreases	Current	Non-Current
Federal Student Loan Capital Contribution	\$ 8,992	\$ -	\$ 160	\$ -	\$ 8,832
Green Mountain Loan Guarantee	1,218	-	16	-	1,202
Obligations under deferred giving arrangements	3,642	867	788	901	2,820
Postemployment Benefits	50,841	29,159	10,395	-	69,605
Other Accrued Liabilities	922	693	1,314	26	275
TOTAL	\$ 65,615	\$ 30,719	\$ 12,673	\$ 927	\$ 82,734

F. Cash and Cash Equivalents and Operating Investments

The University's Cash Management Policy provides parameters for investment of the University's pooled cash. The University classifies resources invested in money market funds and short-term investments with maturities at date of purchase of 90 days or less as cash equivalents. Operating funds invested in vehicles with maturities beyond 90 days are classified as operating investments. The Cash Management Policy establishes three pools for investment: short, intermediate and long term. Allowable investments for the short term pool, which includes cash and cash equivalents and other investments with average weighted maturities of up to one year, and the intermediate pool, which includes investments with an average weighted maturity of between one and six years, are restricted by investment type, dollar level, maturity and rating to mitigate credit risk on investments individually and in the aggregate. Investments are restricted to U.S. Treasury and government securities and high quality corporate securities and commercial and bank paper. Debt securities must be rated Aaa, Aa, A or BBB by Moody's or AAA, AA, A or BBB by Standard and

Poors. Bank obligations, banker's acceptances or negotiable certificates of deposit must be rated B or better and no more than 20% of the funds in the cash pool can be in obligations of institutions within any single holding company. Commercial paper must be rated A-1 by Standard and Poors or P-1 by Moody's. Investments may include repurchase agreements secured by the U.S. government and federal agency obligations, which shall have market values at least 100% of the amount of the repurchase agreement. Investments may also include repurchase agreements with banks having Fitch ratings no lower than B with the condition that these repurchase agreements are 100% collateralized with U.S. government securities. Investments may also include commingled funds if they are in compliance with the other guidelines and the Commonfund, a non-profit provider of investment products for colleges and universities. Investments of the long term pool are restricted to those allowable under the University's Statement of Objectives and Policies for the Long Term Investment Pool, including the endowment fund.

Current and non-current cash and cash equivalents are comprised of the following:

	June 30, 2011	June 30, 2010
Cash	\$ 15,369	\$ 32,833
Repurchase Agreements	15,301	102,566
Certificate of Deposit	45,000	-
Money Markets	2,577	2,884
TOTAL	\$ 78,247	\$ 138,283

(dollars in thousands)

Of the total cash and cash equivalents above, \$8,875 in 2011 and \$7,154 in 2010 are included in non-current endowment cash and cash equivalents.

The balance of cash at the bank was \$38,596 at June 30, 2011 and \$138,937 at June 30, 2010. Of these bank balances, \$716 in 2011 and \$769 in 2010 were covered by the Federal Depository Insurance Corporation. The University also has an irrevocable standby letter of credit up to \$125,000.

Total operating investments were \$98,680 at June 30, 2011 and \$24,033 at June 30, 2010. Operating investments invested in the long term pool were \$9,839 at June 30, 2011 and \$8,504 at June 30, 2010 (see note G). Short and intermediate term operating investments at June 30, 2011 and 2010 were primarily made through commingled funds with the following characteristics:

<u>June 30, 2011</u>		Average Maturity Effective Duration	Govt/ Agency	Credit Quality %				
UVM Amount	AAA			AA	A	BBB	Other	
Intermediate Fund	\$ 8,800	2.9 yrs/ 1.5 yrs	34	30	8	20	3	5
Bonds	72,877	2.3 yrs/ 2.2 yrs	68	8	13	12		
Multi Strategy Equity Fund	6,224							
Other	940							
TOTAL	\$88,841							
<u>June 30, 2010</u>		Average Maturity Effective Duration	Govt/ Agency	Credit Quality %				
UVM Amount	AAA			AA	A	BBB	Other	
Intermediate Fund	8,666	2.9 yrs/ 1.5 yrs	45	27	4	16	3	5
Absolute Return Fund	1,073							
Multi Strategy Equity Fund	4,905							
Other	885							
TOTAL	\$15,529							

(dollars in thousands)

G. Endowment and Other Long Term Investments

The Board of Trustees Investment Subcommittee has established a formal policy for investment of the endowment and other long term funds that include parameters established for the purpose of controlling risk as well as targeting performance. Guidelines for fixed income include: limiting the average duration to within one year of the Lehman Aggregate Index; a requirement that, with the exception of US Treasury, agency and agency mortgage issues, no more than 5% of the portfolio may be invested in the obligations of any one issuer, a requirement that the weighted average portfolio quality be rated at least A1 by Moody's and/or A+ by Standard & Poor's, individual investments be rated at least BBB/B at the time of purchase and no more than 20% of the assets be rated below Baa/BBB at time of purchase; a limitation that the aggregate notional value of derivative instruments such as options, futures, index based securities (swaps), or derivative mortgage backed securities be used only up to a limit of 25% of the manager's portfolio, with no derivative transaction constituting more than 5% of the portfolio's assets, a requirement that credit counterparties have at least an "AA" rating; and a restriction that under no circumstances should the use of derivatives lengthen the duration of the portfolio beyond 150% of the duration of the Lehman Brother's Aggregate Index. Guidelines for the equity allocation include: the restriction that index options, individual security options, and currency futures utilized by the equity managers only be used to reduce total portfolio risk or to efficiently manage market exposure; the restriction that the notional value of any derivative securities in the manager's portfolio not, in aggregate, exceed 25% of the value of the portfolio's assets and that no single transaction constitute more than 5% of the portfolio's assets except in more concentrated portfolios where such a restriction may impair

performance; the requirement that credit counterparties have at least a "AA" rating; a restriction that derivative securities not be used to increase market exposure beyond 200% of the underlying equity capital or to decrease it below 0%; the requirement that the portfolio not be leveraged or net short, with the exception that the above does not apply to mutual fund investments which follow their own investment guidelines detailed in the prospectus.

The endowment in aggregate (which comprises the consolidated endowment and other separately invested assets) and long term capital and operating reserves are invested in a balanced portfolio consisting of: traditional stocks (domestic and international) and bonds; marketable alternatives (hedge funds); non-marketable alternatives (venture capital and private equity); and a diversified portfolio of inflation-hedges (real estate and commodities). The primary objective for the investments in the long term pool is to provide a satisfactory return on investment for the support of University operations based upon the Prudent Person Principle. The University's specific investment objective is to maintain an average annual real total return (net of investment management fees) of at least 5% over the long-term (rolling 5 year periods). Real total return is the sum of capital appreciation (or loss) and current income adjusted for inflation by the Consumer Price Index. The University's investment policies are governed and authorized by the University Board of Trustees. The approved asset allocation policy for the long term investment portfolio sets a general target of 80% equities and 20% fixed income securities with a broader range of 75% to 85% for the equities and 15% to 25% fixed income securities. The asset allocation target and actual percentages at June 30, 2011 and 2010 are presented in the following table:

	June 30, 2011		June 30, 2010	
	Target %	Actual %	Target %	Actual %
US Equity	24.0	23.7	25.0	24.7
Global Excluding US Equity	24.0	25.1	25.0	23.1
Marketable Alternatives	20.0	20.0	17.5	18.8
Real Estate/Inflation Hedges	15.0	11.4	12.5	14.0
Non-marketable Alternatives	10.0	10.0	10.0	10.3
Fixed Income	7.0	7.5	8.0	7.8
Cash & Cash Equivalents	0.0	2.3	2.0	1.3

Endowment and similar investments including \$9,839 and \$8,504 of operating investments and \$15,472 and \$10,592 of capital investments at June 30, 2011 and 2010, respectively, are composed of the following:

	June 30, 2011	June 30, 2010
Cash	\$ 7,717	\$ 4,270
Money Market	1,157	2,882
Common Stock	69,969	59,652
Other Government Bonds and Notes	11	
Industry Bonds	3,347	2,320
Private Equity and Venture Partnerships	43,710	39,642
Mortgages	-	30
Life Estates	462	417
Hedge Funds	68,748	54,153
Mutual Funds	157,216	131,879
TOTAL	\$ 352,337	\$ 295,249

A N N U A L F I N A N C I A L R E P O R T 2 0 1 1

(dollars in thousands)

The fixed income portfolio is composed of one passive fund with the following risk profile at June 30, 2011 and 2010:

2011		Average Duration		Credit Quality %				
	Amount	Yrs.	Govt/ Agency	AAA	AA	A	Baa-BBB	
Bond Market Index Fund	\$25,646	5.2	70	5	5	10	10	
2010		Average Duration		Credit Quality %				
	Amount	Yrs.	Govt/ Agency	AAA	AA	A	Baa-BBB	
Passive Bond Fund	\$21,581	6.34		79	4	9	8	

The majority of endowment fund assets are pooled for investment purposes. Each individual fund subscribes to or disposes of units on the basis of the value per unit at fair value at the beginning of the month within which the transaction takes place. Income is distributed on a per unit basis. Of the total units (each having a fair value of \$56.18), 4,343.2756 units were owned by endowment funds and 1,763.4814 units by quasi endowment funds at June 30, 2011 (\$48.56, 5,900.1146 and 1,659.6068 respectively, at June 30, 2010).

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was passed by the State of Vermont effective May 5,

2009. UPMIFA broadens and clarifies the latitude of institutions to manage overall endowment returns, without specifically isolating those particular endowments, that because of timing of receipt of the gift and market conditions, are deemed underwater. Rather, the institution is expected to define an overall prudent approach both to distribution of funds for spending and long term preservation and growth of capital. The University shall continue with its uniform endowment distribution practice, including distributions from endowments that are temporarily underwater in accordance with the statute. The Investment Subcommittee of the Board of Trustees reviews the income distribution rate annually.

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(dollars in thousands)

The table below summarizes changes in relationships between cost and fair values of the pooled endowment:

	Fair Value	Cost	Net Return	Fair Value Per Unit
June 30, 2011	\$ 343,050	\$ 280,225	\$ 62,825	56.18
June 30, 2010	286,493	269,568	16,925	48.56
Unrealized Net Gain			45,900	
New Gifts			10,261	
Realized Net Gain			10,924	
Net Income			2,376	
Withdrawn for Spending			(12,904)	
Total Net Change			\$ 56,557	7.62

	Fair Value	Cost	Net Return	Fair Value Per Unit
June 30, 2010	\$ 286,493	\$ 269,568	\$ 16,925	48.56
June 30, 2009	266,792	267,854	(1,062)	47.30
Unrealized Net Gain			17,987	
New Gifts			12,502	
Realized Net Gain			79	
Net Income			2,000	
Withdrawn for Spending			(12,867)	
Total Net Change			\$ 19,701	1.26

The average net earnings per unit, exclusive of gains and losses, amounted to \$40 in fiscal 2011 and \$35 in fiscal 2010.

The University's endowment spending policy is a budgeted allocation of 4.5% of the previous 13 quarters' average market value.

H. Commitments

Major plant projects include commitments as follows:

Project	Estimated Project Cost	Project-to-Date Expenditures 2011	Project-to-Date Expenditures 2010
	Marsh Life Science	\$ 6,815	\$ 343
Aiken Building	12,919	6,870	1,358
Simpson Dining Renovation	7,200	6,401	974
Given Courtyard	12,500	10,793	10,732

The University has entered into operating leases for space, which expire at various dates through fiscal 2017. Outstanding commitments for these leases are expected to be paid in the following years ended June 30:

For the Fiscal Year Ending June 30	Rental Payments Due
2012	\$ 762
2013	523
2014	367
2015	136
2016-17	150
Total	\$ 1,938

Operating lease expenses totaled \$849 and \$863 in 2011 and 2010, respectively.

The University is obligated under certain of its investments to make future capital contributions in the amount of \$19,266.

(dollars in thousands)

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University manages these risks through a combination of self-insurance and commercial insurance purchased in the name of the University. The University's annual self-insured obligation for general liability is \$500 per occurrence and \$25 per occurrence for automobile liability. Its assumption of risk for property losses is \$250 per occurrence. Educator's legal liability risks are subject to a \$250 per loss retention. Worker's compensation is subject to a \$550 per occurrence retention. None of these lines of coverage have an annual self-insured aggregate, or stop-gap. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The University elected, effective July 1, 2003, to become a shareholder and member of Genesis Limited, an insurance and reinsurance captive organization domiciled in Bermuda. A Vermont captive, Pinnacle Consortium of Higher Education, was formed in FY '05 as a fronting insurer to Genesis. The captives consist of two insurance lines, general liability and automobile liability. All members are required to participate in the captive general liability program which provides \$2 excess limit, written by Pinnacle effective 7/1/05, and the group purchase liability program that provides a \$23 excess limit. Pinnacle retains 5% of the risk and cedes 95% to Genesis. The University has purchased an additional \$75 to bring the total excess limit to \$100.

The University follows the policy of self-insuring risks up to certain limits. At year end, the University had open claims valued at \$2,747 in 2011 and \$2,049 in 2010; \$810 and \$1,031 of this is covered by excess insurance in 2011 and 2010, respectively. The University paid claims of \$1,523 in 2011 and \$1,613 in 2010. Reserves for property and casualty liabilities are included in accrued liabilities (including incurred but not reported) in the amount of \$5,731 at June 30, 2011 and \$5,845 at June 30, 2010.

In conducting its activities, the University from time to time is the subject of various claims and also has claims against others. The ultimate resolution of such claims is not expected to have a material adverse or favorable effect on the financial position of the University.

Three groups of University employees are represented by collective bargaining units. The University participates in contract negotiations with these groups periodically.

The University entered into an agreement in 2001 with Sodexo America, LLC which includes a provision for Sodexo to make 3 annual payments totaling \$2,750 to the University for the Living/Learning Dining renovation project. The project is complete and the payments have been received. If the agreement expires or is terminated by either party prior to ten years from inception, the University is obligated to pay a proportionate share of this amount to Sodexo. The University has recorded deferred revenue of \$93 in 2011 and \$368 in 2010 for this contingency.

The University receives significant financial assistance from federal and state agencies in the form of grants and contracts. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such

audits become a liability of the University. In the opinion of management such adjustments, if any, are not expected to materially affect the financial condition of the University.

I. Retirement Plans

Faculty and staff at the University of Vermont may participate in the University's 403(b) defined contribution plan and a 457(b) deferred compensation plan provided the following criteria are met:

- faculty and staff must have a full-time equivalency of .75 or greater;
- staff must be employed three years before they qualify for University contributions to their retirement plan, or they must have a vested interest in the retirement plan of their previous nonprofit employer, or have a TIAA-CREF Retirement Account;
- non-tenure-track faculty and faculty under the rank of Assistant Professor must wait two years to qualify for University contributions to their retirement plan, or they must have a vested interest in the retirement plan of their previous nonprofit employer, or have a TIAA-CREF Retirement Account;
- tenure track faculty at the level of Assistant Professor or above receive University contributions to their retirement plan immediately upon beginning employment.

To obtain University contributions, faculty members and officers of administration must contribute 3% of their salary, and staff must contribute 2%. The University's contribution to the retirement fund of qualified faculty and staff is 10% of salary and this amount is immediately vested.

The University also offers a 457(b) deferred compensation plan. Faculty and staff can participate provided they are participating in the 403(b) plan. The University makes no contributions to this plan.

The University's 457(b) contributory retirement plan is administered by the Teachers Insurance Annuity Association of America (TIAA), the College Retirement Equities Fund (CREF), and Fidelity Investments. These companies as well as the Prudential Company of America also administer the University's 403(h) plan. The University's policy is to accrue the costs of these defined contribution plans currently.

Since both faculty and staff are immediately vested in all retirement contributions made on their behalf, the University has no control of, responsibility for, or ownership of retirement funds, except that employees may not withdraw funds contributed to either their 403(b) or 457(b) plan while employed at the University. Retirement funds may be transferred among the investment alternatives at the discretion of the employee.

Upon leaving the University, employees may either withdraw funds from their accounts, or transfer the funds to other investment alternatives subject to the limitations of 403(b) and/or 457(b) regulations and the contractual provisions of their investment alternative.

(dollars in thousands)

For the year ended June 30, 2011 and 2010, the University had total payroll expense of \$256,318 and \$247,006, respectively, of which \$184,632 in 2011 and \$176,276 in 2010 was covered by the University's 403(b) retirement plan. Total employee and employer contributions for 403(b) pension benefits for the year were \$15,571 and \$18,463, respectively, for 2011 and \$15,685 and \$17,628, respectively, for 2010. The University's contribution for 403(b) pension benefits is 10% of the covered payroll. Total employee contributions to the 457(b) retirement plan were \$2,594 in fiscal year 2010 and \$2,159 in fiscal year 2010.

J. Postemployment Benefits

The University is required to account for its postemployment benefit plan in accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement 45 prescribes a methodology which requires the employer to recognize an expense for the value of benefits earned during the current year by active employees (i.e. the normal cost) plus an amortization of the unfunded portion of the value of the plan benefits earned to date by active and retired employees (i.e., the actuarial accrued liability). GASB Statement 45 also introduces the concept of an employer's net postemployment benefit obligation, which is defined as the cumulative difference between the employer's annual postemployment benefit expense and its cash cost for the plan

The University's postemployment benefit plan covers medical, (base) dental, life insurance and tuition remission benefits provided to eligible University retirees and their dependents. The plan was established under the authority of and may be amended by the University. It is a single employer plan administered by the University

Plan provisions include two levels of eligibility and cost tables: 1) Retirees hired before July 1, 1997 are eligible when retired directly from employment after reaching age 55 with 10 years of continuous employment, with qualification that for employees hired after June 30, 1992 and before July 1, 1997, the rule of 75 applies; and 2) Retirees hired after June 30, 1997 are eligible when retired directly from employment after reaching age 60 with 15 years of continuous employment. In addition, employees who have been awarded full disability benefits from either social security or the University's long term disability carrier are eligible.

Retirees who retired under the Voluntary Separation Plan of 1992 or before are not required to contribute to the plan, however, a surviving spouse receives two (2) years of medical and base dental coverage

without charge, after which dental terminates (the surviving spouse would be eligible for 36 month of COBRA) and medical coverage is available at 50% of the cost of providing coverage. Retirees under the Voluntary Separation Plan of 2000 pay for their medical benefits based on the contribution system prior to June 30, 2000 (based on 0.5% times the average final three years' base salary at 75%). Retirees hired after June 30, 1992 have the same salary bands percentage as active employees, which is based on 75% of their average final three years' base salary. Retirees hired after June 30, 1992 and before July 1, 1997 are required to contribute as above plus a percentage based on the sum of their age at retirement and their years of continuous full time service. This surcharge is based on a scale that ranges from 65 to 75 and over. Full-time represented faculty, regardless of salary, currently pay 20% of the cost of providing medical coverage and 10% of the base dental cost.

As of July 1, 2009, there were 617 fully eligible active employees, with total active employees numbering 3,288, with an average age of 46.4 years and average credited service of 10.3 years. Total annual compensation was \$181,542. There were 1,411 participants in receipt of benefits, with an average age of 72.2 years.

A third party actuary performed the valuation of the liability with an actuarial valuation date of July 1, 2009. Actuarial calculations reflect a long term perspective, involve estimates about the probability of events and are subject to continual revision. The calculations were developed using certain actuarial assumptions and methods. The assumptions include an investment return of 7.0% and the RP-2000 mortality table for males and females. The methods include the projected unit credit actuarial cost method and a 30 year amortization of the plan's unfunded liability on an open, level dollar basis. Health care cost inflation is assumed to be as high as 7.75% in 2011 and gradually decreasing to 5% in 2016 and beyond.

The actuarial accrued liability at the measurement date of July 1, 2009 was \$313,161. The actuarial value of assets funding the liability was \$0, as the University's contributions are comprised entirely of direct payments for benefits. Employer contributions for fiscal year ended June 30, 2011 totaled \$9,842 (\$10,395 in 2010), or 31.6% (35.7% in 2010) of annual other postemployment benefit (OPEB) cost. The unfunded actuarial accrued liability (UAAL) was \$313,161. The annual required contribution (ARC) of \$31,902 for fiscal year 2011 is the sum of \$10,591, the normal cost at July 1, 2010 plus interest, and \$21,311, the 2011 amortization of the UAAL. The ARC of \$29,697 for fiscal year 2010 is the sum of \$9,898, the normal cost at July 1, 2009 plus interest, and \$19,799, the 2010 amortization of the UAAL.

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(dollars in thousands)

Total annual OPEB costs and liabilities for the 2011 and 2010 fiscal years include the following components:

	June 30, 2011	June 30, 2010
Annual required contribution	\$31,902	\$29,697
Interest on net OPEB obligation	4,872	3,559
ARC adjustment	(5,609)	(4,097)
Annual OPEB cost	31,165	29,159
Contributions during FY	(9,841)	(10,395)
Increase in net OPEB obligation	21,324	18,764
Net OPEB obligation, beginning of year	69,605	50,841
Net OPEB obligation, end of year	\$90,929	\$69,605

In accordance with GASB Technical Bulletin 2006-1, assumed health care costs do not reflect any expected federal reimbursements to the University under the Medicare Part D Program.

K. Operating Expense by Function

Operating expenses by functional classification for the years ended June 30, 2011 and 2010 are summarized as follows:

Function	Year ended June 30, 2011					Total
	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation		
Instruction	\$ 130,387	\$ 20,030				\$ 150,417
Research	63,773	34,154				97,927
Public service	37,274	12,096				49,370
Academic support	39,364	12,088				51,452
Student services	21,740	10,806				32,546
Institutional support	32,753	14,474				47,227
Operations and maintenance of plant	20,458	20,905				41,363
Scholarships and fellowships			17,070			17,070
Auxiliary enterprises	30,718	41,267				71,985
Depreciation				28,070		28,070
TOTAL	\$ 376,467	\$ 165,820	\$ 17,070	\$ 28,070		\$ 587,427

Function	Year ended June 30, 2010					Total
	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation		
Instruction	\$ 124,068	\$ 19,460				\$ 143,528
Research	65,447	31,801				96,948
Public service	29,592	10,076				39,668
Academic support	36,926	12,346				49,272
Student services	20,890	10,274				31,164
Institutional support	32,424	12,927				45,351
Operations and maintenance of plant	19,761	22,798				42,559
Scholarships and fellowships			17,107			17,107
Auxiliary enterprises	30,359	41,074				71,433
Depreciation				27,435		27,435
TOTAL	\$ 359,467	\$ 160,456	\$ 17,107	\$ 27,435		\$ 564,465

(dollars in thousands)

L. Pollution Remediation Obligations

The University is required to account for its pollution remediation activities in accordance with GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations. GASB 49 requires the University to accrue estimated costs to conduct pollution remediation activities if certain obligating events have occurred. It also requires the University to expense pollution remediation costs which cannot be capitalized. The University incurred and expensed pollution remediation costs of \$1,184 and \$1,086 in FY11 and FY10, respectively.

Also, in FY11, the University commenced certain renovation projects that included the need for asbestos and lead paint removal. These projects are not expected to be completed until FY12 and therefore FY11 supplies and services expense and current accrued liabilities include \$608 (\$866 in FY10) for the expected remediation portion of these projects. The accrual is based on the estimates of expected outlays provided by the University's Physical Plant department. There are no recoveries associated with this liability.

Required Supplementary Information - Postemployment Benefits

Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed
2011	\$ 31,166	\$ 9,842	31.6%
2010	\$ 29,159	\$ 10,395	35.7%
2009	\$ 36,529	\$ 11,982	32.8%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 313,161	\$ 313,161	0.0%	\$ 181,842	172.5%
7/1/2007	\$ -	\$ 320,173	\$ 320,173	0.0%	\$ 179,610	178.3%

Net OPEB Obligation (NOO)

Fiscal Year Ended June 30	Annual Required Contribution	Interest on Existing NOO	ARC Adjustment	Annual OPEB Cost	Actual Contribution Amount	Net Increase in NOO
2011	\$ 31,902	\$ 4,872	\$ (5,609)	\$ 31,166	\$ 9,842	\$ 21,324
2010	\$ 29,697	\$ 3,559	\$ (4,097)	\$ 29,159	\$ 10,395	\$ 18,764
2009	\$ 36,808	\$ 1,840	\$ (2,119)	\$ 36,529	\$ 11,982	\$ 24,547

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
Smith Lever cluster:		
U.S. Department of Agriculture:		
Direct awards:		
USDA20074159003787	10.500	\$ 184,771
USDA 2007-3884118538	10.500	76,795
2009-41534-05459	10.500	42,237
46100-05866	10.500	25,136
2010-41534-21825	10.500	95,281
2010-41521-20975	10.500	39,551
2010-47001-20819	10.500	108,626
USDA 06-4700103367	10.500	88,233
USDA 05-4700103146	10.500	55
USDA 47001-03782	10.500	91,698
USDA 47001-03880	10.500	5,118
4700104302	10.500	251,620
41100-04600-10	10.500	337,345
41200-04600-10	10.500	3,964
46000-04600-10	10.500	10,451
41531-04600-08	10.500	12,769
48024-04600-10	10.500	8,772
41510-04600-10	10.500	71,981
41100-04600	10.500	1,969,234
4151004600 - 11	10.500	243,289
46000-04600	10.500	40,465
41200-04600	10.500	11,891
41310-04600	10.500	53,117
4130004600	10.500	4,109
Subtotal U.S. Department of Agriculture direct		<u>3,776,508</u>
Subagreements:		
UConn 6200 - CSREES	10.500	4,062
UNIV DELAWARE 17029	10.500	1,001
eXt 26-6365-0001-331	10.500	10,444
S09040/S10181.01	10.500	105,621
01800340352-02	10.500	4,312
Kansas State S10096	10.500	13,009
Univ of Kentucky	10.500	6,445
22791	10.500	13,121
S11102	10.500	9,504
018000-340352-03	10.500	7,604
3048104498-11-033	10.500	6,000
26-6365-0001-351	10.500	6,348
25-6365-0023-453	10.500	459
Kansas St Univ S11156	10.500	15,833
Subtotal U.S. Department of Agriculture subagreements		<u>203,763</u>
Total Smith Lever cluster		<u>3,980,271</u>
Medicaid cluster:		
Pass-through from State of VT:		
Medicaid 03420-5374	93.778	2,028,559
ST VT 03420-5275	93.778	12,963
03420-5129	93.778	1,890
ST AHS 03420-5544	93.778	29,120

**THE UNIVERSITY OF VERMONT AND
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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
03440-36001-10-FIT	93.778	\$ 21,231
03410-185-10	93.778	38,275
ST AHS 03420-5370	93.778	194,265
03420-5383	93.778	188,186
03410-6105-11	93.778	372,490
03420-5584S	93.778	11,856
03440-36001-11-FIT	93.778	150,647
03420-5594P	93.778	358,207
Medicaid 03420-5608S	93.778	1,357,687
ST VT 03420-5679S	93.778	330,998
03420-5596P	93.778	439,242
VT State Appropriation Regular	93.778	2,352,415
VT State Appropriation ARRA	93.778	374,576
Total Medicaid cluster		8,262,607
Student financial assistance cluster:		
U.S. Department of Education:		
Direct awards:		
NDSL Due Diligence E	84.000	17
SEOG11 P007A104246	84.007	1,974,698
USDE Workstudy 08	84.033	(832)
WORK ST P033A104246	84.033	1,230,951
GF**PELL P063P092364	84.063	228
GF**PELL P063P102364	84.063	9,340,881
GF**ACG P375A092364	84.375	(656)
GF**ACG P375A102364	84.375	730,888
GF**SMT P376S102364	84.376	804,067
Subtotal U.S. Department of Education direct		14,080,242
Loans advanced for the year ending June 30, 2011:		
Federal Perkins Loan Program	84.038	697,199
Administrative Cost Allowance Charged to Perkins	84.038	226,135
Federal Direct Loan Program	84.268	100,003,831
Nursing Student Loan Program	93.364	141,711
Loans advanced for the year ending June 30, 2011 total		101,068,876
Total student financial assistance cluster		115,149,118
Research and development:		
U.S. Department of Agriculture:		
Direct awards:		
USDA Direct	10.XXX	7,862,027
Subtotal U.S. Department of Agriculture direct		7,862,027
Subagreements:		
VTAGFM 02200-SCBGP15	10.170	11,369
0220-SCBGP39	10.170	61
06130-VMC-UVM-10	10.664	101,026
06130-VMC-UVM-11	10.664	36,469
61-5453UV	10.200	6,218
CSU 531459	10.200	763
4231/PO S1431350	10.200	7,712
Cornell 53997-8518	10.206	3,851
H000228401	10.206	33,806
UNIV CT 6377	10.206	8,307

**THE UNIVERSITY OF VERMONT AND
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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
CORNELL 54039-8582	10.304	\$ 50,912
6840	10.310	7,513
61-4257UV	10.310	10,113
UNH PZ09-012	10.652	67,642
UM-S729	10.652	602
UVM 550 494311077199	10.652	14,002
UM S752	10.652	15,825
PZ11-004	10.652	3,126
54963-9447	10.652	3,082
3 (Acct# 5-25586)	10.675	73,857
ARRA VT Contr 17231	10.688	34,807
ARRA 19515	10.688	1,707
Subtotal U.S. Department of Agriculture subagreements		<u>492,770</u>
U.S. Department of Agriculture total		<u>8,354,797</u>
U.S. Department of Commerce:		
Direct awards:		
USDOC Direct	11.460	240,798
Subtotal U.S. Department of Commerce direct		<u>240,798</u>
Subagreements:		
ST VT 06120FY08136	11.407	6,259
06120FY11196	11.407	1,354
Task Order # UVM1	11.000	9,796
504946 P1000968	11.616	63,785
Subtotal U.S. Department of Commerce subagreements		<u>81,194</u>
U.S. Department of Commerce total		<u>321,992</u>
U.S. Department of Defense:		
Direct awards:		
USDOD Direct	12.XXX	1,414,723
Subtotal U.S. Department of Defense direct		<u>1,414,723</u>
Subagreements:		
General Dynamics	12.000	250
Subcontractor 09-01	12.000	145,732
400169	12.300	19,458
400169	12.300	14,906
Clinical Rsrch Mgmt	12.420	760
303K08S	12.420	4,569
Subtotal U.S. Department of Defense subagreements		<u>185,675</u>
U.S. Department of Defense total		<u>1,600,398</u>
U.S. Department of the Interior:		
Direct awards:		
USIN Direct	15.XXX	644,145
Subtotal U.S. Department of the Interior direct		<u>644,145</u>
Subagreements:		
06120FY10177	15.611	63,502
VT ANR 06120FY090165	15.634	3,398
06120FY10177	15.634	36,701
06130-50-00621	15.916	33,432

**THE UNIVERSITY OF VERMONT AND
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Year ended June 30, 2011

Description	CFDA No.	Expenditures
DAVID EVANS & ASSOC	15.000	\$ 11,485
3018AG098-A	15.608	11,208
AmericaView	15.815	3,999
Subtotal U.S. Department of the Interior subagreements		<u>163,725</u>
U.S. Department of the Interior total		<u>807,870</u>
U.S. Department of Justice:		
Subagreements:		
03420-A11095P	16.754	9,090
ARRA Return Home	16.808	6,711
U.S. Department of Justice total		<u>15,801</u>
U.S. Department of Transportation:		
Direct awards:		
USDOT Direct	20.XXX	2,610,245
Subtotal U.S. Department of Transportation direct		<u>2,610,245</u>
Subagreements:		
CA0228-0001046-307	20.205	(95)
CA0228-0001047-302	20.205	25,498
CA0228-RSCH013-709	20.205	6,817
CA0228 RSCH014-717	20.205	35,599
CA0228 RSCH014-723	20.205	6,582
CA0228 RSCH014-722	20.205	1,507
CA0228-0001048-302	20.205	84,077
CA0228 RSCH014-709	20.205	33,810
CA0228 RSCH012-709	20.205	(129)
DTRT57-10-D-30017	20.000	8,256
G206-11-W3432	20.000	5,070
MSU G172-10-W2651	20.514	50,441
MIT 5710002601	20.701	51,840
MIT 5710002476	20.701	5,196
MIT 5710002601	20.701	25,920
Subtotal U.S. Department of Transportation subagreements		<u>340,389</u>
U.S. Department of Transportation total		<u>2,950,634</u>
Appalachian Regional Commission:		
Direct awards:		
ARC Direct	23.001	10,464
Appalachian Regional Commission total		<u>10,464</u>
General Services Administration		
Direct awards:		
GSA Direct	39.000	8,527
Appalachian Regional Commission total		<u>8,527</u>
National Aeronautics and Space Administration:		
Direct awards:		
NASA Direct	43.XXX	2,542,214
Subtotal National Aeronautics and Space Administration direct		<u>2,542,214</u>

**THE UNIVERSITY OF VERMONT AND
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Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
Subagreements:		
UMD Z649401	43.000	\$ 4,438
Subtotal National Aeronautics and Space Administration subagreements		<u>4,438</u>
National Aeronautics and Space Administration total		<u>2,546,652</u>
National Science Foundation:		
Direct awards:		
NSF Direct	47.XXX	5,185,868
ARRA DMR-0959486	47.082	29,033
ARRA SES-0846668	47.082	27,128
ARRA SES-0851153	47.082	11,278
ARRA NSF DMS-0901971	47.082	48,243
ARRA ARC 0902106	47.082	88,662
ARRA EPS-0918284	47.082	331,668
ARRA DEB 0919052	47.082	154,859
ARRA NSF IOS-0920096	47.082	104,573
ARRA AGS-0925052	47.082	162,400
ARRA ECCS 0925728	47.082	41,050
Subtotal National Science Foundation direct		<u>6,184,762</u>
Subagreements:		
Marine Bio Lab 35135	47.000	53,215
Marine Bio Lab 40986	47.074	20,953
ARIZONA STUNIV07-778	47.075	33,335
A000452401	47.075	21,212
09-547-UVSAC	47.079	3,356
Subtotal National Science Foundation subagreements		<u>132,071</u>
National Science Foundation total		<u>6,316,833</u>
U.S. Department of Veteran's Affairs:		
Direct awards:		
VA Direct	64.000	70,313
U.S. Department of Veteran's Affairs total		<u>70,313</u>
Environmental Protection Agency:		
Direct awards:		
EPA Direct	66.034	38,887
Subtotal Environmental Protection Agency direct		<u>38,887</u>
Subagreements:		
ST VT ANR 08729	66.481	12,534
VT ANR CC2007RES-02	66.481	(347)
ST ANR LC-97170001	66.481	67,501
ST DEC WQ4TMDL 31901	66.605	3,670
WQ 2009-319-10	66.605	5,264
Subtotal Environmental Protection Agency subagreements		<u>88,622</u>
Environmental Protection Agency total		<u>127,509</u>
U.S. Department of Energy:		
Direct awards:		
USDOE Direct	81.XXX	1,345,376
Subtotal U.S. Department of Energy direct		<u>1,345,376</u>

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Year ended June 30, 2011

Description	CFDA No.	Expenditures
Subagreements:		
NCSU 2007-1694-02	81.049	\$ 95,378
3592-UV-USDOE-4157	81.049	40,995
ARRA0224659A	81.000	10,952
ARRA CVPSC	81.122	40,094
ARRA P.O #035467	81.122	16,217
Subtotal U.S. Department of Energy subagreements		203,636
U.S. Department of Energy total		1,549,012
U.S. Department of Education:		
Subagreements:		
GSU Project #10126	84.116	1,688
ARRA PO-01760	84.386	66,836
U.S. Department of Education total		68,524
U.S. Department of Health and Human Services:		
National Institutes of Health:		
NIH Direct	93.XXX	54,266,064
ARRA R01HD040909/6-7	93.701	701,965
ARRAR01CA74137/10-11	93.701	769,572
ARRAP01AI045666/10-1	93.701	1,376,126
ARRA2R56DK056818/9A1	93.701	67,424
ARRA RC1HL99460/1-2	93.701	469,434
ARRA RC1ES018053-01	93.701	379,936
ARRA RC1DA028173/1-2	93.701	461,570
ARRAR01DK80480/19-20	93.701	380,505
ARRA RC2MH089995/1-2	93.701	2,147,215
ARRA R21HD065396-01	93.701	189,465
ARRA IRC4HL106625-01	93.701	479,707
ARRA R37 DK053832-11	93.701	4,574
ARRA R01HL078983-05S	93.701	58,011
ARRA R01GM54899-12S1	93.701	53,422
ARRA P20RR016435-9S1	93.701	78,099
ARRA P20RR16462-08S2	93.701	138,077
ARRA P20RR16462-08S1	93.701	811,539
ARRA P20RR021905-4	93.701	53,415
ARRA3R33HL87788-03S1	93.701	9,861
ARRA3R01HL075593-05S	93.701	15,752
ARRA R01HL067273-06S	93.701	14,557
ARRA P20RR16435-09S	93.701	346,325
ARRA R01HL84200-04S1	93.701	106,844
ARRA R01AI080302-01A	93.701	25,000
ARRA R01DK62267-06S1	93.701	324
ARRA P20RR21905-04S1	93.701	188,767
ARRA R01GM69551-05S1	93.701	33,644
ARRA R37DK53832-11S2	93.701	23,678
ARRA R01S45940-5A2S1	93.701	92,743
ARRA P20RR15557-10S1	93.701	104,875
ARRA P20RR15557-10S2	93.701	96,597
ARRA U01CA70013/15S2	93.701	137,372
ARRA R01GM078097/3S1	93.701	157,141
ARRA R01DK21739-25S2	93.701	35,475
ARRA R01HL89177-03S1	93.701	123,546
ARRA R01GM070742-5S1	93.701	23,922
ARRAR01AR043520-14S1	93.701	110,791

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Year ended June 30, 2011

Description	CFDA No.	Expenditures
ARRA U10HD055944-3S1	93.701	\$ 81,743
ARRA K01AG030380-2S1	93.701	5,938
ARRA K01DK079150-2S1	93.701	41,090
ARRA R01DK51369-12S1	93.701	37,171
ARRA R01GM074204/5S1	93.701	36,406
ARRA P20RR016462-9S1	93.701	604,634
ARRAP20RR16462/9S2	93.701	103,684
ARRA P30RR031158-1S2	93.701	13,881
National Institutes of Health total		65,457,881
U.S. Department of Health and Human Services subagreements:		
03420-T10063	93.959	1,077
NSABP TIND #18	93.000	14,746
John Hopkins Uni	93.000	(4,648)
COG Master Agreement	93.000	35,301
Univ of Toledo CORAL	93.000	9,183
UCSF 1855SC	93.000	2,616
2000694042 Year 2	93.000	820,208
1855 SC Amend #19	93.000	11,538
2000694042 Year 3	93.000	204,935
DMI - LOCK	93.110	42,067
AAP #224119	93.110	63,892
CHMC 106277 MI	93.110	51,716
AAP# 224119-2	93.110	77,452
UNC-CH 5-51624	93.113	27,386
Wash 698250	93.113	19,065
UNIV WASH 183365	93.135	37,984
Dartmouth 830	93.135	66,693
UNC 5-51146	93.172	69,914
Clark Univ 2C230	93.173	18,751
005127116131-4	93.213	23,834
U Rochester 413861-G	93.226	30,073
S487651	93.242	26,782
S Methodist Univ	93.279	331,990
MUSC10-057	93.279	36,133
6120985/RFS2011026	93.286	29,635
CHMC 106277	93.310	11,303
402010-UVT	93.361	93,345
Scripps 5-21173	93.389	2,241
300K716	93.393	15,619
PO2933573	93.393	34,183
RES504985	93.393	152,018
PO Z963075	93.393	279,905
0006311A	93.394	1,973
AM COLLEGE RADIOLOGY	93.395	15,453
NSABP B-32 & BP-59	93.395	28,051
Duke University	93.395	5,396
APOLLO SRI 20848	93.395	508
B003064	93.395	5,871
NSABP TFED29-18	93.395	9,463
RES505444	93.397	80,792
SOUTHWEST ONC GROUP	93.399	3,855
UNIV WASH 158086	93.837	4,534
UNIV WASH 158164	93.837	(479)
UCSD 10281368	93.837	123,173
UCSD 10284122	93.837	22,654

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Year ended June 30, 2011

Description	CFDA No.	Expenditures
UNIV WASH 544486	93.837	\$ 105,694
135872	93.837	51,290
BETH ISRAEL DMC	93.837	385,100
7 (#5-38786)	93.837	10,396
3001639645	93.837	43,533
60014185 UVSAC	93.837	20,889
135872/163496	93.837	6,431
UNIVMD SR00000290	93.837	14,836
Tufts NE Medical Ctr	93.837	(139)
633423	93.837	19,313
9-526-3438	93.837	(10)
135872/148071/15	93.837	127,945
UMINN Q6636266808	93.837	14,823
700456	93.837	158,995
702119	93.837	16,785
9-526-3438	93.837	20,315
UMinn P663626602	93.837	21,031
Columbia University	93.838	(5,832)
5-36361	93.838	50,956
Hutch 0000693272	93.838	7,705
6124936/RFS2011098	93.838	118,493
ALA SARA	93.838	4,023
Haematologic Tech	93.839	20,616
Montefiore Med	93.839	48,467
Utah 10010451	93.846	(1,270)
Univ.Utah 0000144511	93.846	117,230
UCSD 10317462 – SUB	93.847	109,700
SUNY R634499	93.847	15,363
Twin Star Medical	93.847	108,285
MT SINAI 69244	93.853	54,873
Univ Alabama Birm	93.853	1,660
Site No. 137	93.853	3,527
A07593/721387	93.853	82,416
A08082(M10A10573)	93.853	199,370
A07223(M05A00400	93.853	200
UAB004	93.853	48,024
IR15AI079672-01A1-UV	93.855	13,385
Yale PPOS III	93.864	6,386
E.P. Limited	93.865	69,944
Yale University	93.865	48,223
PPCOS II	93.865	48,338
PO #47913	93.865	12,202
116770/167658 VT	93.866	28,183
116770/174155	93.866	292,818
36240	93.879	126,763
ASU 11-424	93.879	4,124
BSPCA	93.912	3,263
ARRA 70080-UVM	93.419	70,813
ARRA IR01HL087214-1A	93.701	29,105
ARRA ZC10041-133896	93.701	4,394
ARRA RA207757NGQ	93.701	59,789
ARRA GHRI2009123180	93.701	36,335
ARRA SRC H-UOV-01	93.701	29,721
ARRA ABID 24205	93.701	64,839
ARRA P001022602	93.701	466,843

**THE UNIVERSITY OF VERMONT AND
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Year ended June 30, 2011

Description	CFDA No.	Expenditures
ARRA IRCICA14502-01	93.701	\$ 121,915
ARRA PO01755755	93.701	284,327
ARRA 165191/174373	93.701	1,490
ARRA 5-30191	93.701	48,733
ARRA SRC H-UOV-2	93.701	274,976
ARRA ZC10041-136477	93.701	219,526
ARRA 5R01HL087214-02	93.701	317,424
ARRA ZC10075-136472	93.701	65,534
ARRA 2010116375	93.701	170,714
ARRA AAFP	93.715	49,174
ARRA CCHMC 108219	93.715	131,650
Subtotal U.S. Department of Health and Human Services subagreements		<u>8,040,145</u>
Total U.S. Department of Health and Human Services		<u>73,498,026</u>
Corporation for National and Community Service:		
Subagreements:		
Indiana University	94.007	5,633
Corporation for National and Community Service total		<u>5,633</u>
U.S. Department of Homeland Security		
Subagreements:		
Earthquake HazardMap	97.082	25,030
U.S. Department of Homeland Security total		<u>25,030</u>
U.S. Agency for International Development:		
Subagreements:		
Sub 201016062-UVM	98.000	4,479
U.S. Agency for International Development total		<u>4,479</u>
Total research and development cluster		<u>98,282,494</u>
Other programs:		
U.S. Department of Agriculture:		
Direct awards:		
58-8201-8-157	10.001	689
2010-38841-21688	10.200	92,845
USDA 38420-17779	10.210	8,775
USDA 20083842018731	10.210	76,600
USDA 2008384201954	10.210	73,833
USDA 20083864018866	10.215	752,075
47001-05350	10.215	502,636
2010-38640-20820	10.215	551,663
USDA 2006-3841316608	10.220	(279)
USDA 07-38413-17815	10.220	27,500
USDA 20083841318729	10.220	21,559
2009-38413-05260	10.220	24,750
2010-38413-20635	10.220	27,500
USDA 5113003668	10.303	84,126
2010-51300-21361	10.307	52,575
USDA Farm Services	10.407	1,197
USDA Farm Services	10.407	480
USDA Farm Services	10.407	909
USDA Farm Services	10.407	1,056
USDA Farm Services	10.407	2,263
USDA 05-5120002299	10.443	9,235

**THE UNIVERSITY OF VERMONT AND
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Year ended June 30, 2011

Description	CFDA No.	Expenditures
07IE08330072E	10.458	\$ 109
10-IE-53102-015	10.459	3,062
09-CS-11092000-046	10.652	34,215
10-DG-11420004-007	10.675	27,997
USDA Dairy Profit	10.769	13,768
NRCS 68-1644-10	10.902	5,762
68-1644-10-2	10.902	14,179
NRCS 69-1644-09-06	10.912	23,624
69-1644-09-07	10.912	11,891
NRCS-69-1644-09-08	10.912	22,945
69-3A75-10-149	10.912	16,596
69-3A75-10-150	10.912	2,275
69-1644-10-3	10.912	10,956
Subtotal U.S. Department of Agriculture Direct		<u>2,499,366</u>
Subagreements:		
VT AG 18817	10.000	1,653
VT AAFM 02200-SCBGP3	10.170	4,051
0220-SCBGP41	10.170	3,771
ST VT Forests, Parks	10.664	3,403
06130-UCF-UVM-10	10.664	652
06130-UCF-UVM-11	10.664	54,124
VHCB 2007-092-003	10.769	(1)
Contract #18855	10.773	18,365
VTAAFM 17378	10.776	23,529
UM-S736	10.200	(1,007)
4225-UV-USDA-5558	10.200	40,829
UNIV MAINE UM S520	10.303	(322)
UNIV NH PZ07022	10.303	1,589
102208/0001946	10.303	29,100
UNIV MAINE UM-S702	10.303	6,400
10-ACES-378574-VT	10.304	7,270
OR ST UNIV C0357A-B	10.307	16,876
UM-S763	10.307	102,541
112430-G002705	10.307	12,057
USU 10075904	10.307	5,910
FY08-10	10.561	17,244
VT ARCH SOCIETY	10.650	6,710
Phelps Engineering	10.760	1,958
NEKTTA	10.769	6,518
2008-0116-038	10.912	64,328
Subtotal U.S. Department of Agriculture subagreements		<u>427,548</u>
U.S. Department of Agriculture total		<u>2,926,914</u>
U.S. Department of Commerce:		
Direct awards:		
YA1323-09-SE-0511	11.000	5,029
USDOCNA060A-R4170154	11.417	364,489
NA08OAR4170921	11.417	115,194
NA10OAR4170021	11.417	25,417
NA10OAR4170026	11.417	19,457

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Year ended June 30, 2011

Description	CFDA No.	Expenditures
NA09OAR4170174	11.417	\$ 90,243
NA10OAR4170063	11.417	177,577
Subtotal U.S. Department of Commerce direct		<u>797,406</u>
Subagreements:		
02140-71115-258	11.550	11,309
ARRA CRS-BBM-10-01	11.558	31,970
Subtotal U.S. Department of Commerce subagreements		<u>43,279</u>
U.S. Department of Commerce total		<u>840,685</u>
U.S. Department of Defense:		
Subagreements:		
Smith Alvarez	12.401	57,999
U.S. Department of Defense total		<u>57,999</u>
U.S. Department of Housing and Urban Development:		
Direct awards:		
HUD (Interest Subsidy)	14.000	102,386
U.S. Department of Housing and Urban Development direct		<u>102,386</u>
Subagreements:		
CCRPC-HUD-OSHC-01	14.703	5,521
U.S. Department of House and Urban Development total		<u>107,907</u>
U.S. Department of the Interior:		
Direct awards:		
NPS J1818-08-B011	15.000	3,860
J8W07100008	15.000	88,062
NPS J1818-10-0040	15.000	72,798
Subtotal U.S. Department of the Interior direct		<u>164,720</u>
Subagreements:		
TIOBEC 24438/Jewiss	15.000	20,210
BL-4346775-VU	15.916	5,001
Subtotal U.S. Department of the Interior subagreements		<u>25,211</u>
U.S. Department of the Interior total		<u>189,931</u>
U.S. Department of Justice		
Direct awards:		
2010-WA-AX-0014	16.525	12,689
Subagreements:		
SRS Title IVE11	16.523	67,463
U.S. Department of Justice total		<u>80,152</u>
U.S. Department of Labor:		
Subagreements:		
TTC WIA Youth	17.259	4,659
U.S. Department of Labor total		<u>4,659</u>
U.S. Department of State:		
Direct awards:		
US ST SECAPE06GR126	19.000	(122)
PC-08-8-101	19.000	13

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Year ended June 30, 2011

Description	CFDA No.	Expenditures
PC-09-8-104	19.000	\$ 157
PC-10-8-053	19.000	17,774
U.S. Department of State total		<u>17,822</u>
U.S. Department of Transportation:		
Subagreements:		
GR0044	20.205	892
GR0087	20.205	46,731
GR0130	20.205	337
DPS 02240-SDPP-002	20.720	82,109
BROADREACH	20.205	2,006
Subtotal U.S. Department of Transportation subagreements		<u>132,075</u>
U.S. Department of Transportation total		<u>132,075</u>
National Aeronautics and Space Administration		
Direct awards:		
2010 ESMD Sr Design	43.000	974
Subtotal National Aeronautics and Space Administration		<u>974</u>
National Foundation on the Arts and Humanities:		
Direct awards:		
NEH AQ-50123-09	45.162	17,703
FV-50249-10	45.163	112,178
NEH GI-50246-10	45.164	75,749
PJ-50070-10	45.169	75,380
IMLS CL-00-08002508	45.312	159,622
Subtotal National Foundation on the Arts and Humanities direct		<u>440,632</u>
Subagreements:		
01130_DOL_UVM11-01	45.310	9,998
Subtotal National Foundation on the Arts and Humanities subagreements		<u>9,998</u>
National Foundation on the Arts and Humanities total		<u>450,630</u>
National Science Foundation:		
Direct awards:		
NSF EPS-0849385	47.000	132
IIS-0963107	47.000	255,404
NSF EAR-0611544	47.050	18,275
NSF GEO-0807787	47.050	34,455
GEO-1034945	47.050	48,756
NSF DBI-0405409	47.074	7,803
NSF DUE-0525046	47.076	9,409
NSF DUE-0717326	47.076	71,027
NSF DUE-0837283	47.076	14,705
NSF DUE-0934714	47.076	139,099
DGC-0925179	47.076	68,672
DUE-0941255	47.076	7,093
DUE-0942562	47.076	30,529
NSF DUE-0436330	47.076	8,303
ARRA NSF GEO-0914377	47.082	46,334
Subtotal National Science Foundation direct		<u>759,996</u>

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
Subagreements:		
UMASS 05-003146H	47.076	\$ 124,099
P0004262	47.076	1,500
Subtotal National Science Foundation subagreements		<u>125,599</u>
National Science Foundation total		<u>885,595</u>
Environmental Protection Agency:		
Direct awards:		
EM97155901	66.000	59,219
EPA EM-83307201	66.000	474,584
EPA PE-97153201-0	67.000	27,391
Subtotal Environmental Protection Agency direct		<u>561,194</u>
Subagreements:		
ANR Drinking Water	66.468	5,692
2011-CCC-CAP	66.481	2,428
WQ2009-319-04	66.605	14,618
L-2010-043	66.436	5,029
2010-07231-01	66.469	34,413
ARRA 15716	66.468	958
Subtotal Environmental Protection Agency subagreements		<u>63,138</u>
Environmental Protection Agency total		<u>624,332</u>
U.S. Department of Energy:		
Direct:		
P.O. 1055359, 1	81.000	74,820
N00189-10-P-Z640	81.122	119,020
Subtotal U.S. Department of Energy direct		<u>193,840</u>
Subagreements:		
02240-SEP-002	81.041	2,061
S080 CCC-PPM4002	81.000	62,745
DE-FG36-08GO88182	81.087	16,781
DE-FG36-08GO88182	81.087	22,452
DE-FG36-08GO88185	81.087	14,599
DE-FG36-08GO88182/09	81.087	4,052
VT Sustainable	81.087	1,538
ARRA Dubois and King	81.087	3,396
Subtotal U.S. Department of Energy subagreements		<u>127,624</u>
U.S. Department of Energy total		<u>321,464</u>
U.S. Department of Education:		
Direct awards:		
USDE P021A100078	84.021	11,290
USDE P042A050023	84.042	66,678
P042A100143	84.042	274,957
USDE P047A080242	84.047	258,690
USDE P116N040017	84.116	43,306
US DOE P116Z080329	84.116	23,975
USDE U215K080170	84.215	888,970
USDE P217A080293	84.217	203,087
USDE H324C040043	84.324	79,179
H325K090102	84.325	158,106

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
USDE H326C080045	84.326	\$ 104,815
USDE P333A080013	84.333	380,581
P407A100016	84.407	107,669
Subtotal U.S. Department of Education direct		<u>2,601,303</u>
Subagreements:		
ST ED 4253R2190701	84.011	(6)
ST ED 4253R2190901	84.011	10,348
4253R2191101	84.011	173,341
ST ED 4225R2191001	84.027	621
4225R2191102	84.027	109,637
4225R2191101	84.027	4,757
03460-5-1449	84.126	209
03460-5-1679	84.126	300,510
4256R2191101	84.144	34,621
03440-36001-10-FIT	84.181	14,769
03440-36001-11-FIT	84.181	101,714
ST ED 4265R2190601	84.196	(157)
4265R2191001	84.196	77
4265R2191101	84.196	76,610
ST ED 4231R2190804	84.323	8,000
ST ED 4231R2191004	84.323	28,456
ST ED 4231R2191001	84.323	4,712
ST ED 4231R2191002	84.323	31,806
ST ED 4231R191003	84.323	6,953
ST ED 4231R2191102	84.323	83,189
4231R2191101	84.323	130,178
4231R2191103	84.323	38,447
4231R2191104	84.323	37,376
ST ED 4562R2191001	84.357	(15)
4655R2191001	84.366	10,133
4655R2191102	84.366	44,826
4655R2191101	84.366	255,000
4651R2191101	84.367	124,987
NASDSE 08	84.126	3,335
20050422-11-UVM	84.326	(63)
VSAC Vermont Gear Up	84.334	51,590
VSAC Vermont Gear Up	84.334	41,026
NWP	84.928	23,653
ARRA 03460-5-1645	84.398	21,412
Subtotal U.S. Department of Education subagreements		<u>1,772,052</u>
U.S. Department of Education total		<u>4,373,355</u>
U.S. Department of Health and Human Services:		
Direct awards:		
101PA1004129	93.000	10,818
PHS U77HP03624/1-3	93.107	(41)
PHS U77HP03624/4-6	93.107	111,686
6 U77HP03624/7-8	93.107	23,325
PHS T73MC00039/9-13	93.110	755,425
2 A10HP12831-02-00	93.358	25,751
PHS D65 HP05247	93.359	(56)
GF** U13RR022675/1-5	93.389	212,959
U13RR022675/06-10	93.389	9,927

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Description	CFDA No.	Expenditures
P50HP20996-01-01	93.509	\$ 30,835
90DN0250/01	93.631	75,407
DHHS ADD 90DD0645/02	93.632	31,734
DHHS 90ADD0645-03	93.632	548,044
PHS D58HP08299/1-3	93.884	13,727
ARRA HHSH25020090005	93.000	161,829
Subtotal U.S. Department of Health and Human Services direct		2,011,370
Subagreements:		
03420-5592P	93.000	647
03420-5591P	93.000	5,000
03150-5299	93.104	1,823
03150-7074	93.104	339,486
03420-55835	93.110	37,088
03420-57005	93.110	5,040
03420-5680P	93.130	16,996
ST AHS 03420-5533	93.136	2,100
ST AHS 03420-5497	93.236	(580)
03420-55111	93.241	6,700
03150-5267	93.243	9,607
03150-7011	93.243	128,873
VT AHS 16354	93.243	75,197
03150-7117	93.243	454,033
03420-5648S	93.268	9,998
SRS Title IVE 10	93.658	3,663
SRS Title IVE11	93.658	479,982
SRS Title IVE11	93.658	1,084,058
SRS Title IVE11	93.669	1,575
03420-5680P	93.913	4,000
03420-5498	93.994	2,381
ST AHS 03420-5500	93.994	837
ST AHS 03420-55855	93.994	51,743
03420-5553S	93.994	93,558
03420-5558S	93.994	106,667
611741 U/RFS900273	93.000	30,025
VT ALTERNATIVE ENRGY	93.110	13
AGR-HOPS-2010	93.110	10,638
PZ10090	93.110	8,472
Rutland Court County	93.243	32,820
Sub:23873-2	93.243	70,678
GF**MIBH #448	93.262	116,318
AAMC U36/CCU319276	93.283	7,927
Advanced Ccell	93.394	33,502
CVCAC LACE Project	93.570	1,435
ARRA PROSPER II	93.701	45,106
Subtotal U.S. Department of Health and Human Services subagreements		3,277,406
U.S. Department of Health and Human Services total		5,288,776

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>Description</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Social Security Administration: Subagreements:		
10LHAVT001	94.005	<u>62,969</u>
Social Security Administration total		<u>62,969</u>
Total other programs		<u>16,366,239</u>
Total federal expenditures		<u>\$ 242,040,729</u>

See accompanying notes to schedule of expenditures of federal awards.

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The University of Vermont and State Agricultural College (the University) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Schedule does not include any federal awards that may have been received by the University's discretely presented component unit. For the year ended June 30, 2011, the University's discretely presented component unit did not have any federal awards.

(2) Loan Balances

Loan balances receivable from students under federal programs are as follows at June 30, 2011:

Federal Perkins Loan Program	\$	9,323,823
NSL Program		827,147
HPSL Program		332,451

With respect to the Federal Direct Loan Program (Stafford), the University is responsible only for the performance of certain administrative duties and, accordingly, these loan balances are not included in the University's financial statements. It is not practical to determine the balances of loans outstanding from students of the University under this program at June 30, 2011.

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(3) Subrecipients

The University has more than 100 subrecipients. The total amount of federal expenditures passed through to subrecipients was \$11,837,238 for the year ended June 30, 2011. A summary of subrecipient payments by federal agency is provided below:

<u>Federal agency</u>	<u>Expenditures</u>
Department of Health and Human Services	\$ 6,434,676
Department of Agriculture	3,942,720
Smith Lever	252,457
Department of Transportation	290,138
National Science Foundation	231,943
Department of Defense	34,225
Department of Education	58,896
Department of Commerce	316,192
Department of Interior	81,897
Department of Justice	1,153
National Aeronautics and Space Administration	162,230
National Foundation of the Arts and Humanities	20,247
Appalachian Regional Commission	10,464
	<u>\$ 11,837,238</u>



KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
The University of Vermont and
State Agricultural College:

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Vermont and State Agricultural College (the University) (a component unit of the State of Vermont) as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 31, 2011. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of University Medical Education Associates, Inc, the discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matter that are reported on separately by those auditors.

Internal Control over Financial Reporting

Management of the University is responsible for establishing and maintaining effective 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 an 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, 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 October 31, 2011.

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

KPMG LLP

October 31, 2011



KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

**Independent Auditor's Report on Compliance with Requirements that could have
a Direct and Material Effect on Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133**

The Board of Trustees
The University of Vermont and
State Agricultural College:

Compliance

We have audited The University of Vermont and State Agricultural College's (the University) (a component unit of the State of Vermont) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.



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

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

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, 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

January 26, 2012

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

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

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

The University's major programs were:

Name of federal program or cluster	CFDA numbers
Research and Development Cluster	See schedule of expenditures of federal awards
Medicaid Cluster	93.778

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

Auditee qualified as low-risk auditee? yes no

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

None.

**THE UNIVERSITY OF VERMONT AND
STATE AGRICULTURAL COLLEGE**

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(3) Findings and Questioned Costs Relating to Federal Awards

None.

Our Vision, Mission, and Strategy

Vision

To be among the nation's premier small research universities, preeminent in our comprehensive commitment to liberal education, environment, health and public service.

Mission

To create, evaluate, share, and apply knowledge and to prepare students to be accountable leaders who will bring to their work dedication to the global community, a grasp of complexity, effective problem-solving and communication skills, and an enduring commitment to learning and ethical conduct.

Strategy

To achieve excellence UVM will build upon its rich traditions as a classical New England college, a land grant university and a modern research university. To do so, it must focus its scarce institutional resources to achieve the academic distinction and distinctiveness necessary to attract the students, faculty, staff and external resources necessary for long-term viability and success.

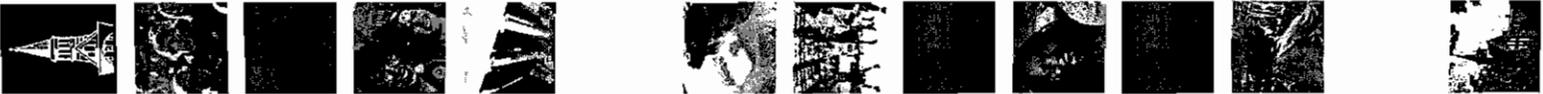
Our strategy is to focus and excel in both education and research.

We will use this strategy to become preeminent in selected:

- *Disciplinary and Transdisciplinary programs* that foster leading edge research, teaching, and applications.
- *Living/learning experiences for students* in which the commitment to the creation, dissemination and application of knowledge is on an equal footing with the practical preparation for success as leaders in the 21st century.

TWO CENTRAL QUESTIONS

1. *Focus* – on what, based upon what criteria, and why?
2. *Excel* – using what metrics, based upon which benchmarks, chosen by what logic?



The University of Vermont

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2012-2013 Catalogue

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See also, *[the Board of Trustees Web site](#)* [↗](#).