



**University of Minnesota
Fiscal Year 2007
Annual Financial Report**

**Board of Regents
Finance and Operations Committee
December 13, 2007**

**Richard Pfutzenreuter, CFO
Denise Seck, Acting Controller**



Presentation Overview

- **Balance Sheet**
- **Revenues and Expenses**
- **Cash Flows**
- **Component Units – Summary**
- **Future Reporting Requirements**

FY 2007 Summary

- **The University's balance sheet continues to be strong**
- **The University's revenues and expenses resulted in an increase in net assets**
- **The University experienced favorable returns on investments during FY 2007**
- **Future financial strength is dependent on new sources of revenue, cost containment, state support, and focusing the University's financial resources on its core mission**

Overview of Assets 2007 versus 2006

(excludes component units)

- University assets increased by \$590.0 million or 15.0%
- Cash and investments increased because of favorable realized and unrealized gains on investments, and because of bond proceeds of \$148.0 earmarked for the TCF Stadium project
- Property, plant and equipment increased as a result of multiple capital improvement projects



Overview of Liabilities 2007 versus 2006 *(excludes component units)*

- University liabilities increased by \$244.3 million or 21.0%
- Long-term debt increased \$163.3 million as a result of issuance of Commercial Paper and Special Purpose Revenue Bonds
- Accrued & other liabilities increased due to fluctuation in securities lending collateral

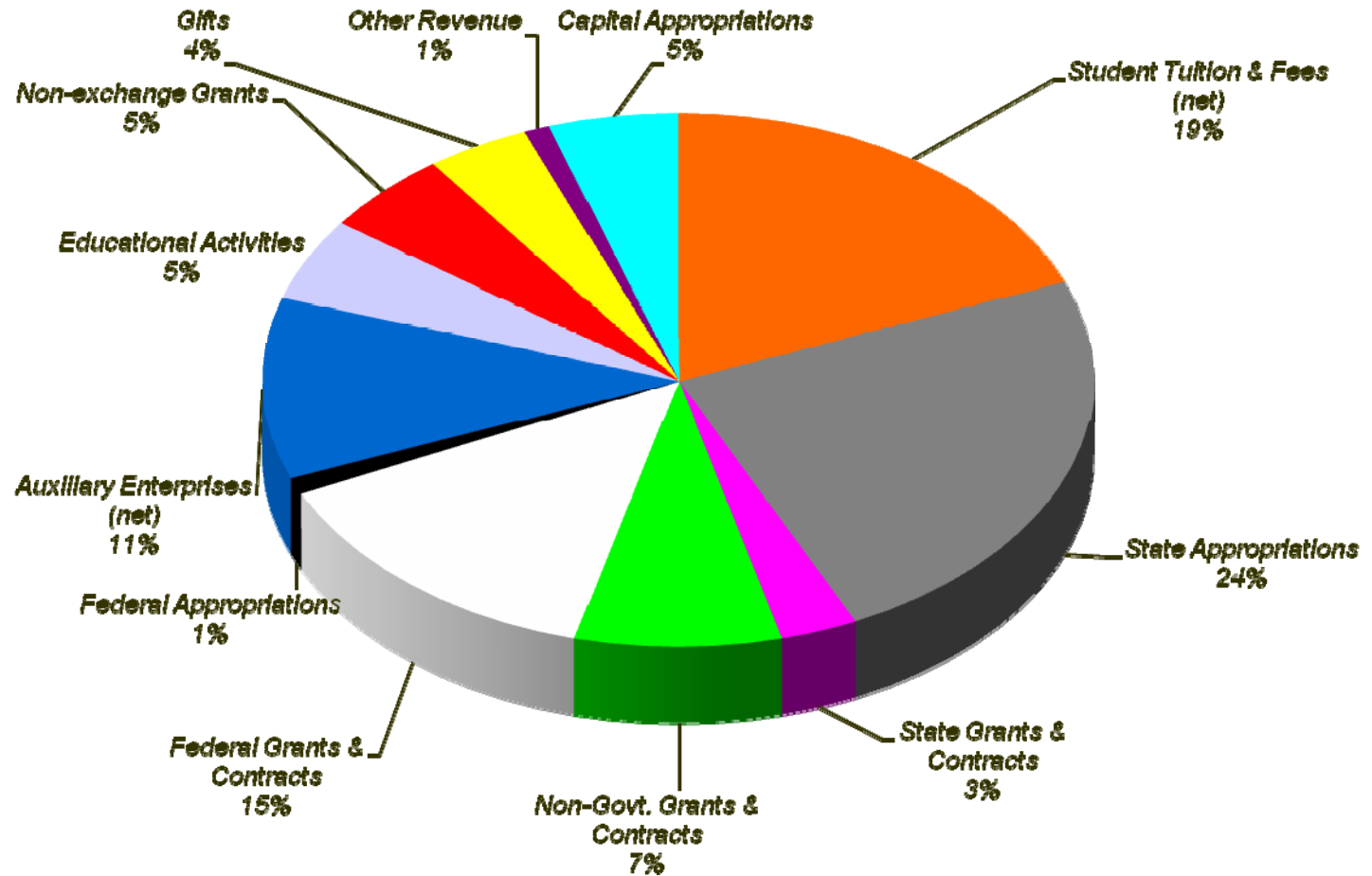


Overview of FY 2007 Revenues, Expenses and Changes in Net Assets

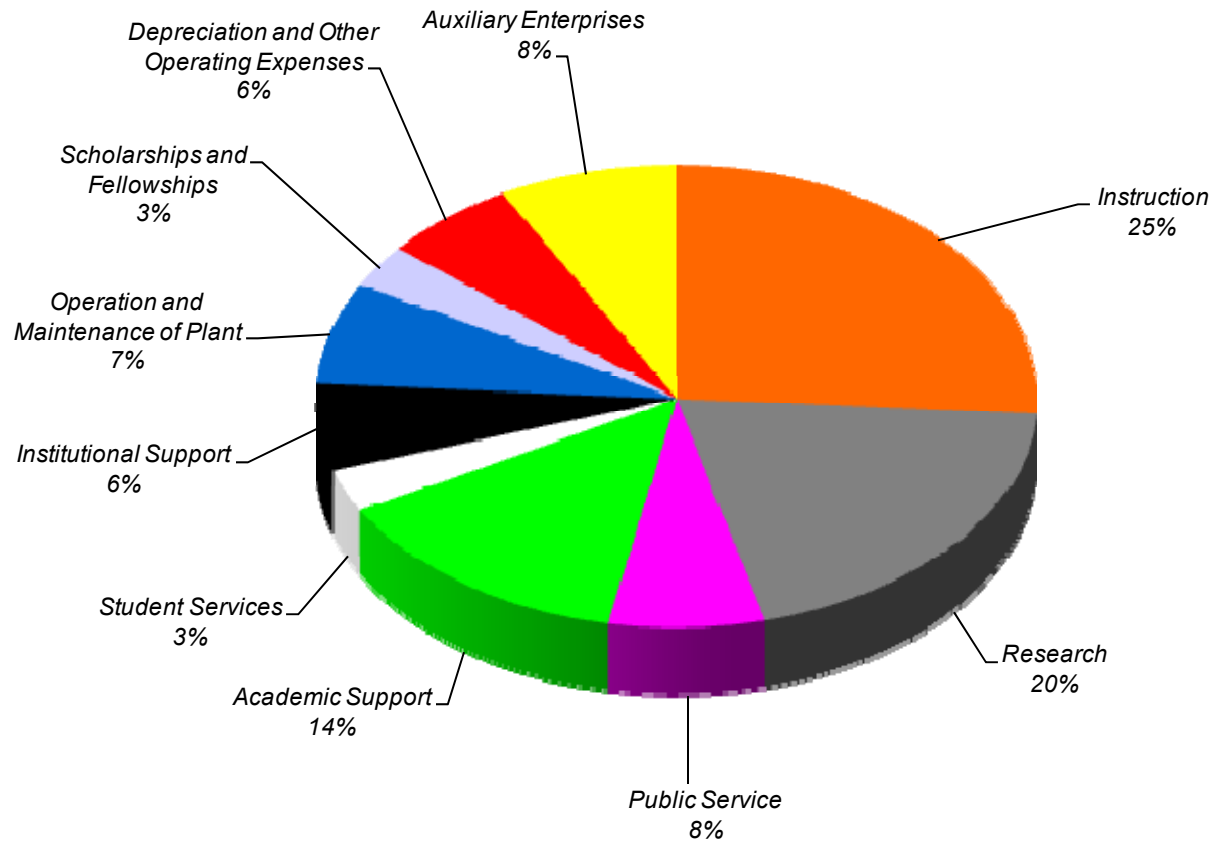
(excludes component units)

	<i>(\$ in millions)</i>
Total operating revenues	\$ 1,626.9
Total operating expenses	<u>2,525.4</u>
Operating loss	(898.5)
Net non-operating revenues	1,095.7
Other revenues	148.5
Increase in Net Assets	\$ 345.7

FY 2007 Total Revenues \$2.7 Billion (excludes component units)



FY 2007 Total Operating Expenses \$2.5 Billion (excludes component units)



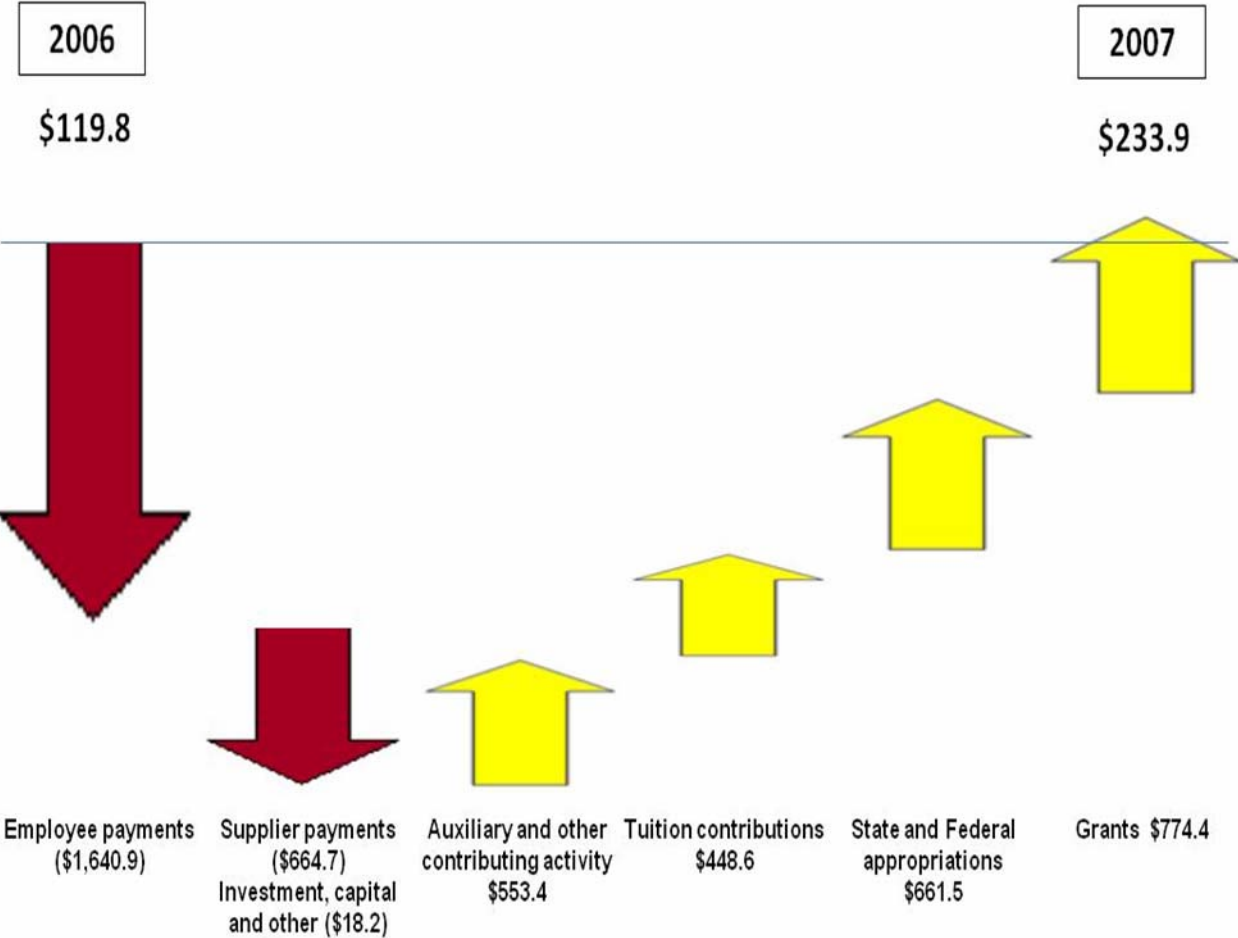


Cash Balances and Cash Flows FY 2007 vs FY 2006

(Dollars in millions - - excludes component units)

- Cash and cash equivalents increased \$114.1 million in 2007, to \$233.9 million.
- This compared to a decrease of \$11.9 in 2006.
- Tuition contributed \$21.4 more than in 2006.
- Grants and contracts contributed \$46.9 million more than in 2006.
- State appropriations contributed \$29.6 million more than in 2006.
- Cash flow from investment activities decreased by \$21.2 million.
- Cash flow from capital acquisition and debt service increased by \$150.5 million.

Cash Flow Fiscal Year 2007



Component Unit Reporting Under GASB Statement No. 39

Blended Component Unit

- **RUMINCO, Ltd.**

Discretely Presented Component Units

- **University of Minnesota Foundation (UMF)**
- **Minnesota Medical Foundation (MMF)**
- **Minnesota Landscape Arboretum Foundation (MLAF)**
- **Minnesota 4-H Foundation (M4-H)**
- **University of Minnesota Physicians (UMP)**
- **University of Minnesota Alumni Association (UMAA)**
- **University Gateway Corporation (UGC)**

Component Unit Overview FY 2007

(Dollars in Thousands)

	<i>UMF</i>	<i>MMF</i>	<i>MLAF</i>	<i>M4-H</i>	<i>UMP</i>	<i>UMAA</i>	<i>UGC</i>
Total assets	\$ 1,665,404	\$ 434,159	\$ 32,154	\$ 8,821	\$ 102,359	\$ 29,709	\$ 80,855
Total liabilities	147,358	65,110	490	1,750	52,745	3,888	68,102
Net assets	<u>\$ 1,518,046</u>	<u>\$ 369,049</u>	<u>\$ 31,664</u>	<u>\$ 7,071</u>	<u>\$ 49,614</u>	<u>\$ 25,821</u>	<u>\$ 12,753</u>
Total revenues	\$ 346,959	\$ 99,186	\$ 9,800	\$ 1,731	\$ 253,660	\$ 8,238	\$ 10,567
Total expenses	100,149	55,644	6,787	1,592	248,625	4,954	7,700
Increase (decrease) in net assets	<u>\$ 246,810</u>	<u>\$ 43,542</u>	<u>\$ 3,013</u>	<u>\$ 139</u>	<u>\$ 5,035</u>	<u>\$ 3,284</u>	<u>\$ 2,867</u>

Future Reporting Requirements

- **GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions***
- **GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations***
- **GASB Statement No. 50, *Pension Disclosures—An Amendment of GASB Statements No. 25 and No. 27***
- **GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets***