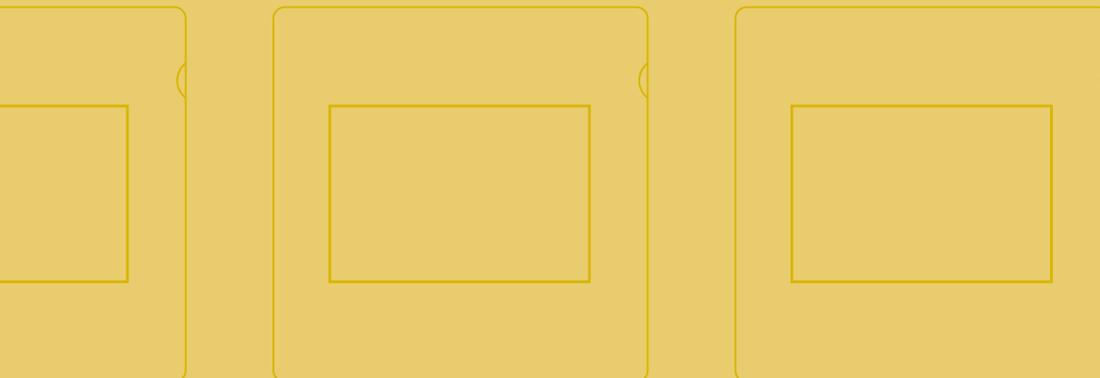




UNIVERSITY OF MINNESOTA



2001 ANNUAL REPORT

# Fulfilling our promise

- Measurable Results
- Academic Excellence
- Student Performance
- Community Engagement
- Business Efficiencies
- Financial Report

DEAR FRIENDS:

This past year has been a challenging yet extremely fulfilling one. We began to see the results of the hard work of our faculty, staff, students, and supporters to improve student services, to make targeted academic investments, and to deliver services better and more efficiently, all while we continue to fulfill our traditional land-grant mission of teaching, outreach, and research. If I had to describe it in a word, I'd say we have momentum here at the University of Minnesota.

Recently, a survey by the University of Florida ranked the University of Minnesota among the top three

public research universities in the country. This was a data-driven study that in many ways reflects the University's own measures of how it is doing. Although rankings should always be taken with a grain of salt, I think we can be satisfied that our efforts toward excellence are being noticed.

In fact, by nearly every measure of accountability—from applications to enrollments to graduation rates to research grants to donor confidence—we are moving forward. It's important to recognize how we have turned the corner in so many

areas, especially in the light of the changing environment in which all public research universities find themselves.

It seems to me that despite the trend of declining state support—state funds make up a smaller part of our budget and we are a smaller line item compared to the overall state budget—we are in a stable place from which we can make decisions about our long-term course.

As we rely more and more on tuition dollars, we face many challenges—how to ensure our legacy of broad student access, how to fund those

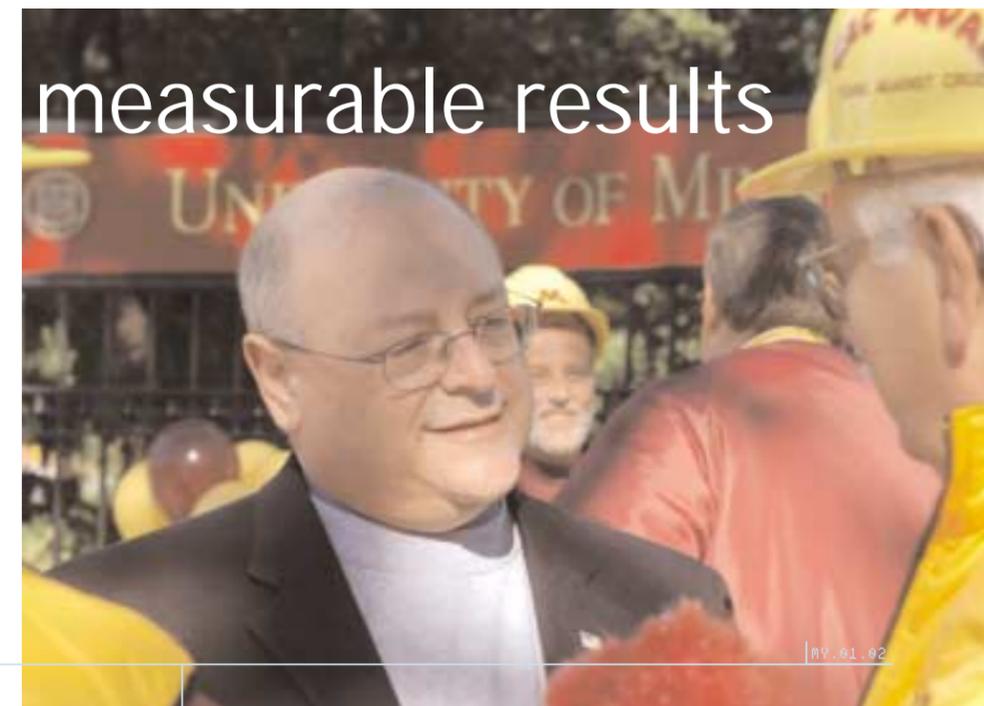
Twin Cities campus ranks among top three public research universities. Source: University of Florida, 2001. <http://thecenter.ufl.edu>



# Building momentum with measurable results

functions that don't generate tuition, and how to fulfill our historic outreach mission, among many others. We also will continue to seek opportunities to improve our services and the efficiency of our operations. I know we're up to the challenges, and I am confident that we can take advantage of the opportunities in the years ahead.

Sincerely,



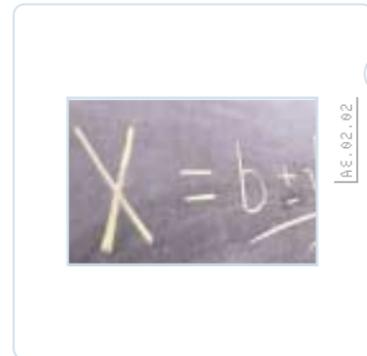
Beautiful U Day 2001 continued the tradition set by President Yudof in 1997 when he said, "The physical conditions on a campus—its beauty, upkeep, safety, and accessibility—are critical in achieving academic excellence and attracting talented students, faculty, and staff."

**\$498** million total in new grants and contract awards in 2001.  
UP Research report to Board of Regents 11/09/01

◀ Only Cal-Berkeley and the University of Michigan achieved similar results.



AE.02.01

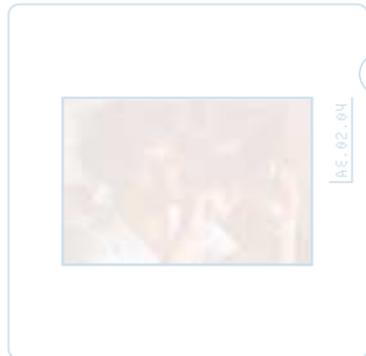


AE.02.02



AE.02.03

Catherine Verfaillie | one of the nation's top stem cell investigators



AE.02.04



AE.02.05

Blue Heron | Duluth Freshwater research vessel



AE.03.01

Mary Jo McCracken | nurse practitioner



AE.03.02

Copper-clad architecture building, under construction Twin Cities campus



AE.03.03

Autumn Gold mum | developed by University horticulturists



AE.03.04

Hi-tech communications lab | result of the new media initiative



AE.03.05

## ACADEMIC EXCELLENCE

A world-class university is known for the quality and reputation of its faculty and staff. It is individual people who develop new educational programs, make the breakthrough scientific discoveries, push the new knowledge out to the broader community, and work to create practical applications from basic research.

The competition for talent at universities is no different from the competition for talent in businesses and corporations. To continue to excel, the University will do everything in its power to retain and recruit the best faculty.

groundwork already laid In 1998, the Minnesota Legislature supported five new academic initiatives at the University—digital technology, cellular and molecular biology, design, new media, and agriculture—as well as an expansion of our 10-year initiative to improve undergraduate education. This year, additional investments are being made in computer science and nanotechnology.

Since these initiatives were launched, the University has been able to hire nearly 90 new faculty who excel in their fields. The promise of great things in digital technology has attracted top researchers to the University. The same is true for

biotechnology. Other parts of the University have shared in this positive momentum as the University allocated or reallocated resources to its areas of strength. A third of the College of Liberal Arts hires were focused in six departments—economics, geography, German, political science, psychology, and statistics—that rank among the top 15 nationally.

The Medical School is gearing up to fill a shortage of health care workers in the state. With help from the state legislature, particularly with an endowment funded by tobacco settlement proceeds, medical equipment will be upgraded and key faculty will be added.

measuring excellence Although academic excellence can be an elusive target, the University has several analytical methods of judging success, including the grants, donations, and royalties it generates.

In the past year, University researchers set a record, winning grants and contracts totaling \$498.4 million—9.5 percent more than the previous year and seventh best nationally. A high level of funding means our researchers are highly competitive and have formulated solid and creative research ideas.

# Nurturing a world-class university

Additionally, in 2000 the University was first among peer public universities in the amount of private giving. This is an impressive ranking because private money is often used to match funds from other sources, to jump-start new programs, or to complete the financial package started by others.



AE.02.04

Andrea Berlin, classical and Near East archaeology professor, holds a piece of an ancient cooking pan, a shape that originated with the Romans. The University's quality and reputation are enhanced by attracting and retaining talented, highly respected faculty like Berlin.

The University continues to expand activities that move its discoveries and technology to the marketplace for public benefit.

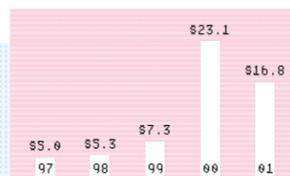
**45%** increase in sponsored funding over the past five years.

Faculty research proposals on all campuses have risen from 3,929 in 1997 to 4,668 in 2001.

**\$54.7** million donated by alumni in 2000 - up from \$8.1 million in 1990 - a 573% increase.

**\$1.8** billion combined endowments in 2000 ranked U Fourth among public research universities. Endowments in 2001: \$1.65 billion.

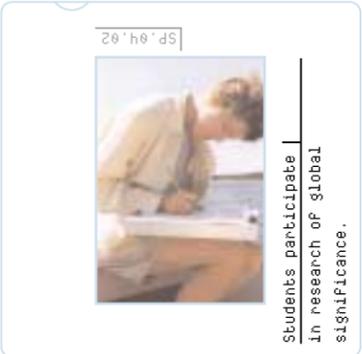
Successful fund-raising increases the University's ability to withstand changes in public funding.



Patent and license revenues have increased 234% since 1997. 43% increase in new licenses. 64% increase in active licenses.

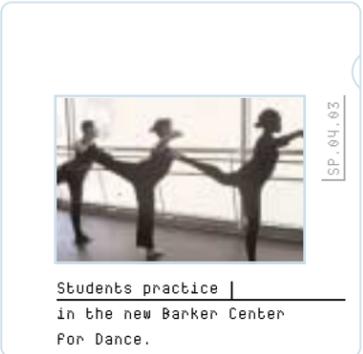


SP.04.01



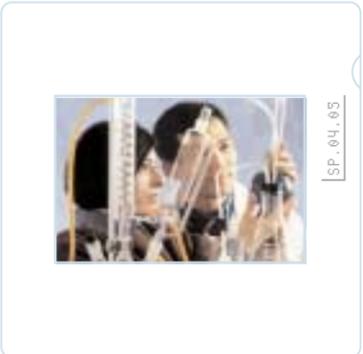
SP.04.02

Students participate in research of global significance.



SP.04.03

Study abroad is increasingly an undergraduate experience.

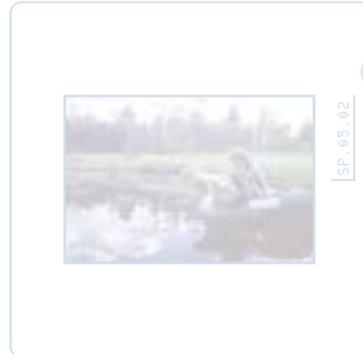


SP.04.05



SP.05.01

A Web-enhanced course Crookston

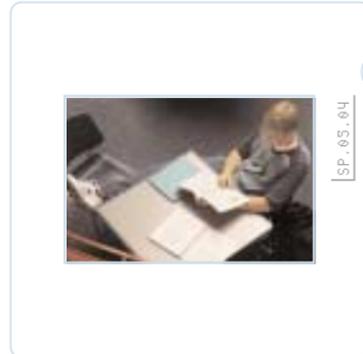


SP.05.02



SP.05.03

Engineering team builds solar car; competes at 65 mph.



SP.05.04



SP.05.05

## STUDENT PERFORMANCE

An important measure of success is the graduation rate. What percentage of incoming students completes a degree program at the University and how long does it take? The University's ability to attract, retain, and graduate its students is greatly influenced by what happens with a student in the first and second years of school.

### improving the undergraduate experience

In recent years, the University has seen an increase in the number of students applying for admission. This is due in part to changes

designed to make the undergraduate and graduate experience more satisfying. In addition to hiring top-notch faculty, the University has begun to provide learning tools and experiences that go beyond curriculum.

Freshman seminars allow students to experience firsthand the energy, creativity, and intellectual inquiry at the heart of a research institution. The seminars provide first-year students an opportunity for challenging, in-depth study with a distinguished faculty member in a small-group setting.

Residential learning brings students who have a common academic goal—such as business management, language study, or research—together to live and study in the same building.

Study abroad helps students improve their language skills while becoming more independent and flexible in their decision making.

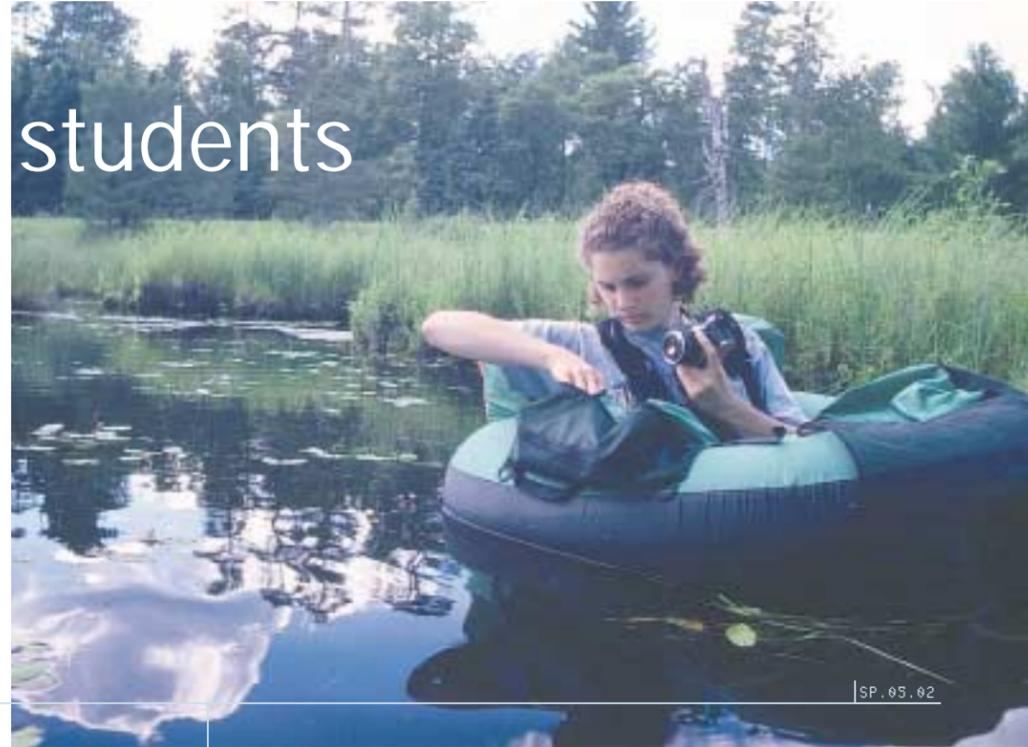
### learning online

The University is making use of a new media tool called WebCT, or Web-based classroom tools, which can extend an instructor's connection to students beyond the classroom.

In the two years since the system was introduced at the University, professors have quickly adopted this new online tool—posting syllabi, notes, and grades. In fall 2001, 44,808 Twin Cities students were involved in 865 classes using WebCT.

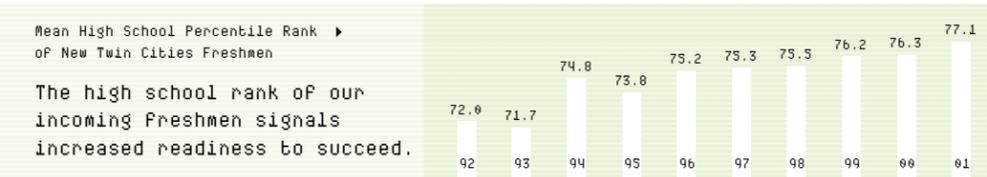
The University's Crookston campus has led the way in using this technology to give students helpful practice quizzes, interactive workbooks, and discussion groups. When students can use the Web to memorize or learn concepts, professors can spend more class time in discussion and personalized learning.

# Grading success for students



SP.05.02

Freshman biology students travel to the University's Itasca Outreach Center for a rigorous freshman seminar. The students work with senior faculty in a 30,000-acre wilderness. For young biology majors it's a phenomenal way to get their feet wet.



**60%** more students applied for U admission in 2001 than in 1995.

Overall student satisfaction is up on all campuses, but remains between 4 and 5 on a 6-point scale—the goal is continuous improvement to a perfect 6. —Mark Yudof

**46%** more students participated in a study abroad program in the past two years—1999: 700; 2001: 1,020.

Four-fold increase in Freshman seminar enrollment in two years. Opportunities increased from 20 to 125 seminars.

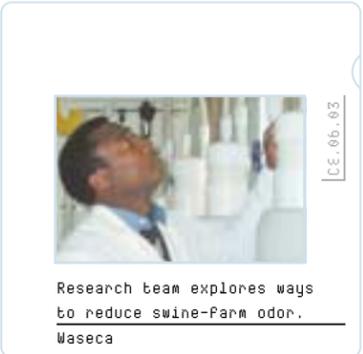


CE.06.01



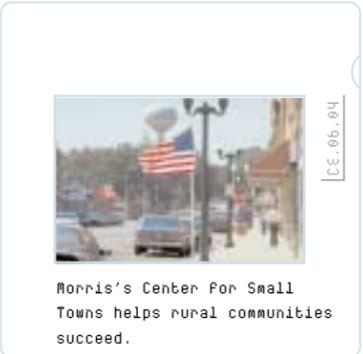
CE.06.02

Northern Minnesotans have free access to the University's new library in Duluth.



CE.06.03

Research team explores ways to reduce swine-farm odor. Waseca



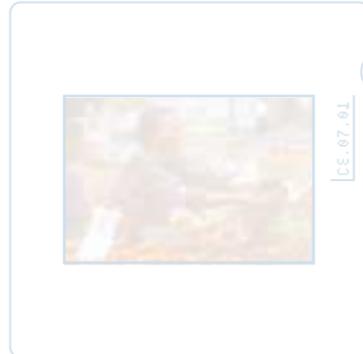
CE.06.04

Morris's Center For Small Towns helps rural communities succeed.

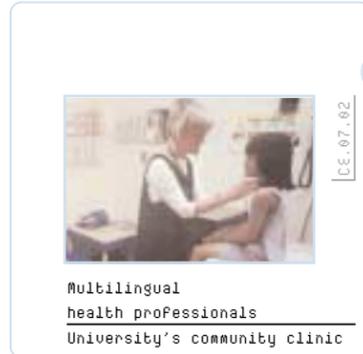


CE.06.05

The University's 4-H serves both rural and urban youth.



CE.07.01



CE.07.02

Multilingual health professionals University's community clinic



CE.07.03

Robotic device for sequencing DNA at University's Biodale.



CE.07.04

Gene studies help improve hog breeding



CE.07.05

## COMMUNITY ENGAGEMENT

The University, through its campuses, research and outreach centers, and county extension offices, is accessible to all Minnesotans. We are a public resource to private individuals and businesses, corporate decision makers, and government leaders. More than ever, the University is being tapped for its know-how—through the Web, libraries, and lifelong learning programs.

responding to rural needs  
As the rural economy and demographics have changed, so have the University's educational and leadership responsibilities. For families who are leaving the farm, the

Crookston campus has developed a transitional assistance tool called Farm Wrap. For those still on the farm, but struggling, the University continues to develop new technologies and alternative farming practices, such as computerized weed control or organic farming techniques for small acreages.

At the Research and Outreach Center in Waseca, new initiative money built a swine research facility where University researchers are trying to answer an age-old problem: how to reduce pig odor. And because a new wave of agriculture students is interested in becoming managers, nutritionists, landscape designers,

and horticulturists, the University has modified its curriculum to meet this changing need.

urban areas undergoing radical changes  
The latest census confirms what has been apparent. Minnesota is in the midst of a new immigrant rush, not unlike the time when the University and the state were born. The established populations are now being joined by Mexican, Asian, and African families.

Across the state, nearly 200 University centers, such as the Center for Urban and Regional Affairs, provide research-based knowledge and

technical assistance to community organizations and government agencies who must deal with many concerns, including transportation, affordable housing, education, health, and ethnic and racial issues.

how students become involved  
This past year 3,000 University students provided community service such as tutoring young people, providing dental care, or working with members of the senior community. On the Morris campus, students are helping surrounding communities with planning projects through the Center for Small Towns.

## Leading through change

economic partners  
Start-up biotechnology companies can come to Biodale on the Twin Cities campus, where state-of-the-art instrumentation and space can be rented on a project-by-project basis. Researchers from local and regional companies are encouraged to work shoulder-to-shoulder with University scientists on common projects. And we continue to support technology transfer, converting inventions into revenue-producing products and companies.



CE.07.01

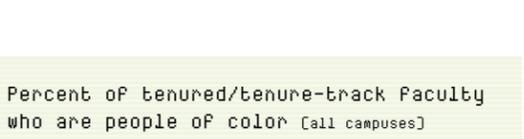
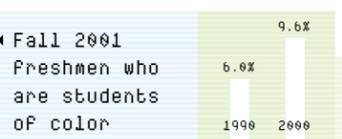
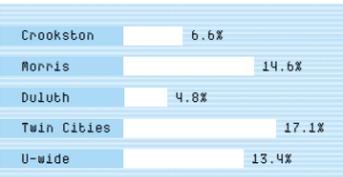
The University's New Immigrant Farm Programs help new residents with agrarian backgrounds to adapt to Minnesota growing conditions and to increase productivity and profitability in their fields. As Minnesota's population becomes more diverse, the University is helping the state accommodate this change in a variety of ways.

3,000 students per year participate in service-learning or community service.

300,000 average daily hits on lib.umn.edu

Library holdings in	1995	2001
Online files, databases	39	198
CD-ROMs	200	3,475
Electronic journals	—	9,300
Cataloged resources	—	14,549

The number of students of color is on the rise, reflecting changes in population, but also reflecting the U's priority in attracting a diverse student body.





## BUSINESS EFFICIENCIES

In the past few years the University has made great strides in streamlining transactions. Last year, four out of every five admission applications were done online. And, once enrolled, students can sign up for classes online, making it easier and less stressful to register. Classroom scheduling has also become automated, resulting in more efficient and predictable use of classroom space.

### paperless services

Students are also using the Web to apply for financial aid. The previous process required six to eight weeks

# Practices that reduce costs

for money to be disbursed. With the new paperless system, that time can be cut to four days.

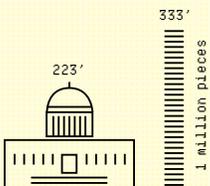
FormsNirvana is a University-developed tool used to create, route, approve, and process information electronically. In the past year, approximately one third of all University purchases were made using this new online system. Grant writers have discovered the

simplicity of submitting a proposal and obtaining internal approval, again without the use of paper.

### controlling health care costs

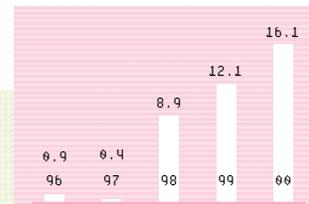
After a period of relatively modest price increases, health insurance premiums began rising at an alarming rate. Private and public employers alike are facing the prospect of double-digit inflation every year

for at least the next four years. To address the problem with the least pain, the University decided to leave the state-sponsored plan for a primarily self-insured plan in 2002 that passes on some costs to workers, but offers more flexibility.

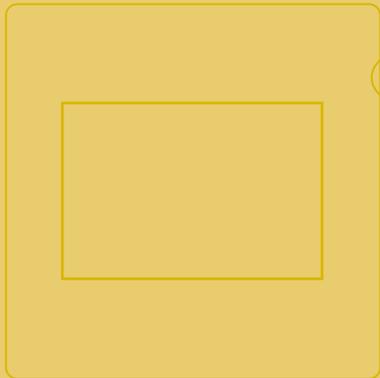


◀ A stack of the paper saved by online financial applications would tower above the State Capitol.

**300,000** times per business day, Web-based systems are used for class schedules, grades, financial aid, and more.



**Skyrocketing insurance costs**  
 ◀ Minnesota public and private health insurance premiums—percentage increase per year. - StarTribune 09/05/01



UNIVERSITY OF MINNESOTA

FISCAL YEAR 2001

# Financial Report

Financial Highlights

Independent Auditors' Report

Balance Sheet

Changes in Fund Balances

Current Funds Statement

Notes

Summary of Invested Assets

Annual Investment Performance

## Fiscal Year 2001 Financial Highlights

The University of Minnesota's audited financial statements for the year ended June 30, 2001, are presented on the following pages. Fiscal year 2001 showed continued growth in property, plant, and equipment of \$181,234, opposite a decline in cash and investments of \$219,874.

This summary highlights the significant items from the financial statements.

## balance sheet

Total fund balances at June 30, 2001, were \$2,281,059, a decrease of \$46,976 compared to last year. The endowment funds showed the largest change, with a decrease of \$134,092 in response to market value depreciation of the assets held in portfolios, including \$80,763 and \$40,889 realized losses and adjustments to market value of true and quasi-endowments, respectively. Realized gains and adjustments to market value in fiscal year 2000 totaled \$173,594 by comparison.

The fund balance in the plant funds increased \$63,359 during the year, as compared to a decrease of \$5,865 in fiscal year 2000. Property, plant, and equipment (net) grew \$181,234, consisting of additions of \$236,174, opposite an accumulated depreciation increase of \$54,940. The current year increase was due primarily to high levels of construction activity including the Molecular and Cellular Biology Building, Walter Library, Riverbend Commons, the Architecture addition, Minos Detector Lab, and University Avenue Parking Ramp.

amounts in thousands

Total assets of \$3,210,913 at June 30, 2001, decreased \$19,028 as compared to a \$173,973 increase a year ago, primarily in the endowment funds. Cash and short-term investments decreased \$82,010, mostly due to sizable expenditures in the plant funds for construction and buildings. Investments in securities showed a market value of \$726,695 at June 30, 2001, a decrease of \$137,864 as compared to a year ago. Unrealized losses in the combined endowment fund pool reduced total investments by \$143,487 in the current year, while smaller declines in the group income pool and separately invested funds were offset by income reinvestments and other adjustments totaling \$15,583.

## statement of changes in fund balances

Plant fund revenues and additions increased \$45,429 in fiscal year 2001 as a result of higher levels of property, plant, and equipment additions during the year, primarily for construction projects including the Molecular and Cellular Biology Building, Walter Library renovations, Riverbend Commons, and the Architecture addition. Private gifts and grants increased \$10,586 related to contributions to support Mechanical Engineering, Law School's Mondale Hall addition, and Minnesota Arboretum Learning Center projects. Plant fund expenditures and other deductions increased approximately \$24,228 due largely to growth in construction projects and equipment, including a partial payment for the new University telephone system. Depreciation on buildings and disposal of equipment either traded or sold during the fiscal year also added to the current year expenditures. Nonmandatory transfers into the plant funds from current funds were \$47,947 higher than last year, and included funding for a variety of construction activities such as the Law School addition, University Avenue Parking Ramp, and various repair and replacement projects.

## statement of current funds revenues, expenditures, and other changes

During fiscal year 2001, current fund balances increased \$20,681 as compared to an increase of \$8,855 reported in fiscal year 2000. The increase was due primarily to a \$14,228 Medicare reimbursement related to previously recorded losses on the transfer of property, plant, and equipment to Fairview Hospital and Healthcare Services on December 31, 1996.

Current fund revenues and other additions increased \$125,729 or approximately 6.9 percent. Federal, state, and other government grants and contracts grew \$29,146. Although direct funding from the Department of the Army ended during fiscal year 2000, revenues increased for the U.S. Department of Energy, Minnesota Departments of Transportation and Human Services, and a large number of sponsored grants initiated in the current fiscal year. Private gifts and grants grew \$28,948, funding projects that began in fiscal year 2001, and reflecting higher levels of overall gift activity. Tuition and fees revenue grew \$24,432 due to an increase in regular session tuition rates and higher levels of student enrollment during the fiscal year.

Current fund expenditures and other deductions increased \$130,684, reflecting increases in hiring and related salaries and benefit expense, subcontract costs on sponsored projects, repairs and maintenance, and higher utilities costs and consumption. An escalation in spending levels resulting from the initiation of new projects and the receipt of new grants in the research area were seen in microbiology, genetics and cell biology, pediatrics, the Cancer Center, physics and astronomy, epidemiology, and biostatistics. Transfers out of current funds increased \$59,944, including high volumes of transfers to plant funds to support construction and renovation projects.

## subsequent events

On August 15, 2001, the University issued \$16,500 in tax-exempt General Obligation Intermediate Term Financing Program Bonds, Series 2001A, and \$3,500 in General Obligation Taxable Intermediate Term Financing Program Bonds, Series 2001B. These are the first two series of bonds approved in a February 2001 resolution of the Board of Regents that authorizes bond issuances in a total amount not to exceed \$50,000 outstanding at any time to finance construction, remodeling, and the acquisition and installation of equipment.

Investment securities are exposed to risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the fiscal year 2001 consolidated financial statements.

to the board of regents  
university of minnesota

We have audited the accompanying consolidated balance sheet of the University of Minnesota (the University) as of June 30, 2001, and the related consolidated statements of changes in fund balances and of current funds revenues, expenditures, and other changes for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2001, and the consolidated changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will issue a separate report on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Minneapolis, Minnesota  
October 12, 2001

## Consolidated Balance Sheet

06|30|01 [with comparative totals for 2000] amounts in thousands

	CURRENT FUNDS		LOAN FUND	ENDOWMENT AND SIMILAR FUNDS	PLANT FUNDS	TOTALS (MEMORANDUM ONLY)	
	UNRESTRICTED	RESTRICTED				2001	2000
<b>ASSETS</b>							
Cash and temporary investments	\$ 178,175	\$ 85,868	\$ 7,197	\$ 48,598	\$ 174,682	\$ 494,520	\$ 576,530
Receivables, net	189,009	96,516	65,921		19,750	371,196	356,055
Inventories	19,129					19,129	16,470
Prepaid expenses and deferred charges	2,436	7,537			1,846	11,819	9,712
Investments	41,251	883		677,321	7,240	726,695	864,559
Property, plant, and equipment, net					1,587,479	1,587,479	1,406,245
Other assets	75					75	370
<b>Total assets</b>	<b>\$ 430,075</b>	<b>\$ 190,804</b>	<b>\$ 73,118</b>	<b>\$ 725,919</b>	<b>\$ 1,790,997</b>	<b>\$ 3,210,913</b>	<b>\$ 3,229,941</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<i>Liabilities</i>							
Accounts payable	\$ 56,238	\$ 7,664	\$ 51		\$ 30,852	\$ 94,805	\$ 89,510
Accrued liabilities and other	133,488	49,698	434	\$ 44,638	23,905	252,163	238,666
Unearned income	36,130	1,216				37,346	32,738
Long-term debt					545,540	545,540	540,992
Interfund borrowing	8,068	6,252			(14,320)		
<b>Total liabilities</b>	<b>233,924</b>	<b>64,830</b>	<b>485</b>	<b>44,638</b>	<b>585,977</b>	<b>929,854</b>	<b>901,906</b>
<i>Fund Balances</i>							
Unrestricted							
Undesignated	181,345					181,345	145,796
Designated	14,806				82,360	97,166	164,854
Restricted							
		125,974	18,389		2,380	146,743	144,176
U.S. government grants and other refundables			54,244			54,244	53,264
Endowment				434,834		434,834	529,127
Quasi-endowment, restricted				210,229		210,229	250,210
Quasi-endowment, unrestricted				36,218		36,218	36,036
Net investment in plant					1,120,280	1,120,280	1,004,572
<b>Total fund balances</b>	<b>196,151</b>	<b>125,974</b>	<b>72,633</b>	<b>681,281</b>	<b>1,205,020</b>	<b>2,281,059</b>	<b>2,328,035</b>
<b>Total liabilities and fund balances</b>	<b>\$ 430,075</b>	<b>\$ 190,804</b>	<b>\$ 73,118</b>	<b>\$ 725,919</b>	<b>\$ 1,790,997</b>	<b>\$ 3,210,913</b>	<b>\$ 3,229,941</b>

See notes to consolidated financial statements.

Consolidated Statement of Changes in Fund Balances

Year ended 06/30/01 [with comparative totals for the year ended June 30, 2000] amounts in thousands

		CURRENT FUNDS		LOAN FUND	ENDOWMENT FUNDS		PLANT FUNDS			TOTALS (MEMORANDUM ONLY)	
		UNRESTRICTED	RESTRICTED		TRUE	QUASI	UNRESTRICTED	RESTRICTED	NET INVESTMENT IN PLANT	2001	2000
Revenues and Other Additions	Unrestricted revenues	\$1,252,248								\$1,252,248	\$1,171,298
	Federal appropriations		\$ 17,057							17,057	17,357
	State appropriations		85,171					\$ 73,726		158,897	167,152
	Federal grants and contracts		307,033	\$ 882				141		308,056	293,936
	State grants and contracts		75,392							75,392	64,421
	Other government grants and contracts		4,310					80		4,390	4,168
	Private gifts, grants, and contracts		249,811	169	\$ 1,122		\$ 3,122	15,274	\$ 2,368	271,866	237,908
	Endowment income		15,744	56						15,800	15,681
	Investment income		1,496	76			1,425	754		3,751	22,238
	Realized (losses) gains and adjustments to market value, net		(107)		(80,763)	\$ (40,889)	(785)	(28)		(122,572)	163,082
	Student loan interest			2,062						2,062	2,215
	Expended for plant facilities, including \$59,033 charged to current funds expenditures								308,202	308,202	255,165
	Retirement of indebtedness								5,007	5,007	4,343
	Other additions			286			657			943	783
Total revenues and other additions, net		1,252,248	755,907	3,531	(79,641)	(40,889)	4,419	89,947	315,577	2,301,099	2,419,747
Expenditures and Other Deductions	Education and general	1,029,094	693,043							1,722,137	1,651,888
	Auxiliary enterprises	154,255	1,810							156,065	156,377
	Indirect costs recovered		68,428							68,428	60,926
	Adjustments to carrying value of loans			4						4	368
	Administrative and collection costs			705						705	700
	Expended for plant facilities, including \$10,352 not capitalized						158,463	92,609		251,072	237,493
	Retirement of indebtedness						530	4,477		5,007	4,343
	Debt incurred							7,445		7,445	5,955
	Interest on indebtedness						21,502	3,095		24,597	24,269
	Depreciation of investment in plant								116,677	116,677	113,847
	Disposal of plant, net of accumulated depreciation of \$61,733						60		12,659	12,719	7,383
Total expenditures and other deductions		1,183,349	763,281	709	—	—	180,555	107,626	129,336	2,364,856	2,263,549
Interfund Transfers, (Deductions) Additions	Mandatory	(7,400)	(81)					7,481			
	Principal and interest										
	Student aid matching	(803)	628	175							
	Nonmandatory	(52,334)	2,365	79	(14,652)	1,090	121,407	12,578	(70,533)		
Total transfers		(60,537)	2,912	254	(14,652)	1,090	121,407	20,059	(70,533)	—	—
Increase (Decrease) from Continuing Operations Before Cumulative Effect of Change in Accounting Principle		8,362	(4,462)	3,076	(94,293)	(39,799)	(54,729)	2,380	115,708	(63,757)	156,198
Discontinued Operations (Note 10)		14,228								14,228	
Increase (Decrease) Before Cumulative Effect of Change in Accounting Principle		22,590	(4,462)	3,076	(94,293)	(39,799)	(54,729)	2,380	115,708	(49,529)	156,198
Cumulative Effect of Change in Accounting Principle (Note 1)			2,553							2,553	
Net Increase (Decrease) for the Year		22,590	(1,909)	3,076	(94,293)	(39,799)	(54,729)	2,380	115,708	(46,976)	156,198
Fund Balances at Beginning of Year		173,561	127,883	69,557	529,127	286,246	137,089	—	1,004,572	2,328,035	2,171,837
Fund Balances at End of Year		\$ 196,151	\$125,974	\$ 72,633	\$434,834	\$246,447	\$ 82,360	\$ 2,380	\$1,120,280	\$2,281,059	\$2,328,035

See notes to consolidated financial statements.

## Consolidated Statement of Current Funds Revenues, Expenditures, and Other Changes

Year ended 06/30/01 [with comparative totals for the year ended June 30, 2000] amounts in thousands

		2001		TOTALS (MEMORANDUM ONLY)	
		UNRESTRICTED	RESTRICTED	2001	2000
Revenues	Tuition and fees	\$ 305,801		\$ 305,801	\$ 281,369
	Federal appropriations		\$ 17,057	17,057	17,357
	State appropriations	531,036	85,171	616,207	595,007
	Federal grants and contracts	59,305	251,021	310,326	294,400
	State grants and contracts	1,345	75,467	76,812	65,038
	Other government grants and contracts	677	4,451	5,128	3,682
	Private gifts, grants, and contracts	14,734	239,719	254,453	225,505
	Endowment income	181	15,744	15,925	15,749
	Investment income	26,816	1,496	28,312	24,986
	Realized gains (losses) and adjustments to market value, net	3,522	(107)	3,415	(6,372)
	Sales and services of educational activities	103,046		103,046	98,667
	Sales and services of auxiliary enterprises	205,785		205,785	201,150
<b>Total revenues</b>		<b>1,252,248</b>	<b>690,019</b>	<b>1,942,267</b>	<b>1,816,538</b>
Expenditures and Mandatory Transfers	Education and general	449,184	124,496	573,680	539,440
	Instruction	24,313	333,518	357,831	316,415
	Research	36,249	119,090	155,339	166,308
	Public service	189,367	44,493	233,860	212,245
	Academic support	58,986	6,224	65,210	60,792
	Student services	96,613	6,020	102,633	143,168
	Institutional support	128,781	415	129,196	116,898
	Operation and maintenance of plant	45,601	58,787	104,388	96,623
	Scholarships and fellowships	1,029,094	693,043	1,722,137	1,651,889
	Education and general expenditures	6,440	81	6,521	5,726
	Mandatory Principal and interest	803	(628)	175	183
	transfers for Student aid matching	1,036,337	692,496	1,728,833	1,657,798
	Total education and general	154,255	1,810	156,065	156,377
	Auxiliary Expenditures	960		960	971
	enterprises Mandatory Principal and interest				708
	transfers for Renewals and replacements	155,215	1,810	157,025	158,056
	Total auxiliary enterprises	1,191,552	694,306	1,885,858	1,815,854
<b>Total expenditures and mandatory transfers</b>					
Other Transfers, (Deductions) Additions	Refunded to grantors		(2,540)	(2,540)	(1,017)
	Nonmandatory transfers	(52,334)	2,365	(49,969)	9,188
	Total other transfers, (deductions) additions	(52,334)	(175)	(52,509)	8,171
<b>Net Increase (Decrease) for the Year from Continuing Operations</b>		<b>8,362</b>	<b>(4,462)</b>	<b>3,900</b>	<b>8,855</b>
Discontinued Operations (Note 10)		14,228		14,228	
<b>Net Increase (Decrease) Before Cumulative Effect of Change in Accounting Principle</b>		<b>22,590</b>	<b>(4,462)</b>	<b>18,128</b>	<b>8,855</b>
Cumulative Effect of Change in Accounting Principle (Note 1)			2,553	2,553	
<b>Net Increase (Decrease) for the Year</b>		<b>\$ 22,590</b>	<b>\$ (1,909)</b>	<b>\$ 20,681</b>	<b>\$ 8,855</b>

See notes to consolidated financial statements.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the University of Minnesota (the University) are presented in accordance with accounting principles generally accepted in the United States of America (generally accepted accounting principles). As outlined in Governmental Accounting Standards Board (GASB) Statement No. 15, *Governmental College and University Accounting and Financial Reporting Models*, the University has elected to follow the American Institute of Certified Public Accountants' college guide model. Additionally, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, the University's financial statements are presented discretely in the state of Minnesota's Comprehensive Annual Financial Report as a component unit.

**Basis of Consolidation**—The consolidated financial statements include the accounts of the University of Minnesota and RUMINCO, Ltd. (a wholly owned captive insurance company). Accordingly, all references herein to University of Minnesota include the consolidated results of the above entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Accounting**—The consolidated financial statements of the University have been prepared on the accrual basis of accounting. The consolidated statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

In observance of the limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the consolidated financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by the fund groups.

Within each fund group, fund balances restricted by outside sources are indicated and distinguished from unrestricted funds that have been internally designated. Externally restricted funds may be used only in accordance with the purposes established by the source of such funds, in contrast to unrestricted funds, which may be used in achieving any purpose of the University.

Current funds used to finance plant assets are accounted for as (1) expenditures for normal additions and replacements; (2) mandatory transfers for required provisions for debt amortization and interest, and equipment renewal and replacement; and (3) nonmandatory transfers for all other cases.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets, and ordinary income derived from investments, receivables, and the like, are accounted for in the fund that owned or owns such assets, except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in the unrestricted current fund.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds.

The University's fund balance allocations represent those fund balances that are restricted for specific future uses by legal covenants, state policies, or granting agencies, or are otherwise designated by University policies. Undesignated amounts represent collegiate balances and central reserves.

Interfund borrowings total \$14,320 at June 30, 2001, and have been made principally from the plant fund to the current unrestricted and restricted funds. These borrowings are payable over 1 to 20 years with interest of 6 percent.

#### fund classifications

*Current Unrestricted Fund*—Funds over which the University retains full control to use in achieving its institutional purposes, including instruction, research, public service, and general supporting activities.

*Current Restricted Fund*—Externally restricted operating resources that may be used only in accordance with the purpose established by the source of the funds.

*Loan Fund*—Funds designated for student loans, which are provided by the federal government, the state of Minnesota, private donors, and University sources. These are revolving funds in that repayments become available for loans to other students.

*Endowment and Similar Funds*—Funds donated by individuals, agencies, and others that, as a condition of the gift instrument, generally require the maintenance of principal. The principal of true endowment funds is invested in perpetuity to produce present and future income,

which may either be expended or added to principal. Quasi-endowment restricted funds represent restricted gifts and other restricted amounts that do not require the University to preserve the principal in perpetuity. The University has invested these amounts in endowments until the funds are needed. Quasi-endowment unrestricted funds are funds without restrictions that have been allocated by the University for investment purposes.

*Plant Funds*—Funds used to account for property, plant, and equipment transactions of the University. Plant funds consist of three subgroups: unrestricted (funds held without external restrictions, but designated by the University for current or future plant needs); restricted (externally restricted funds to be used for plant needs in accordance with the restrictions); and net investment in plant (funds invested in institutional properties, less accumulated depreciation, and related debt).

#### other accounting policies

*Cash and Temporary Investments*—The cash balances of the various fund groups of the University are invested primarily in domestic and foreign commercial paper, money market mutual funds, short-term corporate obligations, and short- and intermediate-term U.S. government and agency securities. These investments are generally carried at market value. Also included in cash and temporary investments are invested assets related to indebtedness and collateral received under the University's securities lending program.

*Investments*—Investments in securities are recorded at market value on a trade-date basis and adjusted periodically for changes in market value. Market values of thinly traded alternative investments, including venture capital and real estate investments, are generally based on investment manager quarterly valuation estimates.

Both endowment funds and long-term operating reserves are included in investments. Authorized investment vehicles for the endowment funds include domestic and foreign equities; alternative investments, such as private equity, timberland, venture capital, real estate, and other limited partnerships; and fixed-income securities. In addition, short selling and trading in futures and options are permissible on a limited basis. The long-term reserves investment policy allows investment in domestic government, agency, and corporate fixed-income securities, both long- and short-term; foreign sovereign fixed-income securities; master notes; money market mutual funds; fixed-income limited partnerships; high-yield securities; financial futures; options and interest rate swaps; and equities and equity-related alternatives. Actual investments on June 30, 2001, were consistent with the approved investment guidelines.

*Inventories*—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value, and other inventories are carried primarily at cost.

*Net Investment in Plant*—Land, buildings, and other property are recorded at cost, except those received as gifts or bequests, which are recorded at market value at the date of gift. Depreciation is determined using the straight-line method based on the estimated useful lives of the assets.

*Unearned Income*—Tuition revenues and prepaid costs for summer school sessions, which are conducted primarily after year-end, are deferred and are recognized in the following year.

*State Appropriations*—State appropriations are recognized as revenue in the current funds when made available by legislative acts. State appropriations are recognized as revenue in the plant funds when eligibility requirements (primarily construction spending per appropriation) are met.

*Use of Estimates*—The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to allowances for uncollectible accounts and self-insurance, arbitrage rebates, and vacation pay accruals.

*Change in Accounting Principle*—In 2001, the University of Minnesota implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources (for example, grants and private donations). In a nonexchange transaction, the University receives resources (cash or other) of greater value than the value of the benefit given in return. GASB Statement No. 33 addresses the issue of when revenue should be recognized in the financial statements for these types of transactions.

Restatement of the prior year's financial statements for the adoption of GASB Statement No. 33 was determined impractical. As a result, net assets at July 1, 2000, were increased by \$2,553 for the cumulative effect of these changes on years prior to 2001. The current-year impact on net assets of the adoption of this statement is (\$8,096).

*Reclassifications*—Certain reclassifications were made to the 2000 consolidated financial statements to conform to the 2001 presentation. These reclassifications had no impact on fund balances in the consolidated statement of current funds, revenues, expenditures,

## Notes to Consolidated Financial Statements

Year ended 06/30/01 amounts in thousands

and other changes or the consolidated statement of changes in fund balances as previously reported.

*Memorandum Totals*—The consolidated financial statements include certain prior-year summarized comparative information. This information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, this information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2000, from which the summarized financial information was derived.

*New Accounting Pronouncement*—Effective July 1, 2001, the University adopted GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as a component of the state of Minnesota, and GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*—an amendment of GASB Statement No. 34. Also effective July 1, 2001, the University adopted two related GASB statements: GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

These statements establish comprehensive new financial reporting requirements for governmental colleges and universities throughout the United States. Much of the reporting that the University has provided in the past will be restructured and will include management discussion and analysis. The provisions of these statements will be reflected in the University's financial report for the year ended June 30, 2002.

## 2 OTHER BALANCE SHEET INFORMATION

*Receivables at June 30, 2001, consisted of the following:*

<b>Current unrestricted fund</b>	
State appropriations	\$ 132,758
Student	26,857
Accrued income	3,583
Due from Fairview	2,868
Other	25,430
Less allowance for uncollectible accounts	(2,487)
	189,009
<b>Current restricted fund</b>	
Sponsored contract and grant receivables	64,021
Due from Fairview	1,696
Other	33,499
Less allowance for uncollectible accounts	(2,700)
	96,516
<b>Loan fund</b>	
Notes receivable	68,567
Accrued interest	1,303
Less allowance for uncollectible accounts	(3,949)
	65,921
<b>Plant funds</b>	
State appropriations	18,110
Accrued interest	480
Note receivable	1,160
	19,750
<b>Total</b>	<b>\$ 371,196</b>

Property, plant, and equipment at June 30, 2001, consisted of the following:

Land	\$ 34,117
Buildings and improvements (useful lives range from 10 to 40 years)	1,854,391
Equipment	
Technology equipment (useful lives range from 3 to 12 years)	230,136
Other equipment (useful lives range from 3 to 20 years)	351,198
Construction in progress	263,553
Other (useful lives range from 7 to 10 years)	173,667
	2,907,062
Less accumulated depreciation	(1,319,583)
Net property, plant, and equipment	\$1,587,479

Accrued liabilities and other at June 30, 2001, consisted of the following:

Current unrestricted fund	
Self-insurance	\$ 18,953
Accrued vacation	36,752
Accrued retirement costs and other benefits	17,695
Accrued payroll	23,812
Securities lending obligation	13,205
Other accruals	23,071
	133,488
Current restricted fund	
Accrued vacation	18,290
Accrued payroll	14,748
Securities lending obligation	4,668
Other accruals	11,992
	49,698
Loan fund	
Securities lending obligation	434
Endowment and similar funds	
Securities lending obligation	44,638
Plant funds	
Securities lending obligation	5,519
Accrued interest	5,707
Other accruals	12,679
	23,905
Total	\$252,163

### 3 CASH AND TEMPORARY INVESTMENTS AND INVESTMENTS

Cash and temporary investments at June 30, 2001, consisted of the following:

	TEMPORARY INVESTMENT POOL	INVESTED ASSETS RELATED TO INDEBTEDNESS	COLLATERAL UNDER SECURITIES LENDING PROGRAM	TOTAL
Current funds				
Unrestricted	\$ 164,970		\$ 13,205	\$ 178,175
Restricted	81,200		4,668	85,868
Loan fund	6,763		434	7,197
Endowment and similar funds	3,960		44,638	48,598
Plant funds	90,261	\$ 78,902	5,519	174,682
Total	\$ 347,154	\$ 78,902	\$ 68,464	\$ 494,520

Included in invested assets related to indebtedness are restricted investments that are held by the bond trustee for sinking funds of \$11,627 and for reserve funds of \$1,213 required to be maintained by the bond indentures at June 30, 2001. Additionally, the University invests unexpended bond proceeds of outstanding University of Minnesota bond issuances, generally in money market funds. The market value of these assets, which are internally managed, was \$66,062 at June 30, 2001.

## Notes to Consolidated Financial Statements

Year ended 06/30/01 amounts in thousands

*Investments at June 30, 2001, consisted of the following:*

	MARKET	COST
Government and corporate bonds	\$ 124,511	\$ 127,718
Corporate stock	527,277	532,976
Limited partnership and equity growth funds	48,627	39,204
Mortgage and other	40	40
Total University of Minnesota investments	700,455	699,938
Investments held by insurance subsidiary	26,240	26,602
Total	\$ 726,695	\$ 726,540

The investment table above includes the University's insurance subsidiary's investments, which are invested in fixed-income securities, short- and long-term domestic equities, a domestic equity mutual fund, and money market funds. The University holds risk category 1 investments, including cash and temporary investments, as defined by GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Repurchase Agreements*. Risk category 1 includes securities that are insured or registered or are held by the University or its agent in the University's name. The University has no investments in risk category 2 (uninsured and unregistered securities held by the counterparty's trust department or agent in the University's name) or in risk category 3 (uninsured and unregistered securities held by the counterparty or by its trust department or agent but not in the University's name). At certain times during the year, deposits (cash) temporarily fell into risk category 3 due to higher cash flows arising from state appropriations, receipts, and various state aids.

Certain University funds are invested in the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF). CEF and GIP are investment pools that are unitized on a market value basis with each participant subscribing

to or disposing of units on the basis of the market value per unit at the beginning of the month.

*The following tabulation summarizes all pooled and nonpooled investments, including the University's insurance subsidiary, by fund (in thousands, except for market value per unit including accrued income):*

	CEF	GIP	SIF	INSURANCE SUBSIDIARY	TOTAL
Current funds					
Unrestricted		\$15,011		\$26,240	\$ 41,251
Restricted		883			883
Endowment funds	\$657,310	19,553	\$458		677,321
Plant funds		7,240			7,240
Total	\$657,310	\$42,687	\$458	\$26,240	\$726,695
Total pooled units	9,004	405	N/A		
Market value per unit including accrued income	\$73.00	\$105.40	N/A		

Based on CEF's spending policy, 5.5 percent of the three-year moving average of the unit value of the fund is distributed annually for spending purposes. When investment income (i.e., interest and dividends) is less than 5.5 percent, accumulated capital gains are used to supplement investment income in order to meet the spending policy. When capital gains are so used, they are reported as a non-mandatory transfer from endowment to current funds. During the year ended June 30, 2001, net nonmandatory transfers of \$21,946 were made from the endowment to current funds for this purpose. If investment income exceeds the amount needed for distribution, the excess remains in the respective endowment funds.

To enhance the return on investments, the Regents of the University have authorized participation of all of its invested assets in a global securities lending program. The program is managed by the University's custodian bank, which lends securities to approved broker-dealers in return for cash or other acceptable collateral. By contractual agreement, the level of collateralization must be at least 100 percent of the market value of the securities loaned. Types of securities lent include domestic and foreign equities and domestic government, agency, and corporate bonds, as well as foreign sovereign fixed-income securities. Collateral received is generally in the form of cash, although U.S. government or agency securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit are also acceptable as collateral. This collateral is not included in the market value amounts of the individual investment pools. The University retains all rights to ownership of the loaned securities, receives all dividend and interest income, and reserves the right at any time to terminate any loan of securities. Neither the University nor its securities lending agent has the ability to pledge or sell collateral securities unless a borrower defaults.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the University records the market value of the collateral as an asset in the balance sheet along with a corresponding liability. At June 30, 2001, the University had securities with market values of approximately \$53,615 involved in loans. These loans were supported by collateral of approximately \$68,464, which is included in cash and temporary investments in the consolidated balance sheet. Of this collateral amount, approximately \$49,701 was cash and approximately \$18,763 was acceptable noncash collateral.

In general, since the value of collateral received exceeded the market value of the securities on loan, the University did not have credit risk

at fiscal year-end. The University and the borrowers of its securities maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The average duration of such pools as of June 30, 2001, was 51 days. Since the loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral. If the University had to terminate a term loan, the lending agent has the ability to substitute the same security from a different client while returning the University's security.

Income and cost from its participation in this securities lending program were \$4,359 and \$4,058, respectively, for the year ended June 30, 2001.

The combined investment return, based on average month-end market values, was approximately 15.1 percent for the year ended June 30, 2001.

The University has entered into various forward contracts to manage its exposure against foreign currency exchange rate fluctuations. As of June 30, 2001, the University had \$5,682 in open foreign currency purchase contracts and \$28,895 in open foreign currency sales contracts with a net market value of \$156.

In general, investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

## Notes to Consolidated Financial Statements

Year ended 06/30/01 amounts in thousands

## 4 LONG-TERM DEBT

*Outstanding debt at June 30, 2001, consisted of the following:*

	BEGINNING BALANCE 6/30/00	ADDITIONS	REDUCTIONS	ENDING BALANCE 6/30/01	CURRENT PORTION
General Obligation Bonds, Series 1999A, at weekly floating rates, due at various dates through 2034	\$ 200,650			\$ 200,650	\$ 8,050
General Obligation Bonds, Series 1996A, at 4.5% to 5.75%, due at various dates through 2021	190,826		\$ 39	190,787	6,039
General Obligation Bonds, Series 1993A, at 4.80%, due in 2003	84,000			84,000	
Obligations to the state of Minnesota pursuant to Infrastructure Development Bonds, at 4.4% to 6.9%, due at various dates through 2020	48,298	\$ 7,445	3,764	51,979	3,715
Various auxiliary enterprise bonds, at 3%, due at various dates through 2013, collateralized by revenues of self-supporting auxiliary enterprises and the full faith and credit of the University	12,240		705	11,535	720
Other	4,978	2,109	498	6,589	1,574
Total	\$ 540,992	\$ 9,554	\$ 5,006	\$ 545,540	\$ 20,098

The full faith and credit of the University is pledged for payment of principal and interest related to all of the General Obligation Bonds, Series 1993A, 1996A, and 1999A.

In December 1998, the Regents of the University of Minnesota authorized the issuance of up to \$330,000 in new general obligation debt securities to provide funds for certain approved capital projects and to pay the costs of issuing the debt. In February 2001, the regents increased the authorization to \$380,000. The debt securities may be issued in one or more series. They may be issued as obligations, the interest on which is not includable in gross income for U.S. income tax purposes, or as obligations, the interest on which is so includable.

On February 17, 1999, the University issued the first series of debt securities under this authorization. The \$200,650 Series 1999A General Obligation Bond was issued as a variable rate demand bond, initially in a weekly rate mode. In the event that the University's variable rate demand bonds are tendered but not immediately remarketed by the financial institution appointed for such purposes, liquidity will be provided by the University. The proceeds from this bond are being used to fund a variety of new capital and renovation projects, including a new Molecular and Cellular Biology Building, the new Riverbend Commons residence complex, and various other academic and parking facilities, primarily on the University's Twin Cities campus. The remaining \$179,350 authorized debt will be issued on an as-needed basis, as additional approved capital projects get under way.

In connection with the issuance of the 1999A bonds, the University entered into a floating-to-fixed interest rate swap agreement for a notional amount of \$200,650. The University makes monthly payments at the fixed rate of 4.16 percent, and receives the weighted

average rate that was paid to Series 1999A bondholders during the previous month. The final maturity date of this swap is in 2034, although there are specified notional reductions annually beginning in 2002. The University treats this swap as a qualified hedge with respect to such bonds.

In connection with the issuance of the Series 1996A bonds, the University has entered into a fixed-to-floating interest rate swap agreement on a notional amount of \$190,000. The University makes floating-rate interest payments monthly based upon the weekly Bond Market Association (BMA) Municipal Swap Index. The University receives fixed-rate interest payments ranging from 4.45 percent to 5.43 percent semiannually. The final maturity date of this swap is in 2021, although there are specified notional reductions annually beginning in 2001. The University treats this swap as a qualified hedge with respect to such bonds.

Pursuant to state of Minnesota statute, the University is obligated to pay the state one-third of the debt services of Infrastructure Development Bonds (IDB) issued by the state for University capital projects. The amount of outstanding debt issued by the state on behalf of the University was \$155,941 as of June 30, 2001.

Included as part of plant fund balances at June 30, 2001, was \$11,627 for renewals and replacements required by related debt covenants.

On August 15, 2001, the University issued \$16,500 in tax-exempt General Obligation Intermediate Term Financing Program Bonds, Series 2001A, and \$3,500 in General Obligation Taxable Intermediate Term Financing Program Bonds, Series 2001B. These bonds are the first two series of Intermediate Term Financing Program Bonds approved in a February 2001 resolution of the Board of Regents

## Notes to Consolidated Financial Statements

Year ended 06/30/01 amounts in thousands

that authorizes the issuance of bonds in one or more series in an aggregate principal amount not in excess of \$50,000 outstanding at any time to finance construction, remodeling, and the acquisition and installation of equipment. Series 2001A and 2001B were issued as variable rate demand bonds, initially in a weekly rate mode, due July 1, 2008, and July 1, 2011, respectively.

The University entered into a floating-to-fixed interest rate swap agreement on a notional amount of \$70,000. The University makes fixed-interest payments at a rate of 4.98 percent, while receiving a floating-interest payment at a rate based on the BMA index. Settlement takes place on a quarterly basis. The swap has a 20-year final maturity, although after 10 years, if the trailing 90-day average of the BMA exceeds 7 percent, the counterparty may opt to terminate the swap.

The University has also entered into two swap agreements for notional amounts totaling \$75,000. The University makes fixed-interest payments of approximately 4.89 percent and receives interest payments at a floating rate based on the BMA index. Settlement takes place on a quarterly basis. Each of these swaps has a 15-year final maturity. The counterparties have the option after ten years to adjust the basis upon which the floating rate is calculated from the BMA index to 64 percent of the three-month LIBOR.

As a result of the preceding activity, the University's percentages of fixed-rate and floating-rate debt were 92 percent and 8 percent, respectively, at fiscal year-end 2001.

The University has sold a put option, which allows the counterparty to put up to \$190,000 of Series 1996A University bonds or eligible government or municipal securities to the University. The option may be exercised at any time.

*The principal payments on long-term debt and sinking fund requirements on notes and bonds outstanding, and minimum future payments on other obligations at June 30, 2001, are as follows:*

Fiscal year ending June 30	
2002	\$ 20,098
2003	21,289
2004	104,511
2005	20,644
2006	20,899
Thereafter	358,099
	\$ 545,540

## 5 PENSION PLANS

### plan descriptions

The University contributes to a single-employer defined contribution plan, the Faculty Retirement Plan (FRP), and two cost-sharing multiple-employer defined benefit plans: the State Employees' Retirement Fund (SERF) of the Minnesota State Retirement System and the Public Employee Police and Fire Fund (PEPFF) of the Public Employees Retirement Association pension plans. In addition, some employees eligible for the FRP may be eligible for additional benefits from the University of Minnesota Supplemental Benefits Plan (SBP), which is a single-employer defined benefit plan. For faculty members employed prior to 1963 and female participants employed prior to July 1, 1982, the SBP is being funded in an amount equal to or greater than the amount required under Chapter 356 of the Minnesota Statutes. All SBP participants are retired. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries.

The SERF and the PEPFF each issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan, as follows:

Minnesota State Retirement System  
MidAmerica Bank Building, Suite 300  
175 W. Lafayette Frontage Road  
Saint Paul, Minnesota 55107-1425  
(651) 296-2761

Public Employees Retirement Association  
514 Saint Peter Street, Suite 200  
Saint Paul, Minnesota 55102  
(651) 296-7460 or 1-800-652-9026

#### funding policy and annual pension cost

*The University's annual pension cost and related information for each plan is as follows:*

	FRP	SERF	PEPFF	SBP
University contributions, fiscal year ended				
June 30, 2001	\$ 48,164	\$ 12,773	\$ 232	\$ 528
June 30, 2000	45,732	11,842	217	927
June 30, 1999	44,616	11,033	266	909
Current contribution rates				
University	13.0%	4.0%	11.4%	
Plan members	2.5	4.0	7.6	

These contribution amounts are equal to contractually required contributions for each year in compliance with state statute. The University makes all contributions to the SBP using a variable rate.

*The following information pertains to the SBP as of July 1:*

	2000	1999	1998
Pension benefit obligation	\$ 15,061	\$ 19,367	\$ 18,952
Net assets available for benefits	9,240	9,769	10,393
Unfunded accrued liability	\$ 5,821	\$ 9,598	\$ 8,559
Funded ratio (net assets as a percentage of the pension benefit obligation)			
	61.35%	50.44%	54.84%

The actuarial present value of accumulated plan benefits in the SBP was not calculated.

The plan invests in various securities including U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for net assets available for plan benefits.

**6 RELATED PARTIES**

On December 31, 1996, the University of Minnesota Hospital and Clinic (UMHC) operations and certain assets and liabilities were transferred to Fairview Hospital and Healthcare Services (Fairview). Fairview and the University also agreed to affiliate with each other in support of the research, education, and patient care missions of the University's Academic Health Center (AHC). Under this affiliation agreement, the University provided transition support for health-related research and education of the AHC's operations performed on the hospital campus through August 1999 and shares equally with Fairview in any deficit in the research and education budget ranging between \$8,000 and \$12,000 annually.

The University also provides certain services to Fairview, and Fairview provides certain services to the University, to be reimbursed at negotiated rates. These services include items such as utilities, mailing and addressing services, police protection, printing services, miscellaneous services related to telecommunications, and such other items as are necessary to support the relationship, for which \$8,600 was billed to Fairview in fiscal year 2001. Fairview billed the University \$1,476 in fiscal year 2001 for pharmaceuticals, medical professionals, and transcription services.

The University of Minnesota Foundation, the Minnesota Medical Foundation, the Minnesota Landscape Arboretum Foundation, and the Minnesota 4-H Foundation (the foundations) are independent corporations formed for the purpose of obtaining and disbursing funds for the sole benefit of the University.

At June 30, 2001, the combined net assets of the foundations (not included in the consolidated financial statements of the University) were \$1,191,302, of which approximately \$698,886 was temporarily restricted, \$433,072 was permanently restricted, and the remaining \$59,344 was unrestricted.

Summarized, unaudited financial information with respect to the foundations for the year ended June 30, 2001, is as follows:

	UNIVERSITY OF MINNESOTA FOUNDATION	MINNESOTA MEDICAL FOUNDATION	MINNESOTA LANDSCAPE ARBORETUM FOUNDATION	MINNESOTA 4-H FOUNDATION	TOTAL
Net assets at beginning of year	\$ 850,374	\$ 297,485	\$ 22,390	\$ 4,541	\$ 1,174,790
<b>Additions</b>					
Gifts, pledges, and other additions	116,721	32,523	15,656	1,332	166,232
Investment income and adjustments to market value, net	14,579	(37,351)	988	10	(21,774)
Other revenue	3,226	3,767	807	118	7,918
<b>Total additions</b>	<b>134,526</b>	<b>(1,061)</b>	<b>17,451</b>	<b>1,460</b>	<b>152,376</b>
<b>Deductions</b>					
Distributions to the University	75,475	31,516	5,958	587	113,536
Administration and other deductions	16,241	4,866	829	392	22,328
<b>Total deductions</b>	<b>91,716</b>	<b>36,382</b>	<b>6,787</b>	<b>979</b>	<b>135,864</b>
Net increase (decrease) for the year	42,810	(37,443)	10,664	481	16,512
Net assets at end of year	\$ 893,184	\$ 260,042	\$ 33,054	\$ 5,022	\$ 1,191,302

*The foundations are subject to audit by other independent auditors.*

## Notes to Consolidated Financial Statements

Year ended 06/30/01 amounts in thousands

## 7 COMMITMENTS AND CONTINGENCIES

Construction projects in progress, principally buildings, that have been included in the assets of the plant funds at June 30, 2001, approximate \$263,553. The estimated cost to complete these facilities is \$431,605, which is to be funded from plant fund assets, and \$113,821 in appropriations available from the state of Minnesota.

The University owns certain steam production facilities, which produce steam for heating and cooling the Twin Cities campuses and which by agreement are managed, operated, and maintained by an unaffiliated company. The term of the agreement is for 25 years and commenced July 1, 1992. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs as well as contingent payments based on monthly usage. The minimum fixed amount of the required payments at June 30, 2001, is as follows:

*Fiscal year ending June 30*

2002	\$ 6,048
2003	6,048
2004	6,048
2005	6,048
2006	6,048
Thereafter	66,536
	\$96,776

The University is obligated under various operating leases for the use of real property and equipment. Future commitments for operating leases, predominantly related to real estate, are as follows:

*Fiscal year ending June 30*

2002	\$ 13,596
2003	9,706
2004	7,121
2005	6,960
2006	4,929
2007 through 2016	33,629
	\$ 75,941

Total operating lease expenditures for the year ended June 30, 2001, were \$17,290, of which \$12,172 was for real property and \$5,118 was for equipment.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

## 8 INCOME TAXES

The Internal Revenue Service has ruled that the University is an integral part of the state of Minnesota. As an integral part of the state, the University is generally exempt from federal income taxes although certain activities are subject to federal unrelated business income tax.

The University has a net operating loss carryforward as a result of activities subject to federal unrelated business income tax of approximately \$10,619 at June 30, 2000, (the date of the most recent federal tax return), which expires in fiscal years 2007 through 2015.

## 9 SELF-INSURANCE PROGRAMS

The University is self-insured for medical malpractice, general liability, directors and officers liability, and automobile liability through RUMINCO, Ltd., a wholly owned single parent captive insurance company (see Note 1). Claims are reported to a third-party administrator, which pays expenses and sets up reserves. The total estimated expense of a claim is estimated and booked as a liability when it is probable a loss has occurred and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess insurance is maintained through the Workers' Compensation Reinsurance Association (WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded, but the liability is not funded in a separate reserve.

*Changes in the reported liabilities since June 30, 2000, are shown below:*

	JUNE 30, 2000	NEW CLAIMS	CLAIM PAYMENTS	OTHER ADJUSTMENTS	JUNE 30, 2001
	LIABILITY				LIABILITY
RUMINCO, Ltd.	\$ 9,475	\$1,459	\$ 2,918	\$ 137	\$ 8,153
Workers' compensation	14,000	763	1,571	(2,392)	10,800

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

## 10 DISCONTINUED OPERATIONS

The operations of the University Hospital and Clinic and certain assets and liabilities were transferred to Fairview Hospital and Healthcare Services on December 31, 1996. Recoveries and adjustments to previously recorded losses on this transfer total \$14,228 for the year ended June 30, 2001, representing a Medicare reimbursement for the loss on property, plant, and equipment.

## Summary of the Invested Assets of the Regents of the University of Minnesota

As of 06/30/01 | amounts in thousands

The invested assets of the Regents of the University of Minnesota are managed through several different investment pools.

- The Consolidated Endowment Fund represents individual endowment funds supporting the teaching and learning, research and discovery, and outreach and public service mission of the University.
- Long-Term Reserves in the Group Income Pool support various capital and infrastructure needs.
- Short-Term Reserves in the Temporary Investment Pool are the working capital funds of the institution.
- Separately Invested Funds are typically gift funds that, by donor intent, cannot be combined in the endowment pool.
- Invested Assets Related to Indebtedness are funds raised through the issuance of University bonds and spent relatively quickly in support of capital projects.

Consistent with the overall purpose of its funds, each pool has a different set of investment objectives. Endowment funds—essentially permanent funds—have the longest timelines, and therefore have objectives consistent with maximizing total return. Long- and short-term reserves are funds intended for specific needs. They are invested to maximize income until those needs arise. Assets related to University indebtedness are bond proceeds invested for short-term income until needed for the capital projects for which the bonds were issued.

## consolidated endowment fund

The Consolidated Endowment Fund represents the pooling of endowment funds from public sources and more than 1,000 private, individual endowments accumulated throughout the history of the University. The fund's investment objectives are to maximize total return (principal appreciation plus income), to maintain the purchasing power of the fund, and to provide a stable level of support for a broad range of academic programs and scholarships.

Diversification has been the key to the investment strategy and performance of the Consolidated Endowment Fund for the past several years. The long-term asset allocation policy for the fund targets a 40 percent investment in domestic equities, a 30 percent investment in international equities, and a 20 percent investment in alternative investments, including venture and non-venture private equity, absolute return funds and hedge funds, as well as real estate. The remaining 10 percent of the fund is targeted for fixed-income-related investments. The asset allocation policy allows for flexibility by assigning ranges around all target allocations and requires that a minimum of 5 percent of the fund be invested in fixed-income-related securities. This allocation policy is implemented through a diversified group of external, equity and fixed-income investment managers, professionally managed mutual funds and trusts, limited partnerships, and fund-of-fund managers.

Up to 5.5 percent of the trailing three-year average value of the fund may be spent annually by participating units to support endowed programs. The spending policy for the Consolidated Endowment Fund requires that the spending rate gradually be reduced to 5 percent if the total return of the fund falls below the level necessary to maintain the purchasing power of the endowment on an annualized basis for

a three-, four-, or five-year trailing period. During the year ended June 30, 2001, the endowment fund generated \$36,401 for distribution to departments for spending purposes. The distributed funds were used primarily for instructional needs (\$13,399), research support (\$8,138), scholarships (\$6,989) and academic support (\$4,211).

The Consolidated Endowment Fund has experienced a net increase in value from investment performance and contributions in nine of the past ten years. During that period the endowment has grown from \$249,104 on June 30, 1991, to \$657,310 on June 30, 2001. New contributions to the fund amounted to approximately \$59,095 over that time, while the remaining growth of \$349,111 resulted from market appreciation. The annualized total return numbers for the Consolidated Endowment Fund for the past one, three, and five years were (15.8) percent, 8.7 percent, and 14.4 percent, respectively.

#### Long-term reserves—group income pool

The University's Long-Term Reserves (invested through the Group Income Pool) differ in terms of purpose and investment objective from the Consolidated Endowment Fund. These reserves will be used for the activities of various auxiliary-enterprise and support-service units and as longer term plant funds for a number of identified capital projects. Unlike the endowments, the long-term reserves are not invested in perpetuity for maximum absolute return. Because these funds cannot be exposed to the same degree of market risk as endowments, they are invested in global fixed-income securities through an institutional mutual fund. As of June 30, 2001, 39 percent of the \$42,687 pool was invested in the domestic fixed-income market while 61 percent was invested in international bonds.

Given the nature of the funds, the investment objective for the long-term reserves is to maximize income until the principal is used.

All income received on these funds is available for spending. For the one-, three-, and five-year periods ended June 30, 2001, the Group Income Pool provided annualized returns of (3.7) percent, (0.2) percent, and 2.5 percent, respectively.

#### short-term reserves—temporary investment pool

The working capital of the University (used to meet the current obligations of the institution) is invested in the Temporary Investment Pool. Funds in this pool come from appropriations, tuition receipts, federal grants, student loan funds, plant funds, gifts for current use, and other funds derived from University operations.

These funds generally should not be exposed to significant market risk. Therefore, they are typically invested in high-quality, shorter term, fixed-income securities with the objective of maximizing current income while preserving principal and maintaining liquidity. As of June 30, 2001, the holdings in the pool had a yield to maturity of 5.2 percent, an average coupon of 5.2 percent, and an average maturity of 1.9 years. Because the Temporary Investment Pool is the source for virtually all of the University's current expenditures, the size of the pool varies substantially from year to year.

The Temporary Investment Pool is internally managed. The average annual yield of the portfolio for the past one-, three-, and five-year periods was 6.3 percent, 6.0 percent, and 6.0 percent, respectively. An annually specified rate of interest is credited to departments participating in the Temporary Investment Pool. For the 2001 fiscal year the crediting rate was 2 percent. Earnings above this amount are credited to the central reserve fund and used to support institution-wide priorities.

## Summary of the Invested Assets of the Regents of the University of Minnesota

As of 06/30/01 amounts in thousands

## other university assets and programs

*Separately Invested Funds*

Apart from the pooled endowment funds and reserves, the University maintains additional separately invested assets that are primarily endowment and other restricted funds. However, by virtue of the terms of the gift or administrative decision, these funds are not combined with the major investment pools. As of June 30, 2001, the market value of these invested assets totaled \$458.

*Invested Assets Related to Indebtedness*

University assets held by trustees are funds maintained primarily in the debt service reserve funds of outstanding University of Minnesota bond issuances. The issuances include various auxiliary enterprise bonds. The trustees are U.S. Bank Trust and Wells Fargo Bank Minnesota, N.A. The book value (which approximated market value) of these assets held on June 30, 2001, was \$12,840.

Additionally, the University invests unexpended bond proceeds of other outstanding University of Minnesota bond issuances. The market value of these assets, which are internally managed, was \$66,062 on June 30, 2001. These unexpended bond proceeds from the 1993A and the 1999A issues are intended for various capital projects as determined by the Board of Regents. The combined total of invested assets related to indebtedness as of June 30, 2001, amounted to \$78,902.

*The Securities Lending Program*

In addition to the management of endowment funds and operating reserves, the University participates in a global securities lending program offered by its custodian bank. The income from the program is unrestricted and is a source of University central reserve funds, which are used for institution-wide priorities.

The program involves the lending of University securities in exchange for cash or other collateral acceptable to the University. The incremental income originates from investing the cash collateral in relatively short-term, fixed-income securities.

Since beginning participation in the custodian's global securities lending program in March 1996, the University has earned approximately \$1,257 in additional income.

to the board of regents  
university of minnesota

We have examined the accompanying Summary of Compounded Annual Investment Performance (the Summary) of the University of Minnesota (the University) for the one-, two-, three-, four-, and five-year investment periods ended June 30, 2001. The Summary and the assertions on which it is based are the responsibility of the University's management. Our responsibility is to express an opinion on the Summary based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule and performing such procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, the Summary referred to above presents, in all material respects, the compounded annual total return of the University of Minnesota's major investment pools for the one-, two-, three-, four-, and five-year investment periods ended June 30, 2001, computed in accordance with the measurement and disclosure criteria set forth in the accompanying note to the Summary.



Minneapolis, Minnesota  
October 12, 2001

## Summary of Compounded Annual Investment Performance For Specified Periods

ended 06|30|01

*Percent Compounded Annual Total Return*

	ONE- YEAR	TWO- YEAR	THREE- YEAR	FOUR- YEAR	FIVE- YEAR
Major Investment Pools:					
Consolidated Endowment Fund	(15.8)%	3.6%	8.7%	12.1%	14.4%
Long-Term Reserves—					
Group Income Pool	(3.7)	(1.0)	(0.2)	1.0	2.5
Short-Term Reserves—Temporary					
Investment Pool (average yield)	6.3	6.1	6.0	5.9	6.0

*See note to Summary of Compounded Annual Investment Performance.*

note to summary of compounded annual investment performance

*Specified periods ended June 30, 2001*

Investment performance statistics for the Consolidated Endowment Fund and Group Income Pool are calculated monthly in accordance with the “time-weighted” rate of return method recommended by the Association of Investment Manager Research. The method is based on interest and dividends earned, and on realized and unrealized gains and losses, accounted for on a trade-date and accrual basis, net of investment expenses. Principal additions and withdrawals are weighted in computing the monthly returns based on the timing of these transactions. The monthly returns for each pool are linked to arrive at the annual total return.

Investment performance statistics for the Temporary Investment Pool are calculated daily as a weighted average yield. The daily yields are averaged to arrive at the annual yield.

In general, investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the rates reported in the summary of compounded annual investment performance.

## administrative officers

Mark G. Yudof

*President and Chancellor*

Robert H. Bruininks

*Executive Vice President and Provost*

Frank B. Cerra

*Senior Vice President for Health Sciences*

Tonya Moten Brown

*Vice President and Chief of Staff*

Charles C. Muscoplat

*Vice President for Agricultural Policy*

Carol Carrier

*Vice President for Human Resources*

Christine Maziar

*Vice President for Research*

Robert J. Jones

*Vice President for Campus Life*

Sandra S. Gardebring

*Vice President for University Relations*

Eric Kruse

*Vice President for University Services*

Mark B. Rotenberg

*General Counsel*

Richard H. Pfutzenreuter

*Associate Vice President for*

*Budget and Finance and Treasurer*

Gail L. Klatt

*Associate Vice President for Internal Audit*

Mike Volna

*Interim Controller*

Kathryn A. Martin

*Chancellor, University of Minnesota, Duluth*

Samuel Schuman

*Chancellor, University of Minnesota, Morris*

Donald G. Sargeant

*Chancellor, University of Minnesota, Crookston*

## board officers

Mark G. Yudof

*President*

Maureen K. Reed

*Chair*

Robert S. Bergland

*Vice Chair*

Ann D. Cieslak

*Executive Director and*

*Corporate Secretary*

Richard H. Pfutzenreuter

*Treasurer*

## board of regents

Anthony R. Baraga

*Side Lake, District 8*

Robert S. Bergland

*Roseau, District 7*

Frank Berman

*Edina, At Large*

Dallas Bohnsack

*New Prague, District 2*

William E. Hogan II

*Minnetonka, District 3*

Jean B. Keffeler

*Minneapolis, At Large*

David R. Metzen

*Sunfish Lake, District 4*

Richard McNamara

*Edina, At Large*

H. Bryan Neel III

*Rochester, District 1*

Michael O'Keefe

*Minneapolis, District 5*

Lakeesha K. Ransom

*Edina, At Large*

Maureen K. Reed

*Stillwater, District 6*

The Office of the Controller is responsible for the content of this report.

Inquiries regarding the report should be addressed to:

Office of the Controller  
University of Minnesota  
295C West Bank Office Building  
1300 South Second Street  
Minneapolis, Minnesota 55454  
612-624-0874

Production management, feature writing, photography, and editing provided by Office of University Relations. Additional photos generously provided by departments throughout the University.

Design by Woychick Design

Printing by Printing Services, University of Minnesota

This publication can be made available in alternative formats for people with disabilities. Direct requests to University Relations, 6 Morrill Hall, 612-624-6868.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

The University's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

♻️ Contains a minimum of 10% post-consumer recycled fiber. Printed with environmentally friendly inks. Please recycle.

© 2001 by the Regents of the University of Minnesota. All rights reserved.

2,300—12/01