



Transforming Tomorrow

2013 President's Report

UNIVERSITY
OF MIAMI





Sustaining a Bold and Transformational Tradition

Ever notice how some great transformations seem to transpire overnight? One day there's an empty parking lot, and the next time you look, it's home to a sparkling new research center. Today a student is a fledgling freshman, ready to spread her wings—and before you know it, she's packing her college diploma and ready to soar on her own.



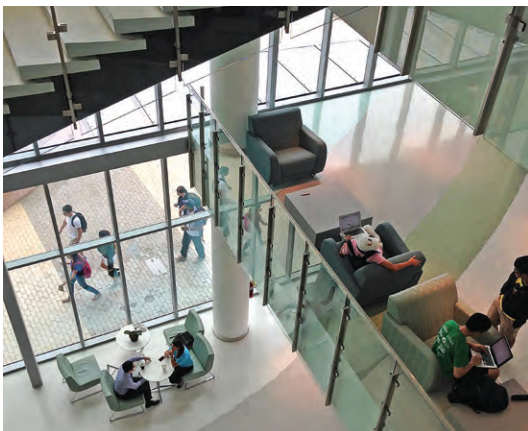
Of course, such developments are the product of a long and complex process. But transformation is as much about vision as it is about planning and incremental change. Over a span of 88 years—a mere blink of the eye when compared with many of our peers—the University of Miami has developed into a top-tier national research university with a major health system and revenues exceeding \$2.5 billion per year.

The story of our evolution from the struggling but scrappy “Cardboard College” to the powerhouse internationally recognized as “The U” is extraordinary. Equal parts determination, perspiration, and inspiration, there is a fourth element—the unwavering vision that we have a “rendezvous with greatness,” as late President Henry King Stanford once declared—that has sustained our spirit and focus when the other elements might have been in short supply.

UM’s tenacious belief in its inevitable greatness fueled an ambitious trajectory, continuously evolving from one of possibility to one of potential and finally to one of realization. Today our capacity to transform potential into progress is being powered by *Momentum2: The Breakthrough Campaign for the University of Miami*.

In February 2012 we initiated the sweeping \$1.6 billion initiative to advance excellence, innovation, and opportunities in teaching, scholarship, research, patient care, and service. Our results have surpassed our optimistic expectations—to date we’ve raised a remarkable \$1.18 billion from more than 116,000 donors. While each and every gift has an impact, significant commitments from loyal supporters of the U have been critical to our success. During the past year we received:

- A \$25 million pledge from Christine E. Lynn to The Miami Project to Cure Paralysis, through The Buoniconti Fund to Cure Paralysis, to build The Christine E. Lynn Rehabilitation Center, a collaborative effort with the University and Jackson Health System.
- A \$10 million pledge from Nasser Ibrahim Al-Rashid to Bascom Palmer Eye Institute to establish the Dr. Nasser Ibrahim Al-Rashid Orbital Vision Research Center.
- A \$5 million pledge from the Glassell Family Foundation to the Rosenstiel School of Marine and Atmospheric Science for the new Surge-Structure-Atmosphere Interaction (SUSTAIN) research facility.



- A \$1.2 million gift-in-kind from Alan H. Potamkin of African, Oceanic, pre-Columbian, and ancient Egyptian art for the Lowe Art Museum.

Ongoing major support is integral to the success of a campaign—and throughout *Momentum2* we have been the recipient of magnificent generosity from five exceptional donors: \$100 million from the Diabetes Research Institute Foundation, \$60 million from The Buoniconti Fund to Cure Paralysis, \$25 million from The Pap Corps: Champions for Cancer Research, \$20 million from the John P. Hussman Foundation, and \$12.8 million from the Dr. John T. Macdonald Foundation. Other major donors have made significant gifts to campaign priority areas:

- Scholarship and student support: Wayne Chaplin, B.B.A. '79, J.D. '82, established the Chaplin Challenge for law scholarships.
- Faculty support and research: Mark Daily dedicated the Dr. Mark J. Daily Endowed Chair to J. William Harbour, vice chair of translational research at Bascom Palmer Eye Institute; the Micky and Madeleine Arison Family Foundation supported research at the Crohn's and Colitis Center by creating the Micky and Madeleine Arison Family Foundation Crohn's and Colitis Discovery Laboratory; and the Sussman family created the Elaine and Sydney Sussman Family Crohn's and Colitis Clinic.
- Programmatic and general support: The Paul J. DiMare Foundation made a gift to the Program in Regenerative Therapies for Sports Medicine and Athletics; and Kenneth and Lisa Rosen established the Ph.D. program in Community and Social Change in the School of Education and Human Development.

We're incredibly grateful and thankful to all of our donors and their abiding belief and trust in our mission. To advance our shared vision, we recently opened several magnificent new facilities that are transforming the campuses and supporting the very best in what we do. Student life is being enriched at the Student Activities Center, a spectacular structure made possible by a lead gift from the Fairholme Foundation. A gift from trustee Patricia Toppel, B.Ed. '58, M.Ed. '59, funded the new Toppel Career Center that enhances our ability to help students embark on successful careers. The Theodore G. Schwartz and Todd G. Schwartz Center for Athletic Excellence is supporting the efforts of our more than 400 student-



athletes. Longtime philanthropists, trustee Phillip and Patricia Frost, who made a naming gift to the School of Music during our first *Momentum* campaign, are now creating the Patricia Louise Frost Music Studios complex, which broke ground in February and is slated for completion next year.

Scientists from the College of Arts and Sciences and Miller School of Medicine are conducting sophisticated research at the new Neuroscience Annex, funded by a federal stimulus grant. Research on hurricane forecasting and marine life will be strengthened at the Marine Technology and Life Sciences Seawater Complex at the Rosenstiel School of Marine and Atmospheric Science. Scheduled to open early next year, the building was made possible through the support of the Glassell Family Foundation and a federal stimulus grant. For more about these transformative facilities, go to page 18.

Our prodigious research enterprise attracted more than \$346 million in sponsored grants and contracts during the past fiscal year in support of more than 2,250 extramurally funded projects. This included more than \$118 million in National Institutes of Health funding for biomedical research, again making the Miller School the top NIH-funded medical school in the state. For the tenth consecutive year, the Miller School's Bascom Palmer Eye Institute, which last year marked its golden anniversary, was ranked the nation's No. 1 program in ophthalmology in *U.S. News & World Report's* "Best Hospitals" rankings.

Last year was an extremely tough time at the Miller School as we eliminated unfunded research positions and centralized functions, necessitating a significant number of layoffs—all of which we accomplished without compromising the quality of patient care or education. I'm pleased to report that we've turned a corner at the school. We have markedly improved its financial situation, closing the fiscal year with nearly a \$27 million surplus that represents more than an \$80 million turnaround from last year. Pressures of increased competition, rising costs, cuts in federal and state reimbursements, a reduction in our annual operating agreement with our partners at Jackson Memorial Hospital, and health care reform will continue to make the balance sheet a challenge.

The University continues to garner national recognition for its academic accomplishments and rising profile. For the fifth year in a row, UM was among the nation's top 50 universities in the *U.S. News & World*

Report listing of “America’s Best Colleges.” Once again, we were the highest-ranked school in Florida.

Given our academic distinction, it’s no wonder that the freshman class of 2017 is the highest-achieving class in our history. We received a record number of applications, students had a median SAT score of 1325, and we’re now competing with an elite set of peer schools such as USC, Boston College, NYU, and Tulane. These students know they’re among the best and the brightest. They chose UM for its rigorous and challenging academics, its varied and comprehensive learning opportunities, and our culturally diverse University community in a truly global city.

The student experience is further enriched by the presence of international leaders who visit campus. During the 2012 presidential campaign season, UM was the only university in the country to be visited twice

Indeed, nearly everywhere you look around the University, we are transforming tomorrow. Our past points to a future filled with groundbreaking accomplishments and committed service to our world.

by the candidates of both major political parties. We hosted rallies on campus for President Barack Obama and Republican nominee Mitt Romney as well as “Meet the Candidate” forums presented by Univision and Facebook. Other luminaries who visited us included U.S. Secretary of Health and Human Services Kathleen Sebelius, who was a guest speaker in my class on U.S. health care reform; Supreme Court justices Sonia Sotomayor and Anthony M. Kennedy; autism advocate Temple Grandin; MSNBC TV host Rachel Maddow; famed primatologist Jane Goodall, Hon. ’93; urban farmer Will Allen, ’71, Hon. ’12; evolutionary biologist Richard Dawkins; and Cuban dissident blogger Yoani Sánchez.

Universities now operate in an increasingly complex regulatory and compliance environment that impacts many activities. To ensure our adherence, last January we recruited Rudolph “Rudy” Hamilton Green as vice president and chief compliance officer, who is creating a robust compliance environment. Before arriving at UM, he was director of University Compliance Services at the University of Texas at Austin.

Hurricane Athletics is now under the direction of Blake James, who was named director of athletics after more than nine years with the U. He previously led athletics at the University of Maine and possesses the experience, skills, and leadership we need for our program.

It was an incredible year for our men’s basketball team, which chalked up the most successful record in program history. The team won its first Atlantic Coast Conference regular season title and ACC Tournament title, earned a No. 2 seed position in the East Region of the NCAA Tournament, and advanced to play in the Sweet 16. In recognition of its achievements, head coach Jim Larrañaga received the ACC, Associated Press, Naismith, and U.S. Basketball Writers Association’s Henry Iba Coach of the Year awards. Night after night, the team generated an amazing level of excitement and energy at our BankUnited Center home court.

Indeed, nearly everywhere you look around the University, we are transforming tomorrow. And if as Shakespeare observed “what is past is prologue,” then our past points to a future filled with groundbreaking accomplishments and committed service to our world.

When addressing the visionary leadership of UM founding President Bowman Foster Ashe, Marion I. Manley—the architect who helped create our Coral Gables campus, which is considered the nation’s first completely modern university campus—recalled that he “gave full support to the development of a plan that broke with the antique notions of what a university plan should be.” Some things never change, and building on the efforts of my predecessors, Presidents Ashe, Pearson, Stanford, and Foote, we will continue to be bold and transformational. Most important, we will always be true to our mission and to our dynamic University of Miami family.

Donna E. Shalala

President





Teaching That Innovates and Inspires Change

Great educators don't simply teach what they know—they shape what is known. Unafraid to challenge convention, University of Miami faculty scholars are designing new learning paradigms that place students at the helm of human progress. Here are just a few examples of the people and programs advancing how we think, learn, and change the world around us.

New Approach for Nonprofits

The U.S. not-for-profit sector has surged in the last 20 years, so why are many communities still suffering from poverty, substance abuse, and other social ills?

“We haven’t seen the widespread transformation in communities that you’d expect, given the organizations and resources available now,” says Laura Kohn-Wood, associate professor and director of the Community and Social Change Program in the School of Education and Human Development.

Through the program, launched in 2011 as a 30-credit master’s degree track, Kohn-Wood and her colleagues are transforming the way nonprofits execute their mission. The program focuses on the educational, physical, and psychological well-being of multicultural communities, a holistic approach rooted in the principles of community psychology. There have been 24 graduates of the M.S.Ed. program so far, and several are applying their new knowledge as leaders of fast-growing nonprofits.

“This program has changed the way we talk to and work with our funding partners,” says Brett McNaught, CEO of Educate Tomorrow, a Miami-based nonprofit that pairs foster youth with adult mentors who help them prepare for college. “It’s also changed the way I lead, particularly in terms of transparency. And for the first time



LAURA KOHN-WOOD



in its history, Educate Tomorrow had a surplus last year.”

McNaught, a student in the Community and Social Change Program, is married to Virginia Emmons McNaught, M.S.Ed. '12, who co-founded Educate Tomorrow with her sisters in 2003 and was among the first to graduate from the program. The couple met while serving from 2000 to 2003 in the Peace Corps in Niger, West Africa.

Building upon the success of the master’s program, a recent naming gift from husband-and-wife philanthropists Ken and Lisa Rosen and their children will create the School of Education and Human Development’s Ph.D. Program in Community Well-Being, the first program of its kind in Florida. For students interested in Peace Corps work, the school offers a Peace Corps Master’s International in Community and Social Change, which integrates the M.S.Ed. degree with overseas service in community youth development. To support careers in public interest law, the school has partnered with the UM School of Law to launch an accelerated J.D./M.S.Ed. in Law, Community, and Social Change.

U Around the World

An important component of the University’s commitment to providing world-class education is its dynamic study abroad program. UM on Location,

UM ON LOCATION PROGRAMS ARE DESIGNED FOR UM STUDENTS IN SPECIFIC REGIONS AROUND THE WORLD.

a unique approach that establishes a University presence in specific regions for semester-long learning, is designed specifically for UM students and taught by UM professors along with host institution professors. UCape Town, UCusco, UGalapagos, UIndia, UPrague, and URome are some of the UM on Location programs that combine for-credit coursework, housing, and excursions with the support of an on-site coordinator. The University provides additional study abroad experiences through partnerships with more than 85 schools in 40-plus countries. Many UM faculty members also lead courses during the summer, winter break, and spring break sessions in areas ranging from Canada to China, Italy to Argentina, and everywhere in between.

Strategic Scholarship

It makes no sense to view a sweeping landscape through a narrow lens, and the same is true of scholarly activity. When taking on issues of global importance, the College of Arts and Sciences turns to Cluster Hiring, a strategic way of hiring faculty members who have different but complementary areas of expertise on a big-picture topic. New hires join established UM faculty members

in cohorts designed to fast-track discoveries in areas such as complexity science, Chinese studies, Arabic studies, mapping the human brain, and more.

One area in which the college has already assembled a strong cohort is complexity science, which analyzes large data sets to find patterns that can predict behaviors and events. Led by physicist Neil Johnson, computer scientist Mitsuo Ogiwara, and biologist Akira Chiba, the complexity science cohort combines the talents of many disciplines to predict insurgent attacks in war zones, fluctuations on Wall Street, tumor growth, and the spread of infections, just to name a few applications.

Students Bring Eco-Ideas to Life

True validation of great design happens when people use and enjoy the finished product. It's an intrinsic reward that students can experience as part of the School of Architecture's Design-Build Studio. Last year, undergraduate and graduate students in the semester-long course designed and built a sustainable eco-tent for the Flamingo section of Everglades National Park, which lost its hotel and cottages during the 2005 Florida hurricane season.

From sketching plans and selecting materials (bamboo, recycled plastics, and hand-sewn fabric) to wielding hammers and power saws, the students created an innovative structure that can



be disassembled and stored during hurricane season. The tent was booked every night of its inaugural season, December 2012 through April 2013, and Everglades National Park is planning to build duplicates of the prototype.

"Everyone loves the eco-tent," says Rocco Ceo, professor and director of undergraduate studies, who teaches the Design-Build Studio course with Jim Adamson, the Billy E. Miller Design-Build Visiting Critic at the School of Architecture. "People like its spacious and open feel and the way it captures breezes while keeping out the rain."

STUDENTS FROM THE UK, INDIA, AND THE U.S. WORK WITH MENTORS TO BRAINSTORM AND PROBLEM-SOLVE AT THE LAWWITHOUTWALLS 2013 KICKOFF IN SEGOVIA, SPAIN.

Another class project is an off-the-grid sanitary facility for laborers at an organic farm in Homestead. Rainwater collection and solar hot-water systems supply showers and sinks, and the toilet provides composted soil for organic farming. Recent gifts from Coastal Construction Group and First Florida Building Corporation will establish an enclosed workspace at the School of Architecture, enabling Design-Build students to work on projects year round, unaffected by weather.

SCHOOL OF ARCHITECTURE STUDENTS DESIGNED AND BUILT THIS SUSTAINABLE TENT FOR EVERGLADES NATIONAL PARK.



Raising the Bar

From torts to contracts to civil procedure, there's a lot to learn in law school. And at the University of Miami, Associate Professor Michele DeStefano is raising the bar. She spearheads a global think tank where School of Law students partner with peers and mentors around the world to improve legal education and practice before they even graduate.

LawWithoutWalls has grown in just three years from an initial 23 students in three countries to 44 law and business students in 11 countries. The 2013 session, which opened with an in-person January

event at IE University in Segovia, Spain, assigned a contemporary problem to each of the 14 teams of law and business school students and mentors. Using Web-based communication tools, the teams developed business solutions to tackle problems such as redefining how law schools and firms use social networking, harnessing technology to provide legal services to underserved communities around the globe, and managing expectations of privacy in the technology era—to name just a few.

“Business school students are challenged to be entrepreneurs; law students should be too,” says DeStefano, whose research focuses on the growing intersection between law and business.

Each international team presented its “Project of Worth” to an interdisciplinary panel of judges, including venture capitalists, during the April “ConPosium” at the University of Miami. LawWithoutWalls continues to garner widespread recognition, including coverage in *Time* magazine and the *ABA Journal* and an InnovAction Award from the College of Law Practice Management.

Critical Thinking Crash Course

Freshman Seminars, small-group classes that help first-year students develop critical thinking and intellectual inquiry skills, are yet another example of how the University of Miami breaks the mold in teaching and learning. Available topics change each year but have included analysis of pop culture heroes, ethical decision-making in the context of *Les Misérables*, diversity and inequality in Miami, climate change, the dynamics of team science, and much more. Freshman Seminar courses are taught by research-active faculty who give students an in-depth understanding of research methods in their discipline. All courses also contain a component that engages students in the community and helps them learn more about where they live.

Learning by Design

Launched in fall 2013, the University’s new Cognates Program of General Education gives undergraduates the freedom to design a curriculum around their individual strengths, curiosities, passions, and goals. Cognates—groups of three or more related courses—allow students



to cross disciplines and gain in-depth knowledge in what matters to them most. A Cognate could focus on a genre (such as Epic Literature), problem (Environmental Policy), region (Religion in the Americas), time period (The Ancient World), or other angle of study. UM faculty members have created an extensive list of available Cognates, searchable online by keywords, Cognate features, and course titles.

Cognates fall into three different Areas of Knowledge: Arts and Humanities; People and Society; and STEM (Science, Technology, Engineering, and Mathematics). Students must complete a minimum of three Cognates, one from each Area of Knowledge and one of which is the student’s major. This progressive approach gives all undergraduates access to the diverse spectrum of programs available at the University of Miami.

STEM IS ONE OF THE AREAS OF KNOWLEDGE OF UM’S NEW COGNATES PROGRAM OF GENERAL EDUCATION.



Online Education for Teens

For various reasons, some teens have a schedule that doesn’t mesh with the regimen of traditional brick-and-mortar schools. Each year, about 400 of these middle and high school students from more than 20 countries advance their education at the University of Miami Global Academy, a fully accredited online college preparatory school based in the University’s Division of Continuing and International Education. Students can enroll full-time and graduate from the UM Global Academy, or they can attend part-time and transfer credits. Teachers are connected via Skype every day from 9 a.m. to 6 p.m. to respond in real time to student questions.

“Being at the University of Miami, which is one of the top universities in the country and No. 1 in Florida, is one of the biggest reasons parents consider sending their children to the UM Global Academy,” says Craig Wilson, headmaster at the UM Global Academy.

Other benefits of the UM Global Academy include access to valuable learning resources, such as the UM Libraries’ electronic portal, and the ability to socialize with international classmates through the Academy’s online clubs, honor societies, and social networking site. Last year the Academy launched the first massive open online course (MOOC) for high school students, a free SAT-prep course.



Energetic Students Becoming Future Leaders

Richly diverse and committed to excellence, University of Miami students are distinguished by their accomplishments in and out of the classroom. Be it in high-tech labs, field locations, or even beneath the sea, our students are engaged in research, service, and other endeavors having a transformative impact on local, national, and international communities.



AT PICKLES REEF OFF KEY LARGO, ERICA STAATERMAN CHECKS THE SYSTEM SHE USES TO RECORD SOUND.

Tuned in to the Oceans

The first time Erica Staaterman heard what a spiny lobster sounds like was back in 2008 while working in the lab of then-UC Berkeley scientist Sheila Patek. Staaterman, who had recently earned her bachelor's degree in biology from Duke University, had been tasked with characterizing and analyzing data on sounds produced by the crustacean. "I thought, 'It's cool that a lobster can make sound. What about everything else in the ocean?'" she recalls.

Ever since then, she's been tuned in to the sounds of the sea. Now a doctoral student in applied marine physics and marine biology and fisheries at the Rosenstiel School of Marine and Atmospheric Science, Staaterman is fascinated by sounds emanating from our "noisy" oceans—from the rasps made by spiny lobsters to deter predators to the noise generated by ships and offshore oil wells.

But it's the significant ways in which marine animals use sound that interests her most. Staaterman is investigating whether or not larval fish use acoustic soundscapes to find their way to coral reefs, where they eventually settle. "How they navigate toward reefs is a big mystery," she says, "but sound is one possible theory." Her work could have important implications for marine life

conservation, perhaps leading to ways of using sound to lure fish to artificial reefs.

At a recent ceremony celebrating the 60th anniversary of the National Science Foundation Graduate Research Fellowship Program, Staaterman won third place in a video contest for her 90-second production *Sonic Reef*, in which she describes her work in underwater acoustics.

A Passion for Research

Inside a University of Miami lab, Juan Pablo Ruiz exposes human mesenchymal stem cells to a dose of nicotine and then uses an atomic force microscope to measure their elasticity. The results of his research, which suggests that nicotine affects the biophysical properties of those cells, is eventually published in the journal *Cell Health and Cytoskeleton*, with Ruiz's name appearing as the lead author.

Such a study would be a feather in the cap of any college professor. For Ruiz, who was a UM undergraduate when he undertook his nicotine-stem cell investigation, such research is what made him more professor than pupil.

A curiosity for what makes things tick is what drove Ruiz to develop a passion for scientific research. The former Goldwater Scholar has studied at the Harvard Stem Cell Institute. After

earning a dual degree in biomedical engineering and English last May, Ruiz is now headed to the Tsetse and Trypanosomiasis Research Institute in Tanzania, where, as a Fulbright Scholar, he will conduct research on the tsetse fly that transmits human sleeping sickness. Then, he will fulfill his commitment as a National Institutes of Health Oxford-Cambridge Scholar, conducting biomedical research at both the NIH in Bethesda, Maryland, and at one of the two renowned institutions in the United Kingdom.

Ruiz says he fell in love with UM because the University allowed him to "explore my diverse interests. I don't think I would have experienced that anywhere else. UM is unique in that sense."

A Blossoming Clinician

Medicine is experiencing a sea change, ranging from biomedical advances transforming treatment to the sweeping opportunities of the Affordable Care Act. Some individuals would be daunted to embark on a career in the field during such a period, but Miller School of Medicine student Sabrina Taldone is decidedly optimistic.

"It's a great time to be going into health care," says Taldone, who is a candidate in the dual-degree M.D./M.B.A. program of the Class of 2015. "We'll be providing much better health care—it's



JUAN PABLO RUIZ HAS CONDUCTED RESEARCH ON STEM CELLS AND HAS TRAVELED TO TANZANIA AS A FULBRIGHT SCHOLAR.

not going to be the same as what it was in the past.”

Ironically, just a few years ago Taldone was not planning to enter clinical medicine; as a UM undergraduate majoring in biology, she was interested in a career in biomedical research. But serendipitous encounters with two UM professors—President Donna E. Shalala, in her role teaching the class U.S. Health Care Crisis: The Politics of Health Care Reform, and Norma Kenyon, director of the Wallace H. Coulter Center for Translational Research, in whose lab she conducted research on islet cell transplantation to treat type 1 diabetes—prompted a change.

“President Shalala’s class was an eye-opening and life-changing experience,” she comments. “Dr. Kenyon helped propel me to explore beyond the basic sciences into the clinical side, where I fell in love with helping patients. Dr. Kenyon was my mentor. She showed me that I could make my own path.”

Starting as an undergrad, Taldone also became an active member of The Launch Pad, the program that provides resources to entrepreneurs and inventors at UM—and as a graduate student fellow planned the expansion of its programming to the medical campus. “Entrepreneurship brings research from bench to bedside—as a clinician, I can work with scientists to bring their breakthroughs to patients.”

Eventually Taldone would like to bring her unique blend of expertise into a dual role “from the ground up” as clinician and hospital administrator. “The delivery of health care is complex, and this is an appropriate path for me. It’s exciting to have a new challenge every day with patients.”

Rising to the Occasion

There are singular experiences that crystallize one’s path. For Julian Glover, B.S. ’13, a broadcast journalism graduate of the School of Communication, it came on August 5, 2012, during a summer internship at CBS national news in New York City. When unexpectedly asked to fill in for a broadcast associate, he found himself preparing the anchors for the telecast, highlighted by the tragic shooting of members of a Sikh temple in Wisconsin.



BEFORE HE BECAME A REPORTER AT FOX4 IN FORT MYERS, JULIAN GLOVER INTERNED AT STATIONS IN NEW YORK AND WASHINGTON, D.C.

“It was a transformative moment,” Glover recalls. “There’s nothing like being in the heart of a newsroom when breaking news is happening.”

A native of Maryland, Glover studied media production in middle school, and in high school he secured grants to revive the defunct school newspaper. He was attracted to UM by its outstanding communication program and faculty.

At the University, Glover immediately plunged into opportunities to learn his craft—on and off campus. He became a reporter, anchor and then news director at UMTV, the University of Miami’s award-winning cable TV station. He also spearheaded new UMTV programming, including

“News Break,” the station’s regular 90-second news updates. Glover’s work earned him honors from the National Broadcasting Society-Alpha Epsilon Rho. “It really helped me refine my skills,” Glover comments. “The exposure and experience prepared me so well for my internships. It set me apart immediately.”

In addition to CBS, Glover interned at FOX5 in Washington, D.C., and was a part-time producer at CBS4 in Miami. After graduating last spring, he moved to the Gulf Coast to become a reporter at FOX4 in Fort Myers. Given his phenomenal career trajectory to date though, don’t expect him to be there long: Glover intends to become a correspondent for one of the major networks.

Helping Communities through Architectural Designs

Jennifer Estime’s vision for what she calls a “Mini Olympic Village” in the heart of Miami’s Overtown exists only on paper—a detailed architectural drawing of a sports complex that would include an indoor track, swimming pool, gymnasium, and retail shops. But the recent School of Architecture graduate is determined to turn her blueprint into concrete reality.

THROUGH HER ARCHITECTURAL DESIGNS, JENNIFER ESTIME HOPES TO HAVE A POSITIVE IMPACT ON COMMUNITIES LOCALLY AND IN HAITI.



“Communities can experience so many social and cultural positives just by introducing sports into their fabric,” says Estime, who competed on the UM women’s track and field team. “I know what being involved in sports has done not just for me but also my peers. It’s been a ticket to better opportunities for many youngsters.”

Such social awareness was typical of Estime during her academic stint at UM. When she wasn’t creating new architectural designs or running the 800-meters, she mentored local youth as a member of the on-campus sports ministry Athletes in Action, telling participants, “With the right time management, you can do anything.”

She’s now an intern architect with Fons Inc., a small Miami-based firm that specializes in high-rise and residential projects. While a major sports complex for the underserved Overtown community remains a project for the future, Estime also wants to build such a complex in Haiti, an island nation she’s never visited but is deeply connected to because her parents were born there. “My mother and father immersed me in the food, culture, and music of Haiti,” says Estime, who speaks fluent Haitian Creole. “I would love to go there someday and build a track. Every college coach goes to Jamaica to recruit track athletes. Why can’t that happen in Haiti?”



CHRISTOPHER SANCHEZ ENJOYS MENTORING YOUNGSTERS JUST AS MUCH AS CONDUCTING RESEARCH ON WETLAND ECOLOGY.

Leaving a Lasting Impression on Tomorrow’s Leaders

The small group of elementary school students listens intently as their teacher lectures to them about the importance of protecting the Earth’s natural resources. After the lesson, the youngsters head off on a nature hike of a local preserve, paying close attention as their instructor points out rare plants and birdlife.

This could be just a typical educational experience for a classroom of grade schoolers. But what makes it different is that a University of Miami student is doing the teaching. “My life is what it is because of teachers who have mentored and motivated me,” says 20-year-old Christopher Sanchez, a University of Miami senior majoring in ecosystem science and policy and anthropology. “Now, I feel inspired to give back.”

For Sanchez, that means putting aside his studies and research on wetland ecology at least once a week to take a few kids under his wing. He leads them on nature excursions of the Deering Estate at Cutler, talks to them about conservation, and answers their questions. Sanchez has also taught young people participating in a mentoring program at Arizona State University, where for the past two summers he’s conducted research. At UM, Sanchez studies ways to make systems more sustainable “so that we don’t deplete our natural resources,” he explains. Staying active in eco-friendly initiatives such as Earth Alert and Sustainable U helps drive him.

His civic-minded attitude and efforts earned him a 2013 Campus Compact Newman Civic Fellowship, which honors college students seeking solutions to challenges facing our communities. In 2012 he received a prestigious Goldwater Scholarship, which is awarded to college students who intend to pursue careers in science, mathematics, and engineering.

Caring for the Front Line Caregivers

It’s widely known that soldiers are at risk for post-traumatic stress disorder (PTSD) and other mental health concerns, but so are the military nurses and medics who treat them.

“Witnessing how soldiers respond to being in a



A PSYCHIATRIC NURSE PRACTITIONER, CHRISTOPHER WEIDLICH IS CONDUCTING RESEARCH ON STRESS AND COMPASSION FATIGUE.

war zone, their heightened sense of awareness for safety, you see horrific things and intense emotions,” says Lt. Col. Christopher Weidlich, B.S.N. ’94, a psychiatric nurse practitioner in the U.S. Army Nurse Corps who served two tours in Iraq. His 2004 deployment to Ibn Sina Hospital, dubbed “Baghdad ER,” was followed by a 2008-09 deployment to a unit in northern Iraq that treated more than 15,000 soldiers and was the primary mental health resource throughout a battle space the size of Ohio.

After spending more than a decade on units around the world that specialize in combat stress and mental health, Weidlich returned to his alma mater to pursue a Ph.D. on an Army scholarship. His research, supported by grants from the TriService Nursing Research Program and the Jonas Foundation, sheds light on the stress and compassion fatigue that military health care providers face.

Weidlich’s dissertation, which he completed this year, shows that the Army’s Care Provider Support Program, a resiliency-training program, reduces burnout among military health care providers. Not surprisingly, teaching military nurses and medics how to reduce their risk factors for stress ultimately leads to better care of U.S. troops.

“The concept of health care resilience extends beyond military health care providers,” Weidlich says. “It may also apply to civilian nurses who work in high-stressed environments such as emergency medicine, intensive care units, operating rooms, or anywhere life or death experiences may occur.”



Powerful Research Generating Breakthroughs

Major universities are dynamic centers of leading-edge investigations that contribute to intellectual capital and improve our world. University of Miami researchers, who converge from multiple disciplines to form powerful collaborations, are constantly on the cusp of vital discoveries and innovations.



The Future of Medicine

The study made international headlines. Miller School of Medicine cardiologist Joshua M. Hare and a team of researchers reported that they were able to decrease the scar tissue that occurs after a heart attack by performing a pioneering procedure: extracting stem cells from the bone marrow of patients with heart damage, multiplying them in a lab, then injecting the cells back into damaged tissue during bypass surgery. Within a year, the team advanced the technique by using a catheter to inject the stem cells, avoiding surgery altogether.

The procedure is just one example of the promise of regenerative medicine, the development of which is being spearheaded by UM's Interdisciplinary Stem Cell Institute (ISCI). "Stem cells will change everything about the practice of medicine, just like antibiotics did in the last century," says Hare, Louis Lemberg Professor of Medicine, chief science officer of the Miller School, and director of ISCI.

ISCI DIRECTOR JOSHUA HARE, RIGHT, SEEN HERE WITH ASSOCIATE SCIENTIST JOSE DA SILVA, SEEKS CURES FOR A MULTITUDE OF DEBILITATING DISEASES.

Founded in 2008, the institute employs a combination of stem cell biology, other basic science, and clinical trials as part of a mission to create tomorrow's medicine and address a multitude of debilitating diseases. More than 60 ISCI researchers representing 14 academic departments at the University access a unique disciplinary environment that includes shared state-of-the-art equipment and core lab services.

Regenerative medicine is also a hallmark of The Miami Project to Cure Paralysis, which was founded in 1985 to target the devastating consequences of paralysis following spinal cord injury (SCI). Today the multidisciplinary program targets many aspects of brain and spinal cord injury. Therapeutic hypothermia has transitioned from the bench to the bedside as a neuroprotective strategy, and recent preclinical data suggest it can promote neurogenesis as well.

Most recently The Miami Project received FDA approval to test a cellular transplantation strategy in patients with severe SCI. In this first-of-its-kind trial, Schwann cells, which normally sheathe the peripheral nervous system, are harvested from a superficial sensory nerve from the patient's leg, grown in culture over several weeks, and then transplanted into the injury site.

Serving Those with Autism while Investigating Its Causes

Equipped with an evaluation room and staffed by psychologists, the 23-foot-long clinic on wheels is just one of the many ways in which the University of Miami-Nova Southeastern University Center for Autism and Related Disabilities (CARD) serves children and adults with autism, their families, and the professionals who work with them. The center provides free family support, technical assistance and consultation, parent and professional training programs, and public education activities for nearly 7,500 families in Miami-Dade, Broward, and Monroe counties. Funded by the Florida Department of Education and part of the UM College of Arts and Sciences' Department of



UM-NSU CARD IS DEDICATED TO SERVING CHILDREN AND ADULTS WITH AUTISM, THEIR FAMILIES, AND THE PROFESSIONALS WHO WORK WITH THEM.

Psychology, UM-NSU CARD is designed to build on the capacities of state and local resources.

While UM-NSU CARD primarily provides support services, other UM initiatives are pursuing the causes of the disorder in hopes that new treatments will be developed. Researchers at the John P. Hussman Institute for Human Genomics at the Miller School of Medicine, for example, are investigating the genetic factors that cause autism, hoping to gain valuable insights into how the disorder develops in order to improve diagnostic and treatment approaches.



Meanwhile, within the Department of Psychology, researchers like Professor Daniel Messinger are studying the social and emotional growth of typically developing infants and infants at risk for autism. His National Institutes of Health-funded “baby sibs” project compares the first three years of development of children who do and do not have an older sibling with an autism spectrum disorder.

Cybersecurity Sleuths

Informatics and risk constitute one of three strategic thrust areas in the College of Engineering; it includes issues concerning big data, analytics, visualization, and decision making. A related issue of growing national importance concerns cyber-

security. Several assistant professors, including Eric Rozier and Saman Zonouz, were strategically recruited because of their innovative approaches to keeping digital information safe. In complementing these hires, Dean James M. Tien was able to develop a partnership with Ken Xie, founder and CEO of Fortinet, an Internet security provider.

ASSISTANT PROFESSOR ERIC ROZIER, LEFT, AND DAVID REDBERG REVIEW DETAILS OF THE CYBERSECURITY LAB REDBERG’S EMPLOYER, FORTINET, HAS HELPED ESTABLISH.

The partnership has blossomed in several dimensions: Rozier, Zonouz, and some of their doctoral students are working with Fortinet researchers to enhance Fortinet’s unified threat management capabilities; a sophisticated cybersecurity laboratory has been furnished to allow teams of engineering seniors to work on real-world capstone projects; and soon graduates will enter industry and government to pursue careers as cybersecurity sleuths. As Dean Tien points out: “Our partnership with Fortinet has been fortuitous; it has put the college on the leading edge of research and education in cybersecurity.” The company has funded the creation of the new Fortinet Cybersecurity Laboratory, which the two assistant professors direct.

Physicist’s Research Has Transformative Potential

Military pilots and the ground crews that communicate with them could soon benefit from enhanced free space optical communication and light detection and ranging systems capable of working even in extreme conditions, thanks to the research being conducted by Olga Korotkova, an associate professor of physics. Her work in the field of statistical optics focuses on the interaction of electromagnetic radiation with atmospheric and oceanic turbulence—phenomena that can sometimes affect systems operated by the United States Air Force and Navy. As such, Korotkova is part of a USAF-funded multi-university research project on wave optics of deep atmospheric turbulence. “We’re trying to learn how to mitigate atmospheric effects because optical signals are very much affected by them,” she explains.

The applied nature of physics is what attracted Korotkova to the field. She was born in the Soviet Union and lived there for most of her life, leaving shortly after the country’s collapse. Like many Russian children, she was exposed to the technical sciences at a very young age. Having parents who were scientists—her mother and father worked on a Soviet orbital vehicle that was similar to NASA’s space shuttle—also helped guide her down a scientific path. “Initially, I’m a mathematician, but I



OLGA KOROTKOVA

find it more interesting to do applied analysis and research that's useful to people," says Korotkova. "I slowly switched to optical systems, where you still do a lot of mathematical modeling but deal with systems that are used every day. I found that I could improve on those systems."

Staying Vigilant in Monitoring the Environment

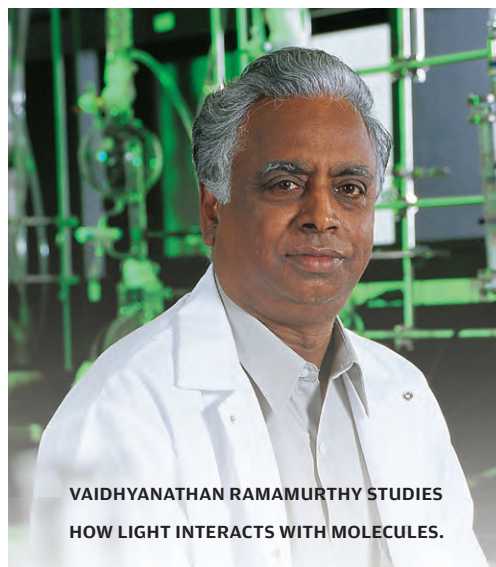
After the seafloor oil gusher caused by the explosion of the *Deepwater Horizon* oil rig was finally capped, researchers from the Rosenstiel School of Marine and Atmospheric Science were some of the first to begin assessing the fate of spilled oil in the Gulf of Mexico. UM, for example, is the lead institution of the eight-member Consortium for Advanced Research on the Transport of Hydrocarbons in the Environment. The initiative is charged with developing tools to predict the fate of oil and gas released into the environment to help inform and guide response teams, thereby protecting and minimizing damage to human health and the environment.

Other efforts have ranged from a study on the effect of chemical dispersants used to help break up the oil to a numerical simulation on the transport of petroleum and how wind was a critical factor in keeping it from reaching South Florida.

Lighting the Way to a Better World

To understand the importance of Vaidhyanathan Ramamurthy's research in chemistry, one must appreciate how plants convert light into energy that fuels their daily activities. "Light is critically important to almost everything we do," says Ramamurthy, professor and chair of the College of Arts and Sciences' Department of Chemistry. "But to use it for anything useful, we have to understand how it interacts with molecules."

And that's where his work comes in. Ramamurthy investigates ways to achieve similar photochemical reactions achieved by plants. He does so by placing organic molecules inside highly confined areas—supramolecular capsules, he calls them—then studying the chemistry that occurs. "We want to alter the behavior of an organic molecule," explains Murthy, as he is known by his colleagues and students. Studying such an interaction could



VAIDHYANATHAN RAMAMURTHY STUDIES
HOW LIGHT INTERACTS WITH MOLECULES.

lead to better ways to treat diseases and power the planet. Light, he says, already plays a critical role in our lives, from the use of UV light to treat newborn jaundice to laser eye surgery that refracts light precisely on the cornea. "People take medicine but don't understand that the medicine is chemistry, or that it's chemistry that gives us long life," Ramamurthy says.

Cultivating SEEDS of Diversity

A research assistant professor of biology receives funding to engage three female scientists in a research project to calibrate the rate

at which DNA mutations accumulate across the nuclear genome. Meanwhile, at an event that offers a new twist on speed dating, young female researchers get valuable face time with senior faculty members, presenting their resumes and discussing topics related to career advancement.

Such is some of the dynamic programming instituted by Scientists and Engineers Expanding Diversity and Success (SEEDS), a University-wide initiative that supports women in science. Backed by a National Science Foundation Advance Award and supported by UM Provost Thomas J. LeBlanc, SEEDS is a grassroots effort aimed at improving diversity across all three UM campuses.

Now in its sixth year, it was formed on the heels of a National Academies report that found that women still face barriers to hiring and promotion at research universities in many fields of science and engineering. As such, SEEDS is taking steps to counteract such bias. A Grantsmanship and Mentoring Program at the Miller School of Medicine offers all junior faculty—men and women—opportunities to improve their grant writing and to receive effective mentorship from senior faculty. Other examples include Distinguished Visiting Mentors in the College of Engineering, a Mentoring and Leadership Program at the Rosenstiel School of Marine and Atmospheric Science, and a Facilitating Academic Success Program in the College of Arts and Sciences.



KATHRYN TOSNEY, WHO CHAIRS UM'S
DEPARTMENT OF BIOLOGY, HAS LED SEEDS
SINCE ITS INCEPTION.



New Facilities Reshaping the Campuses

The nation's top-tier research universities are distinguished by stellar teaching, leading-edge research, and state-of-the-art facilities. The University is bringing online new buildings equipped with the latest technology to support dynamic teaching, advanced scientific investigations, and vibrant student life.

New Heart for Student Life

Students have always been the heart of the University of Miami—and with the opening of a magnificent new facility in the middle of the Coral Gables campus, an already dynamic student life will be energized to new heights.

The 119,368-square-foot Student Activities Center, situated along the shore of Lake Osceola, will meet the needs of today's students and those for years to come, providing a campus focal point, a meeting place, and venues for countless activities. Along with the renovated Whitten University Center, refurbished patio (linking the two buildings), pool, and other outdoor spaces, it comprises the Student Center Complex.

"The Student Activities Center will transform student life on campus—the entire space is a game changer," says Patricia A. Whitely, vice president for student affairs. "Its location along Lake Osceola adds immeasurably to the beauty of our campus, and its impressive facilities and dining opportunities are certain to make it a prime hub of activity beyond the classroom. It will provide enhanced student engagement, programming, and a renewed sense of community for the UM campus. It has been a ten-year project—first envisioned by President Shalala and supported by our generous and incredible donor, the Fairholme Foundation, as well as our undergraduate, graduate, and law students."

The center, featuring an L-shaped design fronting Lake Osceola with a wing leading back alongside



A RENDERING OF THE MARINE TECHNOLOGY AND LIFE SCIENCES SEAWATER COMPLEX

Gusman Concert Hall, was designed by the renowned Miami-based firm Arquitectonica and Pittsburgh-based WTW Architects. It offers sweeping vistas of the lush campus, and its unique design diminishes the separation between interior and exterior spaces.

The new center is made possible by a \$20 million lead gift from the Fairholme Foundation, as well as a student referendum passed in 2006 that levied a fee earmarked for the center's construction.

In addition to gathering places and eateries, the center includes the Student Organizations Suite; office/meeting space for Undergraduate Student Government, School of Law student organizations, and the Graduate Student Association; a Grand Ballroom; a fully equipped student media center; retail outlets; the new Rathskeller; and an extended-hours combination study and lounge space.

Enhancing Weather and Marine Life Research

Deepening our understanding of the complex interaction between sea and air—which is a key to more accurate hurricane forecasting—and delving into the biology of diverse marine organisms are among the research endeavors to be pursued at the new state-of-the-art facility at the Rosenstiel School of Marine and Atmospheric Science.

Scheduled to open in early 2014, the Marine Technology and Life Sciences Seawater Complex received initial funding in the form of a competitive \$15 million grant from the National Institute of Standards and Technology as part of the American Recovery and Reinvestment Act—about one-third of the cost to create the school's first centralized seawater research facility. It consists of two



THE STUDENT ACTIVITIES CENTER IS A NEW FOCAL POINT ON THE CORAL GABLES CAMPUS.

buildings connected by a joint atrium. It will feature a one-of-a-kind SUSTAIN (Surge-Structure-Atmosphere Interaction) research facility—the only place in the world with a wind-wave-storm surge simulator capable of generating Category 5 hurricane-force winds in a three-dimensional test environment. Its 28,000-gallon tank will provide a scaled-down and controlled environment for studies that will help improve weather forecasting and coastal structures. A lead gift made by Alfred C. Glassell, III, through the Glassell Family Foundation in honor of the late Rosenstiel School benefactor, businessman, and avid fisherman Alfred C. Glassell, Jr., will name the building constructed for the SUSTAIN facility.

The adjoining building dedicated to a Marine Life Sciences Center will provide space for maintaining and studying living marine animals, including fish, corals, and sea hares. Coral reef research will focus on helping to assess and measure the effects of climate change and ocean acidification on critical reef-building processes. Scientists will conduct fisheries and biological oceanography research to generate models of processes that affect the distribution of marine organisms. They will also study the impacts of environmental toxicants on fishes and invertebrates and the relationship between the oceans and human health.

“The new complex, which is the first significant infrastructure investment at RSMAS in more than 30 years, will be transformational for our school because of the novel science and engineering research projects that it will enable us to perform,” says Roni Avissar, dean of the Rosenstiel School. “We are all very excited to watch the construction on our campus of this very unique facility.”

Accelerating Neuroscience Breakthroughs

A new era for interdisciplinary neuroscience research at the University is now under way with the opening of the 37,700-square-foot Neuroscience Annex, adjacent to the Cox Science Center on the Coral Gables campus.

Researchers from the Departments of Biology and Psychology in the College of Arts and Sciences are collaborating with colleagues from the Miller School of Medicine in the cutting-edge structure, which houses advanced functional magnetic



THE NEUROSCIENCE ANNEX IS THE SITE OF ADVANCED INTERDISCIPLINARY RESEARCH.

resonance imaging equipment and a state-of-the-art microscope facility that allows scientists to observe living biological systems. Researchers will study how molecular changes in the nervous system relate to behavior and analyze molecular patterns in the nervous system that can predict successful treatment of neurological diseases. The College of Arts and Sciences will recruit four additional faculty who will utilize the facility to increase our understanding of the brain.

“The Cox Neuroscience Annex will put the College of Arts and Sciences at the forefront of cutting-edge scholarship on brain function and

neurological health,” says Dean Leonidas Bachas. “With the latest equipment and collaborative work spaces, the building will attract outstanding faculty and students as well as world-renowned visiting scholars. This combination of facilities, talent, and tools will provide incredible opportunities for teaching, learning, and scientific discoveries.”

A \$14.8 million grant from the American Recovery and Reinvestment Act awarded by the National Institutes of Health provided funding for the building, which was built to LEED (Leadership in Energy and Environmental Design) Silver green-building standards.

Fostering Bright Futures

For many years the University has helped students and graduates leverage their rich educational experiences into successful futures through the vital services provided by the Patricia and Harold Toppel Career Center. Now, through a generous gift from UM alumna and trustee Patricia Toppel, B.Ed. '58, M.Ed. '59, those services are being strengthened at a new top-notch building on the Coral Gables campus.

The new center is twice the size of its former site, which was dedicated in 1995 in the Whitten University Center. The new facility's North Wing hosts on-campus interviews and features the latest technologies, including videoconferencing and 360-degree video recording. The South Wing houses the center's highly trained staff and a multipurpose room that will be used for information sessions, career development series



THE NEW TOPPEL CAREER CENTER IS TWICE THE SIZE OF THE FORMER FACILITY.

programs, entrepreneurship workshops, and panel discussions.

“Not only does this new center have more space to host career programming and to accommodate our growing staff, we strategically designed it to infuse technology into almost every single room. Much of this technology allows us to serve our constituents on campus, as well as those across the country and abroad,” says Christian Garcia, executive director of the Toppel Career Center.

Let Music Fill the Air

As part of the Frost School of Music’s ambitious expansion plans, construction is under way on the Patricia Louise Frost Music Studios complex, a structure that will include 74 studios for private lessons, chamber music rehearsals, and interactive Experiential Music Curriculum classes.



THE PATRICIA LOUISE FROST MUSIC STUDIOS COMPLEX WILL PROVIDE A NEW ENTRANCE TO THE FROST SCHOOL.

As part of the expansion, the Bertha Foster Practice Building will also be renovated and restored to its original intention. The building’s practice rooms had become antiquated, and more than half of them were being used as teaching studios, leaving over 700 music students to vie for precious practice space.

On a fast track for completion by fall 2014, the Patricia Louise Frost Music Studios complex is made possible by the generosity of longtime UM philanthropists Patricia and Phillip Frost, the latter a former chair and current member of the UM Board of Trustees. The expansion will also provide a new entrance to the Frost School, better



THE SCHWARTZ CENTER FOR ATHLETIC EXCELLENCE PROVIDES THE FINEST FACILITIES FOR STUDENT-ATHLETES.

acoustics, state-of-the-art recording capabilities, a new reception center, a furnished breezeway terrace, and box office kiosks.

Sustainable features throughout the building will make it a candidate for LEED Platinum certification, the highest rating obtainable.

Supporting Student-Athletes

UM’s new 34,000-square-foot Theodore G. Schwartz and Todd G. Schwartz Center for Athletic Excellence, made possible with a generous gift from the Schwartz Family Foundation, is strengthening the experience and supporting the pursuits of more than 400 Hurricane student-athletes.

As part of the Hecht Athletic Center, the Schwartz Center features a first-rate academic

center; a 3,500-square-foot players’ lounge; one of the finest locker rooms in college athletics; and the Gallery of Champions, a museum dedicated to the legacy of Hurricane sports. A renovated and expanded 10,000-square-foot athletic training center with the latest in sports medicine technology also has been added to the Hecht Athletic Center.

A Place for the U

It adorns everything from letterhead and T-shirts to the helmets worn by the school’s football players. Now the University of Miami’s iconic symbol—the orange-and-green split-U—can be found in one of the most visible locations on campus. UM unveiled a 7-foot-tall statue of its ever-popular logo in October 2012 on Foote University Green. Situated between the Iron Arrow mound and The Rock, the 1,000-pound steel-and-aluminum icon serves as a reminder of the institution’s spirit and traditions. The sculpted U, half orange and half green, sits atop a 32,000-pound concrete base. It was funded through the Student Activities Center project.



Milestones

The Year in Review

2012

June

A New Facility for Studying Storms and Sea Life

The Rosenstiel School breaks ground on its new \$47 million Marine Technology and Life Sciences Seawater Complex, where researchers will study not only hurricanes and their impact on coastal structures but also living marine animals, including fish, corals, and sea hares.

▣ Nurses Aid

For the third time, the School of Nursing and Health Studies receives a prestigious Robert Wood Johnson Foundation New Careers in Nursing Scholarship grant, which supports students in its Accelerated B.S.N. program who are traditionally underrepresented in the field of nursing and are pursuing a second career in the profession.



▣ High-Tech Soccer

Competing against 13 teams from 11 countries, RoboCanes places second in 3-D soccer simulation at the 2012 RoboCup in Mexico City. The team, based out of the Department of Computer Science in the College of Arts and Sciences, used independently moving software robot players in the soccer match, demonstrating team cooperation and strategy.

Magic's New Dream Team

Earvin "Magic" Johnson, one of the NBA's all-time assist leaders and a member of the 1992 U.S. Olympic "Dream Team" that captured gold in Barcelona, announces that his company, Magic Johnson Enterprises, will partner with the Miller School of Medicine and Simply Healthcare Plans' Clear Health Alliance to ensure the provision of high-quality medical services to Medicaid-eligible people with HIV/AIDS in Miami-Dade County.

July

A Boost for Biomedical Research

University of Miami investigators are awarded \$4 million in grants from the Florida Department of Health's Biomedical Research Program, which supports research in cancer and tobacco-related diseases. Competing against scientists across the state, 12 UM scientists win 41 percent of the \$9.74 million available for new investigator research and bridge grants through the James and Esther King Biomedical Research Program and the Bankhead-Coley Cancer Research Program.



▣ Bascom Palmer Tops the Eye Chart

For the ninth consecutive year, the University of Miami Miller School of Medicine's Bascom Palmer Eye Institute is the nation's No. 1 ophthalmology program in *U.S. News & World Report's* annual "Best Hospitals" rankings.

A Database for Nervous System Repair

With the ultimate goal of accelerating the discovery of drugs to regenerate or protect nerves after spinal cord injury, Miller School researchers receive a \$2.5 million grant to develop a database for neuroscientists to search the voluminous studies related to nervous system repair and link relevant data from those studies to other resources.

August

▣ An Absurd Celebration

In celebration of the centenary of the birth of controversial Cuban playwright Virgilio Piñera, the Jerry Herman Ring Theatre and the Department of Modern Languages and Literatures present five of his brilliant plays. Staged in August and September, the plays were produced by a combination of national and international companies and the UM College of Arts and Sciences' Department of Theatre Arts.



▣ Taking Islet Cell Transplants to the Next Level

Scientific Director Camillo Ricordi and collaborators at the Diabetes Research Institute receive a \$4.6 million grant from two medical research foundations to make islet cell transplantation, an experimental procedure that has improved blood glucose control and the quality of life for type 1 diabetics, available to more patients.

Williams Strikes Gold

Former University of Miami All-American Lauryn Williams, B.B.A. '05, adds to her impressive trophy case of track and field awards, winning a gold medal as a sprinter on the six-member team that won the women's 4x100-meter relay at the London Olympics.

September

Top-Tier Institution

For the fourth year in a row, the University of Miami ranks in the top 50 in *U.S. News & World Report's* annual "Best Colleges" issue. UM comes in at No. 44 in the National Universities category, retains its position as the No. 1-ranked school in Florida, and solidifies its status as a top-tier national institution.



▣ Meeting the Candidates

In back-to-back events that give UM students and others an up-close look at the two presidential candidates, President Barack Obama and Republican presidential nominee Governor Mitt Romney appear at the BankUnited Center Fieldhouse to address issues related to the Hispanic community. The talks were part of Univision and Facebook's "Meet the Candidates" forums.

Nursing School Hosts Global Colloquium

The School of Nursing and Health Studies hosts the XIII Pan American Nursing Research Colloquium from September 5-7, marking the first time the prestigious biennial event was held in the United States. Nearly 1,000 nurse scientists, scholars, and other nursing professionals from around the world gather at the Loews Miami Beach Hotel for the conference.

October

▣ Feeling Like a Billion Dollars

Momentum2: The Breakthrough Campaign for the University of Miami hits the \$1 billion mark, putting the University on the fast track to reach its fundraising goal of \$1.6 billion by 2016.



A Multibillion-Dollar Impact

The University of Miami announces the results of an independent study that shows the institution has a total annual economic impact of \$6.1 billion on the tri-county (Miami-Dade, Broward, Palm Beach) region.

Winning in the Classroom

University of Miami student-athletes record a Graduation Success Rate of 93 percent, the highest mark ever achieved for the school's athletics department, according to NCAA figures released October 25.

A Statuesque U

UM unveils a 7-foot statue of its ever-popular U logo. Weighing nearly 1,000 pounds, the steel-and-aluminum icon sits on the Foote University Green, serving as a reminder of the institution's spirit and traditions.

Campaign Push

The two presidential candidates return to campus for campaign rallies that energize constituents. At the BankUnited Center on October 11, President Barack Obama showcases his plans to improve the economy and create jobs. About three weeks later, Republican presidential candidate Mitt Romney holds a rally in the same venue, outlining his five-point plan to create 12 million new jobs.

November

▣ A Far-Sighted Gift

Nasser Ibrahim Al-Rashid, Saudi Arabia's preeminent builder and one of the world's most prominent businessmen and philanthropists, donates \$10 million to Bascom Palmer Eye Institute to establish an interdisciplinary research center dedicated to eradicating blinding injuries and lethal orbital malignancies.



Fashion Statement

A \$25 million gift from philanthropist Christine E. Lynn surprises those in attendance at Destination Fashion 2012. Held at the Bal Harbour Shops and hosted by veteran TV journalist Tom Brokaw, the event raises \$31 million for The Miami Project to Cure Paralysis and features a concert by superstar Enrique Iglesias and an Emilio Pucci fashion show.



▣ A Wheel Good Cause

Hundreds of cyclists take to the roads across three counties November 3 and 4 to participate in the third Dolphins Cycling Challenge, which raises \$2.2 million for the Sylvester Comprehensive Cancer Center's lifesaving research and treatment programs.

AMOOCPoint

In what is believed to be the world's first initiative of its kind, the University of Miami Global Academy launches a free massive open online course, or MOOC, for high school students—a three-week, six-session class that will prepare students for the SAT subject test in biology.

UM Appoints VP and Chief Compliance Officer

Rudolph “Rudy” Hamilton Green, who led an institutional effort to make compliance and ethics an integral part of the University of Texas at Austin’s culture, is appointed to the newly created position of vice president and chief compliance officer.

December

Eco-Friendly Accommodations

Designed and built by students in the School of Architecture’s Design-Build Studio, a 200-square-foot eco-tent is unveiled in Everglades National Park’s historic Flamingo section, which had lacked overnight camping facilities ever since a one-two punch from Hurricanes Katrina and Wilma destroyed a small hotel and cottages at the park in 2005. The eco-tent is a prototype for future sustainable accommodations at the park.



Grammy Nomination for Berg

Shelton “Shelly” Berg, dean of the Phillip and Patricia Frost School of Music, is nominated for a Grammy Award in the category “Best Instrumental Arrangement Accompanying Vocalist(s)” for his arrangement of “Out There” on Lorraine Feather’s CD *Tales of the Unusual*.

First Schwann Cell Transplant Performed

Doctors at The Miami Project to Cure Paralysis perform the first-ever FDA-approved Schwann cell transplantation in a patient with a new spinal cord injury. The procedure is part of a Phase 1 clinical trial designed to evaluate its safety and feasibility as a potential treatment for patients with such injuries.

One of the Best in Business

América Economía magazine ranks the School of Business Administration second in the nation for executive education in Latin America. The magazine’s 2012 rankings also place the school No. 15 internationally among all schools ranked.

2013 January

Legendary Baseball Coach Ron Fraser Passes Away

Former University of Miami baseball coach Ron Fraser, who produced the program’s first two College World Series titles and went on to coach the 1992 U.S. Olympic baseball team in Barcelona, passes away on January 20. Known as the “Wizard of College Baseball,” Fraser was 79.



Legal Eagle

A poll in the January issue of *The National Jurist* ranks Patricia D. White, dean of the University of Miami School of Law, the most influential woman in legal education today.

February

Justices Hold Court

Two Supreme Court justices visit the University of Miami only days apart. During a February 1 conversation with UM President Donna E. Shalala at the BankUnited Center, presented in association with Books & Books, Associate Justice Sonia Sotomayor presents a look into her life, relating some of the stories from her new book, *My Beloved World*. Ten days later, students, faculty, staff, and guests get an insight into the thinking of Associate Justice Anthony M. Kennedy, who teaches a Constitutional Law class at the School of Law and delivers the Robert B. Cole Distinguished Jurist Lecture at the BankUnited Center Fieldhouse.



Musical Celebration

The University of Miami breaks ground February 8 on the new Patricia Louise Frost Music Studios. The structure, scheduled for completion in fall 2014, will include 74 studios for private lessons, chamber music rehearsals, and interactive Experiential Music Curriculum classes.

Life-Changing Procedure

Ricardo Komotar, assistant professor of neurological surgery and director of surgical neuro-oncology at Sylvester Comprehensive Cancer Center, uses an innovative laser technique to eradicate a brain tumor from a 64-year-old West Palm Beach man. The laser tumor ablation was performed at University of Miami Hospital, the only facility in the southeastern U.S. offering the procedure.

March

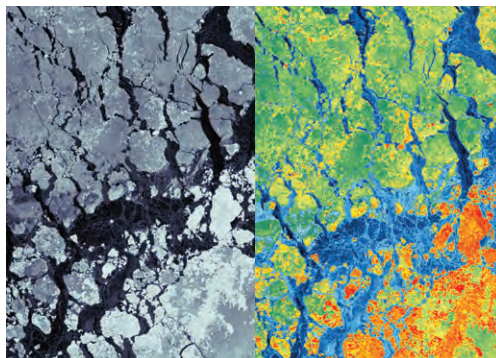
Month of Madness

It is a marvelous month for the 2012-2013 UM men's basketball team, which records the greatest season in program history. On March 9, the squad defeats Clemson 62-49 at the BankUnited Center to clinch its first Atlantic Coast Conference regular season title. On March 17, the Hurricanes, led by guard Shane Larkin's 28 points and Trey McKinney Jones's six three-pointers, defeat the North Carolina Tar Heels 87-77 to win their first-ever ACC Tournament title. Then, on March 24, playing as the No. 2 seed in the East Region of the NCAA Tournament, Miami edges a feisty Illinois squad by four points to advance to the Sweet 16. A season of hoop dreams is fulfilled not only for the squad but also for its motivational leader, head coach Jim Larrañaga, who wins the ACC, Associated Press, Naismith, and U.S. Basketball Writers Association's Henry Iba Coach of the Year awards.



Whitely Honored

Patricia A. Whitely, who took the reins as vice president for student affairs at the University of Miami 16 years ago and instituted innovative new strategies to enhance student life, is awarded NASPA's 2013 Scott Goodnight Award, the highest honor given by the organization that represents the student affairs profession.



CSTARS

The University of Miami's Center for Southeastern Tropical Advanced Remote Sensing is awarded a \$16.5 million contract by the Office of Naval Research to continue collecting, processing, and disseminating data from commercial satellites. The data and imagery will aid U.S. Naval operations around the world and help scientists to better understand oceanographic, sea ice, and terrestrial processes.

School Health Clinics Expand

Fueled by a \$4 million federal Health Care Innovation Award, the Miller School of Medicine adds mental health services and expanded dental services to the primary care programs of its Dr. John T. Macdonald Foundation School Health Initiative. The program, in operation for a decade, has served 11,000 Miami-Dade County public school students in nine schools and is positioned to be a national model.

Maddow's Moment

With her new book, *Drift: The Unmooring of American Military Power*, a New York Times best-seller, MSNBC's Rachel Maddow appears at the BankUnited Center Fieldhouse on March 24 to discuss topics addressed in her book. Held as a conversation with UM President Donna E. Shalala, the event was presented in association with Books & Books.

The Science of Beauty and the Beauty of Science

Richard Dawkins—the influential ethologist and evolutionary biologist who gained prominence with his 1976 book *The Selfish Gene*, in which he pioneered a gene-centric view of evolution and coined the term “meme”—lectures at the BankUnited Center on March 7. The former University of Oxford professor of public understanding of science presents “The Science of Beauty and The Beauty of Science.”



Urban Farmer Gives Advice on Food

Six-foot, seven-inch alumnus Will Allen, who was the first African-American student-athlete to play basketball for the University of Miami and now leads a Milwaukee-based urban agricultural organization called Growing Power, shares with a UM audience his strategies on how to transform the production and delivery of healthy foods to underserved communities. Allen's talk was part of the Office of Civic and Community Engagement's Urban and Environmental Sustainability Initiative.

Whiz Kids Win at WebFest

Cinema and Interactive Media students receive top honors at the 2013 LA WebFest in Los Angeles, winning “Best Comedy Series” and “Best Writing” awards for their Web series *To Live & Die in Opa Humpka*.

April

▣ Cuban Blogger Visits UM

Yoani Sánchez, the Cuban dissident blogger who has achieved international fame for her criticism of the Castro government, visits the University of Miami on April 2, touring the school’s Cuban Heritage Collection at the Richter Library and meeting with students.



Scholarly Activity Recognized

Harvey Siegel (philosophy), Michelle Wachs Galloway (mathematics), and J. Tomas Lopez (art and art history), all faculty members in the College of Arts and Sciences, receive the 2013 Provost’s Award for Scholarly Activity, which recognizes demonstrated excellence in research through either a single unique achievement or several years of stellar scholarly productivity.

A Lesson from the Nation’s Chief Health Care Officer

To the surprise of students, U.S. Secretary of Health and Human Services Kathleen Sebelius appears as a guest lecturer in UM President Donna E. Shalala’s class, U.S. Health Care Crisis: The Politics of Health Care Reform, on April 1. Sebelius discusses how the Affordable Care Act will benefit Americans, from outlawing the denial of coverage to people with pre-existing conditions to requiring all new health care plans to offer key preventive services with no out-of-pocket costs.

ASUSTAINing Gift

The Rosenstiel School of Marine and Atmospheric Science receives a \$5 million gift to name the new Alfred C. Glassell, Jr. Surge-Structure-Atmosphere Interaction (SUSTAIN) research facility at the Marine Technology and Life Sciences Seawater Complex. The gift from the Glassell Family Foundation honors the late Rosenstiel School benefactor, businessman, and avid fisherman Alfred C. Glassell, Jr.

▣ Game, Set, Championship

Led by the stellar play of sophomore Lina Lileikite, the University of Miami women’s tennis team defeats Florida State on April 28 to capture its first Atlantic Coast Conference championship.



▣ Goodall Gives Reason for Hope

Famed British primatologist Jane Goodall, Hon. '93, speaks to an audience of thousands at the BankUnited Center on April 29, telling the story of her groundbreaking studies of chimpanzees in Tanzania, discussing problems that imperil our planet, and giving reasons for hope that the world can overcome serious challenges.

May

A Gift for Community Well-Being

A \$750,000 naming gift from husband-and-wife philanthropists Ken and Lisa Rosen and their children will establish a new Ph.D. Program in Community Well-Being at the School of Education and Human Development.

Pap Corps Annual Gift Reaches \$3.6 Million

Motivated by its more than 21,000 volunteers, The Pap Corps: Champions for Cancer Research presents its annual gift—this time a check for \$3.6 million—to the Sylvester Comprehensive Cancer Center at the Miller School of Medicine. Presented at The Pap Corps May 9 President’s Meeting at the Boca West Country Club in Boca Raton, the check is part of the group’s \$25 million commitment to *Momentum2: The Breakthrough Campaign for the University of Miami*.

Strong Revenues and Disciplined Expense Management = Solid Financial Results

Fiscal 2013 showed the strength and resiliency of the University's business model, with an increase in total net assets of \$220.0 million. ■ Unrestricted net assets from operating activities increased \$6.2 million, inclusive of a goodwill impairment of \$99.2 million. Without regard to this non-cash expense, operating income was \$105.4 million, the strongest operating income performance over the past ten years.



Unrestricted and temporarily restricted net assets increased by \$203.5 million due primarily to strong investment returns on the Growth Pool and a reduction of the liability for the defined benefit retirement plan. Permanently restricted net assets increased by \$16.5 million.

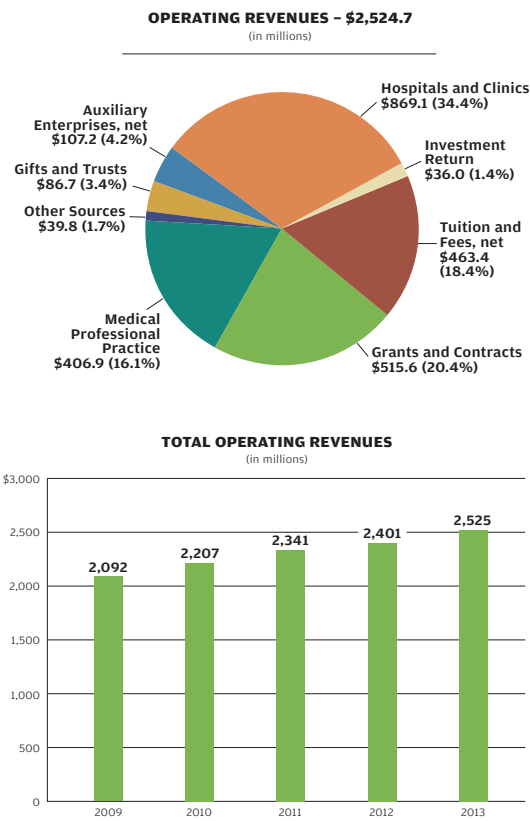
Operating results were buoyed by strong revenue growth in key categories. Total operating revenue increased \$123.6 million, or 5.1 percent. Tuition revenue increased \$30.8 million, or 7.1 percent. Patient care revenue increased \$74.2 million, or 6.2 percent.

Patient care revenue (net of contractual allowances and discounts) accounts for slightly more than half of all operating revenues. It consists of the University of Miami Hospital, up 0.3 percent; the Sylvester Comprehensive Cancer Center and its associated clinics, up 16.4 percent; the Anne Bates Leach Eye Hospital, down 0.3 percent; and the medical professional practice plan, up 5.1 percent.

Operating expenses increased \$87.0 million, or 3.6 percent, inclusive of the goodwill impairment. Excluding goodwill, operating expenses declined by \$12.2 million, or 0.5 percent.

Compensation and benefits expense declined by \$21.2 million, or 1.4 percent, primarily due to staffing reductions at the Miller School of Medicine that were implemented at the end of fiscal 2012 and generated full-year savings in fiscal 2013. The reductions focused on administration, via the creation of shared-services operations and elimination of unfunded research positions.

The goodwill impairment primarily related to assets recorded at the time of the December 1, 2007 purchase of Cedars Medical Center, now the University of Miami Hospital. While the hospital has consistently produced solid EBIDA (earnings



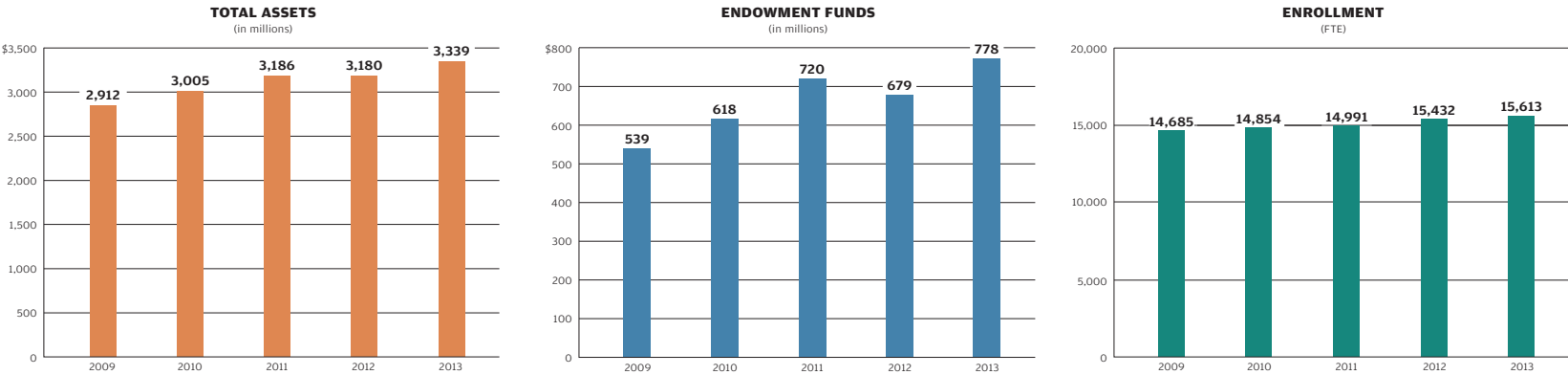
before interest, depreciation and amortization), it has operated at a deficit after considering depreciation and the interest component of debt service. A year-end analysis that included projected discounted cash flows, market comparables, and other criteria determined that goodwill was impaired and, accordingly, it was written down.

Non-operating activities include a reclassification of \$160.8 million from unrestricted to temporarily restricted net assets due to the adoption of the Florida Uniform Prudent Management of Institutional Funds Act (FLUPMIFA) that was implemented effective July 2012. FLUPMIFA requires that market appreciation on permanently restricted endowments be classified as temporarily restricted rather than as unrestricted net assets.

The Growth Pool, composed of endowment and a portion of University working capital, had an investment return of 16.7 percent. Pension assets, with a slightly more conservative asset allocation, returned 13.5 percent.

The liability for accrued pensions and postretirement benefit costs, principally for the staff defined-benefit pension plan, declined by \$97.0 million due to a combination of strong investment returns, contributions of \$57.9 million, and an increase of 25 basis points in the discount rate used to calculate the present value of expected future benefit payments. The plan has been frozen to new entrants since July 1, 2007, but still has about 15,000 participants ranging from retirees who are currently receiving payments to active employees who continue to accrue service credit.

Gifts and trusts from operating and non-operating sources totaled \$117.3 million, up 7.3 percent from the prior year. In February 2012 the University



launched *Momentum2: The Breakthrough Campaign for the University of Miami* with a goal of \$1.6 billion. By fiscal year-end 2013, more than \$1 billion had been committed to the campaign.

A number of initiatives are under way at the Miller School of Medicine and UHealth in anticipation of broad impacts of the Affordable Care Act.

The Epic electronic medical record (EMR) system has been implemented throughout our physician group, with a rollout at UM specialty hospitals set for fiscal 2014.

Access to high-demand UHealth specialists is improving. Beginning in August, callers to the UHealthConnect scheduling center were asked, “When would you like to see a doctor?” rather than being told, “The next available appointment is x.” That’s a critical change that requires thoughtful management of patient, faculty, and staff scheduling and booking practices.

Revenue cycle metrics improved due to fine-tuning of the Epic clinical billing system implementation.

The University recently completed its annual operating agreement with the Jackson Health System for the year ahead. UM/Jackson was just recognized by *U.S. News & World Report* as the top hospital in South Florida. For the tenth consecutive year, the Bascom Palmer Eye Institute was recognized as the top eye center in the country.

Significant investments are being made in technology to ensure students, patients, faculty, and staff have access to state-of-the-art hardware and software. Oracle/PeopleSoft’s Campus Solutions, software that meets the needs

of students from inquiry to registration and billing, was implemented for the fall semester. Next up: Workday’s software-as-a-service offering for human resources, payroll, finance, and supply chain. The project will replace legacy administrative systems and eliminate the need for mainframe computing for administrative applications.

Returning and new students were greeted by the opening of the iconic 119,000-square-foot Student Activities Center, which overlooks Lake Osceola and houses the Rathskeller, retail, student organization offices, and meeting rooms. Adjacent to the Student Activities Center is a newly renovated University Center Patio complete with a stage, expanded lake views, and amphitheater seating.

Several food service venues were recently added or revamped, including the Mahoney-Pearson Dining Hall, Lime at the Whitten University Center, and three new dining establishments in the Student Activities Center. Next summer we’ll renovate the Hecht-Stanford Dining Hall and the University Center Food Court.

The 38,000-square-foot interdisciplinary Neuroscience Annex, an addition to the Cox Science Center, opened last spring, adding state-of-the-art research facilities, including a 3T 32-channel magnetic resonance system used to study structural and functional imaging of the living human brain.

The 34,000-square-foot Schwartz Center for Athletic Excellence recently opened at the Hecht Athletic Center. The two-story project includes new football locker rooms, a player’s lounge, and a major expansion of academic space to benefit all student-athletes, as well as a refurbished and expanded 10,000-square-foot training center at the Hecht Athletic Center.

We recently completed the new Toppel Career Center, and the 86,000-square-foot Marine Technology and Life Sciences Seawater Complex for the Rosenstiel School of Marine and Atmospheric Science will open next spring. Construction also is under way on the 42,000-square-foot Patricia Louise Frost Music Studios complex.

Let me close by thanking our faculty and staff and Board of Trustees for their dedication to the University, its students, patients, and community. The University transforms lives in its classrooms, clinics, and hospitals, and through discoveries that originate at the research bench. Transformation requires teamwork and selflessness. It means always putting students and patients first. Those are the shared goals of the University of Miami and UHealth.

Joe Natoli
Senior Vice President for Business and Finance
and Chief Financial Officer



End of Volatility and Solid Growth in Equity Market Bring Strong Gains

Fiscal year 2013 saw a marked turnaround from the volatility that characterized the markets in 2012, with solid growth in equity markets in the United States and abroad. For the 12 months ending May 31, 2013, the Growth Pool realized a gain of 16.7 percent and has returned in excess of 10 percent per annum over the last three years.



The fiscal year began as the last one ended, with concerns over the long-term viability of the European Union. Those fears eased in September when the European Central Bank announced it would use its balance sheet to defend the euro and lower short-term borrowing costs for troubled issuers. U.S. markets stalled October through December over concerns about the presidential election, budget negotiations, and the fiscal cliff, but virtually exploded in January. Markets stalled once again in late May when the Federal Reserve commented it may begin to taper its asset purchase program, which unfortunately coincided with the end of the fiscal year. Overall, we saw steady progress throughout the year and lower volatility than 2012.

The Growth Pool equity manager composite returns in large and mid-cap, international equity, and emerging markets all outperformed their benchmarks, from 70 to 200 basis points. Similarly, global bonds exhibited positive performance and outperformed the total fixed income benchmark by 240 basis points. Despite this strong performance, the Growth Pool in total was 300 basis points behind its custom benchmark, due in large part to the hedge fund portfolio that aided performance so admirably in 2012, but returned 9.9 percent, a full 950 basis points behind its equity-oriented benchmark. This return is not entirely surprising, as we expect the hedge fund portfolio to lag in strong equity markets and outperform in weaker equity markets. The hedge fund portion of the portfolio continues to outperform over a five-, seven-, and ten-year time horizon. Private equity and real assets, while contributors to positive performance, underperformed their respective benchmarks.

The Board of Trustees Investment Committee and administration regularly monitors the asset allocation for the Growth Pool. The asset allocation for fiscal 2013 was unchanged from the prior year, but will be modified for fiscal 2014, with a modest reduction to the hedge fund portfolio and a corresponding increase to U.S. large/mid and all cap equities. The chart on this page depicts the Growth Pool’s asset allocation as of May 31, 2013.

The Investment Committee also reviews the pool’s performance against custom benchmarks and peer institutions. Individual manager performance is reviewed on a regular basis, and all managers are subject to the University’s rigid due diligence process. During the year, two managers were terminated and two managers were added.

Time Period	Growth Pool Returns	Benchmark Returns 5/31/13			
		Total Portfolio	S&P 500	Barclay's Aggregate Bond Index	CPI Increase Rate
10 Year	6.9%	6.6%	7.6%	4.7%	2.3%
5 Year	3.3%	2.9%	5.4%	5.5%	1.5%
3 Year	10.2%	11.6%	16.9%	4.6%	2.0%
1 Year	16.7%	19.7%	27.3%	.9%	1.2%

GROWTH POOL STRATEGIC ASSET ALLOCATION May 2013		
Asset Class	Allocation (%)	
	Policy Target	May 2013
U.S. Large/Mid Cap Equity	16.0	21.2
U.S. Small Cap Equity	4.0	5.6
International Equity	17.5	17.3
Emerging Markets Equity	7.5	7.3
Global Fixed Income	5.0	5.0
US TIPs	5.0	3.1
Hedge Funds	30.0	27.9
Private Equity	5.0	4.3
Real Assets	10.0	7.8
Cash Equivalents		0.5

ENDOWMENT GROWTH AT MARKET (in millions)				
	One Year	Five Years	Ten Years	Fifteen Years
Beginning Balance	\$678.7	\$736.2	\$413.7	\$417.8
Return, including unrealized appreciation (depreciation)	109.8	96.9	366.2	411.6
Distributions to operations, etc. *	(32.7)	(161.2)	(289.0)	(391.2)
Gifts and other net additions	22.1	106.0	287.0	339.7
Net increase (decrease)	99.2	41.7	364.2	360.1
Ending Balance	\$777.9	\$777.9	\$777.9	\$777.9
*This is pursuant to University policy, which is to distribute 5 percent of the three-year moving average market value of the corpus of most endowment accounts.				

The asset allocation of the Growth Pool is designed with the long-term in mind, to perform well in up markets and to be defensive during downturns. The defensive nature of the portfolio detracts from performance in strong up markets such as fiscal 2013, but likewise we saw how it aided performance in fiscal 2012 during a modest negative return year. We continue to assess all aspects of the portfolio with continued emphasis on generating solid returns over multi-year periods.

John R. Shipley
Vice President of Finance and Treasurer

Independent Auditor's Report

To the Board of Trustees
University of Miami

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Miami (the University) which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Miami as of May 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the University adopted the provisions of Financial Accounting Standards Codification 958-205-50, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act*, and *Enhanced Disclosures for All Endowment Funds*. Our opinion is not modified with respect to this matter.



Fort Lauderdale, Florida
August 28, 2013

Statements of Financial Position

As of May 31, 2013 and May 31, 2012 (in millions)

	May 2013	May 2012
Assets		
Cash and cash equivalents	\$ 135.0	\$ 215.6
Accounts and loans receivable	348.2	345.1
Contributions receivable	103.6	102.5
Other assets	76.4	91.0
Investments	1,092.1	817.0
Property and equipment	1,536.1	1,465.2
Trusts held by others	46.1	43.6
Intangible assets	1.1	100.3
Total Assets	\$3,338.6	\$ 3,180.3
Liabilities		
Accounts payable and accrued expenses	\$ 184.0	\$ 190.3
Deferred revenues and other deposits	79.7	82.7
Accrued pension and postretirement benefit costs	301.1	398.1
Other liabilities	173.2	161.9
Actuarial liability of annuities payable	8.7	8.2
Medical self-insurance	92.4	104.8
Government advances for student loans	22.6	22.6
Bonds and notes payable	923.8	878.6
Total Liabilities	1,785.5	1,847.2
Net Assets		
Unrestricted	769.4	787.0
Temporarily restricted	367.6	146.5
Permanently restricted	416.1	399.6
Total Net Assets	1,553.1	1,333.1
Total Liabilities and Net Assets	\$3,338.6	\$ 3,180.3

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

Statements of Activities

For the years ended May 31, 2013 and 2012 (in millions)

	May 2013	May 2012
Changes in unrestricted net assets		
Operating activities		
Operating revenues		
Tuition and fees, net	\$ 463.4	\$ 432.6
Grants and contracts	515.6	520.4
Medical professional practice	406.9	387.1
Hospitals and clinics	869.1	814.7
Gifts and trusts	60.9	60.7
Net assets released from restrictions	25.8	19.6
Endowment spending distribution	29.9	27.7
Investment return	6.1	3.6
Auxiliary enterprises, net	107.2	105.5
Other sources	39.8	29.2
Total operating revenues	2,524.7	2,401.1
Operating expenses		
Compensation and benefits	1,447.6	1,468.8
Supplies and services	584.4	563.2
Depreciation and amortization	121.3	124.8
Utilities and maintenance	75.7	70.2
Interest	38.5	38.0
Goodwill impairment	99.2	-
Other	151.8	166.5
Total operating expenses	2,518.5	2,431.5
Change in unrestricted net assets from operating activities	6.2	(30.4)
Non-Operating activities		
Net asset reclassification for cumulative effect of a change in accounting principle	(160.8)	-
Endowment, annuity and other investment return, net of distributions	41.3	(70.4)
Gifts and trusts	7.3	4.7
Net (loss) gain on sale, disposal, and exchange of property and equipment	(5.3)	1.8
Net assets released from restrictions	8.7	16.5
Transfer to permanently restricted net assets	(.7)	(2.3)
Change in unrestricted net assets from non-operating activities	(109.5)	(49.7)
Postretirement benefits related changes other than net periodic benefit cost	85.7	(167.0)
Decrease in unrestricted net assets	(17.6)	(247.1)
Changes in temporarily restricted net assets		
Net asset reclassification for cumulative effect of a change in accounting principle	160.8	-
Endowment, annuity and other investment return, net of distributions	54.0	(.5)
Gifts and trusts	37.0	32.2
Changes in value of annuities payable and trusts held by others	1.8	(1.3)
Endowment distributions reinvested	2.7	2.4
Net assets released from restrictions	(34.5)	(36.1)
Transfer to permanently restricted net assets	(.7)	(4.3)
Increase (decrease) in temporarily restricted net assets	221.1	(7.6)
Changes in permanently restricted net assets		
Endowment, annuity and other investment return	3.0	(4.1)
Gifts and trusts	12.1	11.7
Transfer from unrestricted and temporarily restricted net assets	1.4	6.6
Increase in permanently restricted net assets	16.5	14.2
Increase (decrease) in total net assets	220.0	(240.5)
Net Assets		
Beginning of year	1,333.1	1,573.6
End of year	\$ 1,553.1	\$ 1,333.1

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

Statements of Cash Flows

For the years ended May 31, 2013 and 2012 (in millions)

	May 2013	May 2012
Cash flows from operating activities		
Increase (decrease) in total net assets	\$ 220.0	\$ (240.5)
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by operating activities		
Net realized and unrealized (gains) losses on investments and other assets	(124.9)	54.6
Gifts and trusts	(42.3)	(36.3)
Depreciation and amortization	121.3	124.8
Goodwill impairment	99.2	-
Provision for doubtful accounts	100.5	108.3
Net loss (gain) on sale, disposal, and exchange of property and equipment	5.4	(1.8)
Present value adjustment on annuities payable and trusts held by others	(1.7)	1.3
Amortization of debt premiums and discounts	(1.8)	(1.6)
Change in operating assets and liabilities		
Decrease (increase) in		
Accounts and loans receivable	(106.3)	(96.1)
Contributions receivable, net	20.9	13.2
Other assets	14.2	11.9
Increase (decrease) in		
Accounts payable and accrued expenses	(6.3)	15.3
Deferred revenues, annuities payable and other liabilities	7.1	37.5
Accrued pension and postretirement benefit costs	(97.0)	150.2
Medical self-insurance	(12.4)	(1.7)
Government advances for student loans	-	(.1)
Net cash provided by operating activities	195.9	139.0
Cash flows from investing activities		
Purchases of investments	(2,326.6)	(153.2)
Proceeds from the sales and maturities of investments and sales of property and equipment	2,178.6	165.4
Capital expenditures for property and equipment	(192.5)	(152.9)
Student and shared appreciation mortgage loans:		
New loans made	(4.4)	(3.9)
Principal collected	7.1	5.9
Net cash used in investing activities	(337.8)	(138.7)
Cash flows from financing activities		
Gifts for plant expansion and endowment	14.3	18.1
Proceeds from the issuance of debt	142.4	62.5
Payments to retire bonds and notes payable	(95.4)	(27.6)
Net cash provided by financing activities	61.3	53.0
Cash and cash equivalents		
Net (decrease) increase	(80.6)	53.3
Beginning of year	215.6	162.3
End of year	\$ 135.0	\$ 215.6

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

1. Organization

The University of Miami (the University) is a private not-for-profit institution located in South Florida. Founded in 1925, the University owns and operates educational and research facilities as well as a health care system. Its mission is to educate and nurture students, to create knowledge through innovative research programs, to provide service to our community and beyond, and to pursue excellence in health care.

These financial statements include the accounts of all entities in which the University has a significant financial interest, and over which the University has control, including its hospitals and clinics. All significant intercompany accounts and transactions have been eliminated in the preparation of these statements.

2. Summary of Significant Accounting Policies and Reporting Practices

Basis of Presentation

The financial statements of the University, including its hospitals and clinics, have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

The three net asset categories as reflected in the accompanying financial statements are as follows:

Unrestricted - Net assets which are free of donor-imposed restrictions. It includes the University's investment in property and equipment and amounts designated by management for support of operations, programs, and facilities expansion. The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University and, therefore, the University's policy is to record these net assets as unrestricted. This category includes all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Unrestricted non-operating activities reflect transactions of a long-term investment or capital nature, including net investment return and activities related to quasi endowment funds, not used to support current operations as well as contributions to be used for facilities and equipment.

Temporarily Restricted - Net assets whose use by the University is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations. These net assets are available for program purposes, i.e., education, research, public service, and scholarships, as well as for buildings and equipment.

Permanently Restricted - Net assets whose use by the University is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University. These net assets are invested in perpetuity, the income from which is expended for program purposes, i.e., education, research, public service, and scholarships.

Use of Estimates

The preparation of these financial statements requires management of the University to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Taxes

The University is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. At May 31, 2013, there were no uncertain tax positions. The University files tax returns with U.S. federal and other tax authorities for which the statute of limitations may go back to the year ended May 31, 2010.

Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for fair value measurements. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned.

The University's investments include various types of investment securities which are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Revenue Recognition

Tuition and fees revenue is reported in the fiscal year in which educational programs are primarily conducted. Scholarships and fellowships awarded to students for tuition, fees, and room and board are based upon need and merit, and are netted against tuition and fees, and auxiliary enterprises revenue in the statements of activities as follows (in millions):

	2013	2012
Scholarships and fellowships:		
Institutionally funded	\$ 170.4	\$ 163.9
Externally funded - gifts and grants	9.6	10.2
Total amount netted against tuition and fees revenue	\$ 180.0	\$ 174.1
Amount netted against auxiliary enterprises revenue	\$ 12.3	\$ 11.7

Gifts of cash, property and marketable securities are recorded as revenue at fair value when received. Unconditional pledges (note 4) are recognized as revenue based on the estimated present value of the future cash flows, net of allowances, when the commitment is received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category. Conditional pledges are recorded as revenue only when donor stipulations are substantially met.

Grants and contracts revenue is recognized as expenses are incurred.

Medical professional practice, and hospitals and clinics revenue (patient care revenue) are recorded based upon established billing rates less allowances for contractual adjustments. Revenues are recorded in the period the services are provided based upon the estimated amounts due from the patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances represent the difference between established rates for services and amounts reimbursed by third-party payors based upon the payment terms specified in the related contractual agreements. Third-party payors' contractual payment terms are generally based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. In the opinion of management, adequate provisions for adjustments

Notes to Financial Statements

May 31, 2013 and 2012

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

Revenue Recognition (continued)

that may result from such reviews and audits have been made through May 31, 2013, in the accompanying financial statements. The impact of such adjustments to operating revenues for the years ended May 31, 2013 and 2012 was a decrease of \$6.4 and \$11.5 million, respectively.

Revenue received before it is earned is deferred.

Annuities Payable and Trusts Held by Others

Certain gift annuities, charitable lead and remainder annuity trust agreements have been entered into with donors. Assets held under these agreements are valued at fair value based on either the present value of expected cash flows or the value of the University's share of the underlying assets. These assets are included in trusts held by others on the statements of financial position, except for gift annuities which are included in cash and cash equivalents and investments. Gift annuities included in cash and cash equivalents, and investments totaled \$20.3 and \$18.4 million at May 31, 2013 and 2012, respectively. Generally, revenue from gift annuities and trusts is recognized at the date the agreements are established net of liabilities for the present value of the estimated future payments to donors and/or other beneficiaries.

The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts which are also included in trusts held by others on the statements of financial position. The fair value of the trusts, which are based on either the present value of the estimated future cash receipts or the fair value of the assets held in the trust, are recognized as assets and gift and trust revenue as of the date the University is notified of the establishment of the trust. Distributions from the trusts are recorded as gift and trust revenue, and the carrying value of the assets is adjusted for changes in fair value.

Medical School

Faculty physicians, in addition to teaching and conducting research, engage in the practice of medicine, which generates patient care revenue. Revenues and expenses, including compensation and administrative operations from the practice of medicine, are reflected as University revenues and expenses. The net assets of patient care activities are designated for medical school programs.

The University and the Public Health Trust of Miami-Dade County, Florida (PHT), owner and operator of Jackson Memorial Hospital (JMH), have entered into an affiliation agreement related to their independent missions within the designated land and facilities that comprise the Jackson Memorial Medical Center. Pursuant to that agreement, the PHT provides clinical facilities for the teaching of the University's medical students. Medical education of its students is the sole responsibility of the University. In addition, the University has agreed to permit its faculty to apply for privileges at JMH to train and supervise JMH house staff (interns, residents, and fellows) and to treat hospital patients in their capacity as members of JMH's attending medical staff. All such treatment and training is the sole responsibility of the PHT in its capacity as the legal owner and operator of the Jackson Health System's public hospitals and clinics and its statutory teaching hospital (JMH). The affiliation agreement provides the terms for the mutual reimbursement of services provided.

Insurance

The University manages property and liability risks through a combination of commercial insurance policies and self-insurance.

The University is self-insured for medical professional liability and maintains commercial excess loss coverage within specified limits. Provisions for

medical professional liability claims and related costs are based on several factors, including an annual actuarial study using a discount rate of 3% at May 31, 2013 and 2012.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation is not recorded on land and art objects. Leasehold improvements are amortized over the lesser of the lease term or the useful life.

Intangible Assets

On December 1, 2007, the University acquired certain assets and liabilities of the University of Miami Hospital (UMH). The University recorded as goodwill the excess of the fair value of the consideration provided in the business acquisition over the fair value of the identifiable net assets acquired. The University is required to assess goodwill for impairment annually (at March 31), or more frequently if circumstances indicate impairment may have occurred. The University assesses goodwill for such impairment by comparing the carrying value of the reporting unit to its estimated fair value. The University's determination of the fair value of UMH is based on a discounted cash flow analysis and the use of comparable market transactions. The cash flow analysis is based on assumptions that are consistent with the University's estimate of future cash flows based on its plans and budgets. The discount rate used is based on the risk-free rate plus an adjustment for risk factors. The use of alternative estimates of cash flow, peer groups, changes in the industry, or adjusting the discount rate would result in a different determination of fair value and would affect the carrying value of goodwill. No goodwill impairment has been recognized in any prior year. As a result of the impairment analysis conducted at March 31, 2013, goodwill was deemed to be fully impaired. In accordance with ASC 350, *Intangibles - Goodwill and Other*, an impairment charge of \$97.5 million was recognized in the accompanying statements of activities for the year ended May 31, 2013. The impairment is the result of the projected results from financial operations not being sufficient to support the reported amount of goodwill.

During the fiscal year 2010, the University acquired a physician practice and recorded \$1.7 million in goodwill. This practice was closed during the fiscal year 2013 and the associated goodwill was written off.

Facilities and Administrative Cost Recovery

The Federal government reimburses the University for facilities and administrative costs incurred in connection with research grants and contracts based on approved rates through 2015. Facilities and administrative cost recovery from government and private sources included in grant and contract revenues totaled \$67.3 and \$72.3 million during the years ended May 31, 2013 and 2012, respectively.

Impairment of Long-Lived Assets

ASC 360 (formerly SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*) requires that long-lived assets to be held by an entity, including intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No asset impairments were recorded by the University in fiscal years 2013 and 2012.

Subsequent events

The University evaluated events and transactions occurring subsequent to May 31, 2013, through August 28, 2013, the date of issuance of the financial statements. During this period, there were no subsequent events requiring recognition in the financial statements.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

3. Accounts and Loans Receivable

At May 31, accounts and loans receivable consist of the following (in millions):

	2013	2012
Accounts and loans receivable, net:		
Patient care	\$ 195.0	\$ 193.5
Grants, contracts and other	73.4	68.2
Shared appreciation mortgages	43.8	47.6
Student	6.9	6.9
Student loans, net	29.1	28.9
Total	\$ 348.2	\$ 345.1

Accounts and loans receivable, and student loans receivable are net of allowances for doubtful accounts of \$138.9 and \$.8 million, respectively, for 2013 and \$128.8 and \$.9 million, respectively, for 2012.

Shared appreciation mortgages were provided as part of a program to attract and retain excellent faculty and senior administrators through home mortgage financing assistance. Shared appreciation notes amounting to \$46.3 and \$50.1 million (net of \$2.5 million allowance for doubtful accounts) at May 31, 2013 and 2012, respectively, from University faculty and senior administrators are collateralized by second mortgages on residential properties. The program was suspended effective December 31, 2008 with limited exceptions.

Student loans are made primarily pursuant to federal programs and availability of funding. The related receivables have significant government restrictions as to marketability, interest rates, and repayment terms. Their fair value is not readily determinable.

4. Contributions Receivable (Pledges)

Unconditional pledges are recorded at the present value of their future cash flows using a discount rate commensurate with the risk involved. They are expected to be realized in the following periods at May 31, (in millions):

	2013	2012
In one year or less	\$ 39.2	\$ 31.7
Between one year and five years	54.7	59.4
More than five years	35.4	39.1
	129.3	130.2
Discount of \$15.5 and allowance of \$10.2 for 2013 and \$17.3 and \$10.4 for 2012, respectively	(25.7)	(27.7)
Total	\$ 103.6	\$ 102.5



5. Fair Value of Financial Instruments

The valuation methodologies used for other investment instruments measured at fair value consisted of:

Variable Rate Swap Agreement

The University entered into an interest rate swap agreement on October 25, 2004 to manage the market risk associated with outstanding variable-rate debt. The swap agreement provides that the University receive a variable rate based on 3-month LIBOR and pay a fixed rate of 4.2%. Parties to the interest rate swap agreement are subject to market risk for changes in interest rates as well as risk of credit loss in the event of nonperformance by the counterparty. The University deals only with high quality counterparties that meet rating criteria for financial stability and creditworthiness. The estimated cumulative fair value loss of the swap agreement was \$4.6 and \$6.0 million for the years ended May 31, 2013 and 2012, respectively, and is included in other investments in the tables that follow. Changes in the fair value, which for fiscal year 2013 and 2012 amounted to an unrealized gain (loss) of \$1.4 and (\$2.3) million, respectively, are recorded as non-operating activities in the statements of activities. The notional amount was \$18.4 and \$19.0 million for fiscal year 2013 and 2012, respectively.

Fair Value Measurements

Investments

The fair market value of investments at May 31, 2013 and 2012 amounted to \$1,092.1 and \$817.0 million, with a cost basis of \$958.7 and \$767.0 million, respectively. Short term investments consist primarily of commercial paper with maturities in excess of three months. Categories included in limited partnerships and limited liability companies and other investments, represent alternative investments which are valued at the net asset value of the entities as determined by the fund managers. The majority of investments are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the fair value per share. At May 31, 2013 and 2012, the fair value of the University's primary investment pool (the Growth Pool) amounted to \$885.0 and \$770.6 million, with a cost basis of \$758.6 and \$723.5 million, respectively. The Growth Pool is managed by multiple investment managers with asset allocation per the University's investment policy. The total net unrealized gain (loss) on investments for the year ended May 31, 2013 and 2012 was \$84.8 and (\$75.7) million, respectively.

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for investments measured at fair value:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Notes to Financial Statements

May 31, 2013 and 2012

5. Fair Value of Financial Instruments (continued)

Fair Value Measurements (continued)

Level 3 – Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Inputs to the valuation methodologies incorporate certain assumptions and projections in determining the fair value assigned to such assets.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of any input that is significant to the fair value measurement. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at May 31, 2013.

The following tables set forth by level, within the fair value hierarchy, the University's assets at fair value (in millions):

At May 31, 2013				
	Total	Level 1	Level 2	Level 3
Assets:				
Short term investments	\$ 14.4	\$ -	\$ 14.4	\$ -
Corporate bonds	56.2	-	56.2	-
Debt securities:				
U.S. Treasury & other government agencies	112.1	107.9	4.2	-
Publicly traded stocks:				
Large-mid cap	98.9	98.9	-	-
Small cap	21.0	21.0	-	-
Mutual funds:				
Equities:				
Emerging markets	30.7	-	30.7	-
International	3.3	-	3.3	-
Large-mid cap	12.5	-	12.5	-
Small cap	29.6	-	29.6	-
Fixed Income	37.0	-	37.0	-
Balanced	9.5	-	.7	8.8
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	34.0	-	34.0	-
International	153.2	-	153.2	-
Large-mid cap	83.5	-	83.5	-
Fixed income	91.6	-	44.6	47.0
Private equity	38.4	-	-	38.4
Other:				
Event arbitrage	81.2	-	-	81.2
Long-short composite	118.3	-	92.7	25.6
Real assets related securities	43.4	-	42.9	.5
Real estate	25.9	-	-	25.9
Other investments	(2.6)	-	(2.6)	-
Total investments	1,092.1	227.8	636.9	227.4
Trusts held by others	46.1	-	-	46.1
Total assets	\$1,138.2	\$ 227.8	\$ 636.9	\$ 273.5



At May 31, 2012				
	Total	Level 1	Level 2	Level 3
Assets:				
Short term investments	\$ 15.7	\$ -	\$ 15.7	\$ -
Corporate bonds	.6	-	.6	-
Debt securities:				
U.S. Treasury & other government agencies	5.3	5.3	-	-
Publicly traded stocks:				
Large-mid cap	70.2	70.2	-	-
Small cap	20.6	20.6	-	-
Mutual funds:				
Equities:				
Emerging markets	23.2	-	23.2	-
International	3.4	-	3.4	-
Large-mid cap	10.7	-	10.7	-
Small cap	21.6	-	21.6	-
Fixed Income	36.5	-	36.5	-
Balanced	9.3	-	1.6	7.7
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	29.7	-	29.7	-
International	116.6	-	116.6	-
Large-mid cap	76.5	-	76.5	-
Fixed income	86.5	-	43.2	43.3
Private equity	43.4	-	-	43.4
Other:				
Event arbitrage	73.2	-	-	73.2
Long-short composite	107.8	-	85.8	22.0
Real assets related securities	42.3	-	41.4	.9
Real estate	26.8	-	-	26.8
Other investments	(2.9)	1.4	(4.3)	-
Total investments	817.0	97.5	502.2	217.3
Trusts held by others	43.6	-	-	43.6
Total assets	\$ 860.6	\$ 97.5	\$ 502.2	\$ 260.9

5. Fair Value of Financial Instruments (continued)**Fair Value Measurements (continued)**

The following tables set forth a summary of changes in the fair value of the University's level 3 assets:

For the year ended May 31, 2013 (in millions):

	May 31, 2012	Purchases	Sales	Net Income Reinvested	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2013
					Realized	Unrealized		
Mutual funds - balanced	\$ 7.7	-	(.3)	.2	.2	1.0	-	\$ 8.8
Limited partnerships and limited liability companies:								
Fixed income	43.3	-	-	1.5	-	2.2	-	47.0
Private equity	43.4	2.8	(10.5)	.4	4.0	(1.7)	-	38.4
Other:								
Event arbitrage	73.2	-	-	2.6	3.3	2.1	-	81.2
Long-short composite	22.0	-	-	(.5)	1.9	2.2	-	25.6
Real assets related securities	.9	-	(.4)	-	-	-	-	.5
Real estate	26.8	2.5	(4.6)	(.2)	.6	.8	-	25.9
Total investments	217.3	5.3	(15.8)	4.0	10.0	6.6	-	227.4
Trusts held by others	43.6	.2	(2.4)	-	-	4.7	-	46.1
Total assets	\$ 260.9	\$ 5.5	\$ (18.2)	\$ 4.0	\$ 10.0	\$ 11.3	\$ -	\$ 273.5

For the year ended May 31, 2012 (in millions):

	May 31, 2011	Purchases	Sales	Net Income Reinvested	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2012
					Realized	Unrealized		
Mutual funds - balanced	\$ 8.3	-	(.3)	.1	.2	(.6)	-	\$ 7.7
Limited partnerships and limited liability companies:								
Fixed income	42.1	-	-	1.5	-	(.3)	-	43.3
Private equity	50.0	4.9	(14.4)	.7	5.1	(2.9)	-	43.4
Other:								
Event arbitrage	72.7	-	-	2.1	(.7)	(.9)	-	73.2
Long-short composite	23.4	-	-	(.4)	1.1	(2.1)	-	22.0
Real assets related Securities	1.6	-	(.6)	-	-	(.1)	-	.9
Real estate	23.8	3.6	(3.5)	.7	.7	1.5	-	26.8
Total investments	221.9	8.5	(18.8)	4.7	6.4	(5.4)	-	217.3
Trusts held by others	52.0	-	(4.3)	-	-	(4.1)	-	43.6
Total assets	\$ 273.9	\$ 8.5	\$ (23.1)	\$ 4.7	\$ 6.4	\$ (9.5)	\$ -	\$ 260.9

Sales amounts presented above for the years ended May 31, 2013 and 2012 for trusts held by others represent settlement transactions. There were no other issuances and settlements for the years ended May 31, 2013 and 2012.

The total level 3 change in net unrealized gains (losses) for the years relating to those investments still held at May 31, 2013 and 2012 total \$6.6 and

(\$5.4) million, respectively, and are reflected as part of investment return in the statements of activities. The total level 3 change in value related to trusts held by others at May 31, 2013 and 2012 total \$4.7 and (\$4.1) million, respectively, and are reflected as part of investment return and changes in value of annuities payable and trusts held by others in the statements of activities.

Notes to Financial Statements

May 31, 2013 and 2012

5. Fair Value of Financial Instruments (continued)

Fair Value Measurements (continued)

The following tables summarize the University's assets whose fair value is estimated using net asset value per share (in millions):

At May 31, 2013				
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Assets:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	\$ 34.0	\$ -	(M)	30 days
International	153.2	-	(M)	5-6 days
Large-mid cap	83.5	-	(Q)	60 days
Fixed income	91.6	-	(M), (A)	10-90 days
Private equity	38.4	11.0	*	N/A
Other:				
Event arbitrage	81.2	-	(Q)	65-90 days
Long-short composite	118.3	-	(M), (Q), (A)	45-90 days
Real assets related securities	43.4	-	(M), (Q)	10-60 days
Real estate	25.9	5.6	*	N/A
Other investments	(2.6)	-	N/A	N/A
Total investments	666.9	16.6		
Trusts held by others	46.1	-	N/A	N/A
Total assets	\$ 713.0	\$ 16.6		

At May 31, 2012				
	Fair Value	Future Commitments	Redemption Frequency	Days Notice
Assets:				
Limited partnerships and limited liability companies:				
Equities:				
Emerging markets	\$ 29.7	\$ -	(M)	30 days
International	116.6	-	(M)	5-15 days
Large-mid cap	76.5	-	(Q)	60 days
Fixed income	86.5	-	(M), (A)	10-90 days
Private equity	43.4	17.8	*	N/A
Other:				
Event arbitrage	73.2	-	(Q)	65-90 days
Long-short composite	107.8	-	(M), (Q), (A)	45-90 days
Real assets related securities	42.3	-	(M), (Q)	10-60 days
Real estate	26.8	8.0	*	N/A
Other investments	(2.9)	-	N/A	N/A
Total investments	599.9	25.8		
Trusts held by others	43.6	-	N/A	N/A
Total assets	\$ 643.5	\$ 25.8		

Redemption Frequency: (A) Annually, (S) Semi-annually, (Q) Quarterly, (M) Monthly

(*) The expected liquidation date for these assets range from 2015 to 2025 and are based on a combination of the inception date of the fund and the expected life of the fund as outlined in the partnership agreement inclusive of the manager's ability to extend the fund's life.

The University's investment policy and strategy for its investments, as established by the Investment Committee (the Committee) of the Board and ratified by the Executive Committee of the Board, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for University assets is 45.0% equity securities, 10.0% fixed income, and 45.0% other investments. Equity securities include investments in large-mid cap and small cap compa-

nies primarily located in the United States, as well as international compa-nies similar to the S&P 500, Russell 2000 and MSCI Indexes. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries similar to the Barclays US TIPs and Citigroup World Gov't Bond. Other investments include private equity funds, real estate funds, and hedge funds similar to those of the HFRI Fund of Funds, S&P 500, DJ/UBS Commodity, and NCREIF Property.

5. Fair Value of Financial Instruments (continued)

Fair Value Measurements (continued)

The Committee rebalances its investments periodically to meet established target allocations. In addition, the Committee reviews its investment policy and target allocations periodically and effects changes when required, to ensure that strategic objectives are achieved.

Investment Return

The University's endowment spending distribution policy is to distribute five percent of the three-year moving average fair market value of the endowment investment pool. This policy is designed to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The components of total investment return as reflected in the statements of activities are as follows (in millions):

	2013	2012
Operating:		
Endowment spending distribution	\$ 29.9	\$ 27.7
Investment return	6.1	3.6
Total operating investment return	36.0	31.3
Non-Operating:		
Unrestricted:		
Endowment interest and dividend income, realized and unrealized gains (losses), net of endowment spending distribution	24.7	(62.4)
Other net realized and unrealized gains (losses)	16.6	(8.0)
Total unrestricted non-operating investment return	41.3	(70.4)
Temporarily restricted:		
Investment return, net of endowment spending distribution	54.0	(.5)
Endowment distributions reinvested	2.7	2.4
Permanently restricted investment return	3.0	(4.1)
Total non-operating investment return	101.0	(72.6)
Total investment return	\$ 137.0	\$ (41.3)

6. Fair Value of Other Financial Instruments

The carrying amounts of cash and cash equivalents, patient, student and other receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments. The carrying amounts of notes payable with variable interest rates approximate their fair value since the variable rates reflect current market rates for notes with similar maturities and credit quality. The fair value of bonds payable with fixed interest rates is based on rates assumed to be currently available for bond issues with similar terms and average maturities. The estimated fair value of these bonds payable at May 31, 2013 and 2012 approximated \$914.7 and \$804.1 million, respectively. The carrying amounts of these bonds payable at May 31, 2013 and 2012 approximated \$871.0 and \$761.1 million, respectively.

7. Other Assets

Other assets primarily represent prepaid expenses and inventories. During September 2010, the University entered into a tri-party agreement with the Public Health Trust (PHT) and Miami-Dade County wherein the receivable associated with the annual operating agreement was converted to a prepaid asset. The value of the receivable at September 30, 2010 was \$73.9 million, and included a long-term land lease with a discounted value of \$14.1 million.

The University will receive goods, rentals, and services in the normal course of business with the PHT until the prepaid asset is exhausted. At May 31, 2013 and 2012, the remaining prepaid asset under this agreement, after application of purchased services was \$22.7 and \$42.6 million, respectively. Based on the repayment terms of the agreement, the balance of the prepaid asset should be exhausted by March 1, 2014, with the exception of the long-term land lease which extends through 2080.

8. Property and Equipment

Property and equipment and related accumulated depreciation and amortization at May 31 consist of the following (in millions):

	Useful Lives	2013	2012
Land	-	\$ 94.2	\$ 93.9
Land improvements	20 years	100.1	88.1
Buildings and building improvements	8 to 50 years	1,598.0	1,544.1
Leasehold improvements	1 to 50 years	47.9	38.6
Construction in progress	-	143.9	94.0
Moveable equipment	3 to 20 years	589.3	557.0
Library materials	12 years	115.8	113.4
Art objects	-	54.8	52.4
		2,744.0	2,581.5
Accumulated depreciation and amortization		(1,207.9)	(1,116.3)
Total		\$ 1,536.1	\$ 1,465.2

Interest on borrowings is capitalized during construction, net of any project specific borrowings' investment income earned through the temporary investment of project borrowings. Net interest expense of \$2.7 and \$2.1 million was capitalized for the years ended May 31, 2013 and 2012, respectively.

9. Endowment and Change in Accounting Policy

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Quasi endowment funds are resources segregated for long term investment and include investment return on unrestricted investments, and other resources designated by the Board for future programs and operations.

Spending Policy

The University's endowment spending distribution policy in support of its programs is to distribute five percent of the three-year moving average fair market value of the endowment investment pool. New endowments must be received prior to December 31 in order to activate the spending distribution for the next fiscal year. In addition, no distribution is made from an endowment until its funding reaches, by December 31, the level stipulated by policy. Further, endowments to establish Chairs and Professorships have an additional delay of one year before distributions are made.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies to protect the purchasing power of the endowment and to minimize the effect of capital market fluctuations on operating budgets.

The intent of the University's policy for its primary investment pool (the Growth Pool), as approved by the Board, is to achieve a rate of return equal to or greater than the respective benchmark, while assuming a moderate level of risk. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation

Notes to Financial Statements

May 31, 2013 and 2012

9. Endowment and Change in Accounting Policy (continued)

Return Objectives and Risk Parameters (continued)

that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints. The current long-term return objective is to earn a return of at least the Consumer Price Index plus 5%, net of fees. Actual returns in any given year may vary from this amount.

Application of Relevant Law

On June 17, 2011, the State of Florida passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The effective date of the enacted version of UPMIFA in Florida (FL UPMIFA) is July 1, 2012. Accordingly the University was required to adopt the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-50 (formerly FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*) on July 1, 2012. This standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the UPMIFA.

The Board's interpretation of its fiduciary responsibilities for donor-restricted endowments under FL UPMIFA is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FL UPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

FL UPMIFA specifies that unless stated otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, the University's policy is to report (a) the historical value for such endowments as permanently restricted net assets and (b) the net accumulated appreciation as temporarily restricted net assets. The amounts appropriated for expenditure are based on the endowment spending rate per unit and the number of units for each fund.

In fiscal year 2012, return on investments was reported as increases or decreases in operating and non-operating unrestricted net assets unless their use was restricted by explicit external stipulations. As of July 1, 2012, due to the adoption of the accounting policy, the unspent market appreciation of donor restricted endowment funds is presented as temporarily restricted net assets until appropriated for expenditure by the University. When losses on the investments of a donor-restricted endowment fund exceed the net appreciation classified in temporarily restricted net assets, the excess loss reduces unrestricted net assets. Gains that restore the fair value of the assets of the endowment fund to the fund's required level (historic dollar value) are classified as an increase to the same class of net assets that was previously reduced for the excess loss - unrestricted net assets. After the fair value of the assets of the endowment fund equals the required level, gains are again available for expenditure, and those gains that are restricted by the donor are classified as increases in temporarily restricted net assets.

Upon Florida's adoption of UPMIFA, which resulted in a change of accounting policy, the University reclassified \$160.8 million of cumulative net appreciation from unrestricted net assets to temporarily restricted net assets.

At May 31, 2013 and 2012, the net deficiency in the market value of certain endowment related assets which fell below the donor required level amounted to \$2.4 and \$9.9 million, respectively, and resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions, as well as continued appropriations for certain programs deemed prudent by the University.

Endowment net assets consist of the following (in millions):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
At May 31, 2012:				
Donor restricted endowment funds	\$ 150.9	\$ 29.2	\$ 345.7	\$ 525.8
Quasi endowment funds	152.9	-	-	152.9
Total	\$ 303.8	\$ 29.2	\$ 345.7	\$ 678.7
At May 31, 2013:				
Donor restricted endowment funds:				
At historical value	\$ -	\$ 28.7	\$ 362.4	\$ 391.1
Accumulated net (depreciation) appreciation	(2.4)	215.2	-	212.8
Quasi endowment funds	174.0	-	-	174.0
Total	\$ 171.6	\$ 243.9	\$ 362.4	\$ 777.9

Changes in endowment net assets for the fiscal years ended May 31, 2013 and 2012 consist of (in millions):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, May 31, 2011	\$ 364.0	\$ 29.4	\$ 326.5	\$ 719.9
Investment return				
Investment income	10.0	-	(.1)	9.9
Net depreciation (realized and unrealized)	(42.3)	-	-	(42.3)
Total investment return	(32.3)	-	(.1)	(32.4)
Gifts and Trusts	.1	.2	17.0	17.3
Endowment spending distribution for programs	(30.1)	-	-	(30.1)
Endowment distributions reinvested	2.4			2.4
Net transfers from quasi endowment funds	(.6)	-	-	(.6)
Other	.3	(.4)	2.3	2.2
Balance, May 31, 2012	303.8	29.2	345.7	678.7
Cumulative effect of a change in accounting principle	(160.8)	160.8	-	-
Endowment investment return:				
Investment income	1.5	5.4	-	6.9
Net appreciation (realized and unrealized)	30.5	72.4	-	102.9
Total investment return	32.0	77.8	-	109.8
Gifts and Trusts	1.3	.1	15.3	16.7
Endowment spending distribution for programs	(7.4)	(25.3)	-	(32.7)
Endowment distributions reinvested	.1	2.7	-	2.8
Net transfers to quasi endowment funds	2.6	-	-	2.6
Other	-	(1.4)	1.4	-
Balance, May 31, 2013	\$ 171.6	\$ 243.9	\$ 362.4	\$ 777.9

10. Pension and Other Postretirement Benefit Plans

The University has two non-contributory retirement plans, the Faculty Retirement Plan and the Employee Retirement Plan. These two plans were closed to employees hired after May 31, 2007. Effective June 1, 2007 a new retirement plan was established, the Retirement Savings Plan.

The University also sponsors an unfunded, defined benefit postretirement health plan that covers all full-time and part-time regular employees who elect coverage and satisfy the plan's eligibility requirements when they retire. The plan is contributory with retiree contributions established as a percentage of the total cost for retiree health care and for the health care of their dependents. The University pays all benefits on a current basis.

The Retirement Savings Plan (Savings Plan) is a defined contribution plan in which the University makes an automatic core contribution of 5% of pay with a dollar-for-dollar match on voluntary contributions up to an additional 5% of pay once the employee meets certain eligibility requirements. Eligible employees can begin making voluntary contributions to the Savings Plan at any time. Participation is limited to faculty and staff hired on or after June 1, 2007 or who elected, prior to June 1, 2007, to transfer to this plan from the Faculty Retirement Plan or from the Employee Retirement Plan. Core and matching contributions to the Savings Plan for 2013 and 2012 were \$34.4 and \$33.4 million, respectively.

The Retirement Savings Plan II (Savings Plan II) is a defined contribution plan the University established, effective January 1, 2008, that covers substantially all employees of the University of Miami Hospital (UMH). The plan is available to employees who meet certain eligibility requirements and requires that UMH match certain percentages of participants' contributions up to certain maximum levels. Eligible employees can begin making voluntary contributions to the Savings Plan II at any time. Core and matching contributions to the Savings Plan II were \$6.7 and \$5.6 million for the years ended May 31, 2013 and 2012, respectively.

Faculty Retirement Plan (Faculty Plan) is a defined contribution plan for eligible faculty hired between September 30, 1977 and May 31, 2007, and certain faculty hired on or before September 30, 1977, who ceased participation in the Employee Retirement Plan. Under the terms of the Faculty Plan, the University makes contributions to individual retirement accounts for each eligible faculty member. Payment from the retirement account commences when the faculty member has separated from service and elects to begin distributions in accordance with plan provisions.

Contributions to the Faculty Plan are based upon a combination of compensation, tenure status, length of service, and other factors and are funded as accrued. These contributions were \$23.8 and \$24.1 million for the years ended May 31, 2013 and 2012, respectively. In addition to the above noted plans, there are deferred compensation arrangements for certain employees, principally clinical faculty, the liability for which is included in other liabilities.

The Employee Retirement Plan (Employee Plan) is a defined benefit plan primarily for full-time non-faculty employees hired before June 1, 2007. Employee Plan assets are held by a Trustee. The benefit is based on the higher of two formulas: a formula based on years of service and the employee's compensation for the consecutive five year period of employment that produces the highest average; and a cash balance benefit formula determined each year based on compensation and investment earnings.

At May 31, 2009, a proposed Employee Plan amendment was approved by the Internal Revenue Service which enables the plan to offer lump sum distribution options to participants who retired on or after January 1, 2001 and met the Rule of 70 (combination of age and service).

The measurement date for the Employee Plan and postretirement health plan is May 31 for fiscal years 2013 and 2012.

The following benefit payments, which reflect expected future service, are expected to be paid, for the fiscal years ending May 31 (in millions):

	Pension Benefits	Postretirement Benefits
2014	\$ 45.1	\$.3
2015	45.7	.3
2016	49.0	.3
2017	48.9	.3
2018	49.9	.4
2019-2023	276.1	2.4

The University expects to contribute \$50.0 million to the Employee Plan and \$.3 million to its postretirement health plan during the fiscal year ending May 31, 2014.

The tables that follow provide a reconciliation of the changes in the plans' projected benefit obligations, fair value of assets and funded status (in millions):

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Change in Benefit Obligation				
Benefit obligation at beginning of year	\$ 927.5	\$ 772.3	\$ 3.3	\$ 2.0
Service cost - benefits attributed to employee service during period and administrative expenses	22.5	20.0	.5	.2
Interest costs accrued to measure benefit obligation at present value	42.0	42.9	.3	.2
Plan participant contributions	-	-	.6	.7
Actuarial (gain) loss	(30.0)	124.6	2.8	.8
Benefits paid and administrative expenses	(36.5)	(32.3)	(.6)	(.6)
Plan amendments	(6.9)	-	-	-
Benefit obligation at end of year	918.6	927.5	6.9	3.3
Change in Plan Assets				
Employee Plan assets at fair value at beginning of year	532.7	526.4	-	-
Investment return on Employee Plan assets	70.3	(9.8)	-	-
Benefits paid and Employee Plan expenses	(36.5)	(32.3)	(.6)	(.6)
Employer contributions	57.9	48.4	-	-
Plan participant contributions	-	-	.6	.6
Employee Plan assets at fair value at end of year	624.4	532.7	-	-
Funded status				
Accrued pension and postretirement benefit costs recognized on the statements of financial position	\$ (294.2)	\$ (394.8)	\$ (6.9)	\$ (3.3)
Amounts recognized in unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 299.3	\$ 381.5	\$ 1.5	\$ (1.4)
Prior service credit	(10.8)	(4.5)	(.7)	(.7)
Transition obligation	-	-	-	.1
	\$ 288.5	\$ 377.0	\$.8	\$ (2.0)

Notes to Financial Statements

May 31, 2013 and 2012

10. Pension and Other Postretirement Benefit Plans (continued)

At May 31, 2013 and 2012, the accumulated benefit obligation of the Employee Plan was \$865.7 and \$876.0 million, respectively, \$241.3 and \$343.3 million, respectively, in excess of Employee Plan assets.

The following table provides the components of net periodic pension cost for the plans (in millions):

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Service cost:				
Benefits attributed to employee service during periods and administrative expenses	\$ 22.5	\$ 20.0	\$.5	\$.2
Total	22.5	20.0	.5	.2
Interest costs accrued to measure benefit obligation at present value	42.0	42.9	.3	.2
Expected return on Employee Plan assets	(42.8)	(43.8)	-	-
Amortization of prior service cost/(credit) - includes changes in pension formula and cost of Employee Plan amendments	(.6)	(.6)	-	(.1)
Amortization of transition obligation	-	-	.1	.1
Recognized net actuarial loss (gain)	24.7	12.7	-	(.1)
Net periodic benefit cost	\$ 45.8	\$ 31.2	\$.9	\$.3

The net actuarial loss and prior service credit expected to be recognized in net periodic benefit cost over the next fiscal year are as follows (in millions):

	Pension Benefits		Postretirement Benefits	
Net actuarial loss	\$	18.5	\$.1
Prior service credit		(1.2)		(.1)

A 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2013. The rate is assumed to decrease .5% to 1% per year until reaching the ultimate 5.5% in 2018. Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A 1% change in assumed health care cost trend rates would have the following effect (in millions):

	1% Increase		1% Decrease	
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$.1	\$	(.1)
Effect on the health care component of the accumulated postretirement benefit obligation		1.0		(.8)

The following weighted-average assumptions were used for the above calculations:

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Discount rate for benefit obligation	4.80%	4.55%	4.70%	4.65%
Discount rate for net periodic benefit cost	4.55%	5.55%	4.65%	5.55%
Expected return on Employee Plan assets	7.95%	8.25%	N/A	N/A
Rate of compensation increase	3.70%/4.20%	3.70%/4.20%	N/A	N/A

The rate of compensation increase assumption related to the net periodic benefit cost is 3.70% for fiscal year 2013 to 2016, and 4.20% thereafter. To develop the expected long-term rate of return for the Employee Plan assets, the University considered the historical returns of the major market indicators relating to the target asset allocation, as well as the current economic and financial market conditions.



10. Pension and Other Postretirement Benefit Plans (continued)
Employee Plan Assets

The investment policy and strategy, as established by the University, is to provide for growth of capital with a moderate level of volatility by investing assets based on its target allocations. The weighted average target allocations for plan assets of the Employee Plan is 34.0% equity securities, 35.0% fixed income, and 31.0% other investments. Equity securities include registered mutual funds, unregistered limited partnerships, and 103-12 investment entities which invest in large-mid cap, small cap and emerging companies primarily located in the United States, as well as international companies similar to the S&P 500, Russell 2000 and MSCI Indexes. Fixed income securities include registered mutual funds and 103-12 investment entities which invest in corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries similar to the Barclays US TIPS and Citigroup World Gov't Bond. Other types of investments include investments in hedge funds, private equity funds, long-short composites, real estate, event arbitrage and common collective trusts investing in real assets related securities similar to those of the HFRI Fund of Funds, S&P 500, DJ/UBS Commodity, and NCREIF Property. The University rebalances its investments periodically to meet the target allocations. The University also reviews its investment policy periodically to determine if the policy or allocations require change. See note 5 for fair value measurement narrative disclosures.

The Employee Plan's investments, by level, within the fair value hierarchy are as follows (in millions):

	At May 31, 2013			
	Total	Level 1	Level 2	Level 3
Common stocks:				
Large-mid cap	\$ 60.4	\$ 60.4	\$ -	\$ -
Small cap	15.9	15.9	-	-
Registered mutual funds:				
Equities-				
emerging markets	15.3	-	15.3	-
Fixed Income	94.6	-	94.6	-
Unregistered limited partnerships and limited liability companies:				
Equities:				
Emerging markets	11.3	-	11.3	-
Large-mid cap	53.2	-	53.2	-
Private equity	15.8	-	-	15.8
Other:				
Event arbitrage	34.7	-	-	34.7
Long-short composite	31.0	-	19.1	11.9
Real estate	15.2	-	-	15.2
Real assets related securities	9.9	-	9.9	-
Money market accounts	16.2	16.2	-	-
Common collective trusts:				
Real assets related securities	13.4	-	13.4	-
103-12 Investment entities:				
Equities:				
International	84.3	-	84.3	-
Small cap	24.5	-	24.5	-
Fixed income	105.2	-	96.2	9.0
Other investments:				
Private equity	3.0	-	-	3.0
Long-short composite	15.3	-	15.2	.1
Fixed income	11.2	-	-	11.2
Real assets related securities	.3	-	-	.3
Total	\$ 630.7	\$ 92.5	\$ 437.0	\$ 101.2

	At May 31, 2012			
	Total	Level 1	Level 2	Level 3
Common stocks:				
Large-mid cap	\$ 35.7	\$ 35.7	\$ -	\$ -
Small cap	16.7	16.7	-	-
Registered mutual funds:				
Equities -				
emerging markets	3.0	-	3.0	-
Fixed Income	94.0	-	94.0	-
Unregistered limited partnerships and limited liability companies:				
Equities:				
Emerging markets	9.9	-	9.9	-
International	7.1	-	7.1	-
Large-mid cap	49.2	-	49.2	-
Private equity	17.6	-	-	17.6
Other:				
Event arbitrage	31.2	-	-	31.2
Long-short composite	26.9	-	16.7	10.2
Real estate	15.9	-	-	15.9
Real assets related securities	9.6	-	9.6	-
Money market accounts	3.2	3.2	-	-
Common collective trusts:				
Equities - international	10.5	-	10.5	-
Real assets related securities	12.9	-	12.9	-
103-12 Investment entities:				
Equities:				
International	40.8	-	40.8	-
Small cap	17.5	-	17.5	-
Fixed income	100.8	-	92.9	7.9
Other investments:				
Private equity	3.4	-	-	3.4
Long-short composite	15.7	-	15.6	.1
Fixed income	10.6	-	-	10.6
Real assets related securities	.6	-	-	.6
Total	\$ 532.8	\$ 55.6	\$ 379.7	\$ 97.5

The tables on the following page set forth a summary of changes in the fair value of the Employee Plan's Level 3 investments.

Notes to Financial Statements

May 31, 2013 and 2012

10. Pension and Other Postretirement Benefit Plans (continued)

Employee Plan Assets (continued)

For the year ended May 31, 2013 (in millions)							
	May 31, 2012	Purchases	Sales	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2013
				Realized	Unrealized		
Unregistered limited partnerships and limited liability companies:							
Private equity	\$ 17.6	1.6	(3.9)	1.4	(.9)	-	\$ 15.8
Other:							
Event arbitrage	31.2	.6	-	1.1	1.8	-	34.7
Long-short composite	10.2	(.3)	-	.8	1.2	-	11.9
Real estate	15.9	1.3	(2.8)	.4	.4	-	15.2
103-12 Investment entities:							
Fixed income	7.9	.7	-	-	.4	-	9.0
Other investments:							
Private equity	3.4	.1	(1.2)	.3	.4	-	3.0
Long-short composite	.1	-	-	-	-	-	.1
Fixed income	10.6	-	-	-	.6	-	11.2
Real assets related securities	.6	-	(.3)	-	-	-	.3
Total	\$ 97.5	\$ 4.0	\$ (8.2)	\$ 4.0	\$ 3.9	\$ -	\$ 101.2

For the year ended May 31, 2012 (in millions)							
	May 31, 2011	Purchases	Sales	Total net gains (losses) included in changes in net assets		Transfers in and/or out of level 3	May 31, 2012
				Realized	Unrealized		
Unregistered limited partnerships and limited liability companies:							
Private equity	\$ 20.4	3.2	(6.8)	1.9	(1.1)	-	\$ 17.6
Other:							
Event arbitrage	31.1	.9	-	1.2	(2.0)	-	31.2
Long-short composite	10.9	(.1)	-	.6	(1.2)	-	10.2
Real estate	14.3	2.7	(2.2)	.4	.7	-	15.9
103-12 Investment entities:							
Fixed income	10.5	.9	(3.0)	(.5)	-	-	7.9
Other investments:							
Private equity	4.3	.1	(.8)	-	(.2)	-	3.4
Long-short composite	.1	-	-	-	-	-	.1
Fixed income	10.5	-	-	-	.1	-	10.6
Real assets related securities	1.0	.2	(.6)	-	-	-	.6
Total	\$ 103.1	\$ 7.9	\$ (13.4)	\$ 3.6	\$ (3.7)	\$ -	\$ 97.5

There were no issuances and settlements for the years ended May 31, 2013 and 2012.

The total level 3 change in net unrealized gains (losses) for the years relating to those investments still held at May 31, 2013 and 2012 total \$3.9 and (\$3.7) million, respectively, and are included in net appreciation (depreciation) in fair value of investments in the Employee Plan’s statement of changes in net assets available for benefits.

11. Bonds and Notes Payable

Bonds and notes payable at May 31 consist of the following (in millions):

	Series	Final Maturity	2013 Interest Rate	2013	2012
Miami-Dade County, Florida					
Educational Facilities Authority	2007A to 2012B	2015 to 2042	1.06% to 6.1%	\$ 834.9	\$ 733.9
Notes payable to banks and others	-	2014 to 2030	2.0% to 3.3%	37.6	38.2
Notes payable to banks and others	-	2014 to 2035	Variable	22.3	87.2
Par amount of bonds and notes payable				894.8	859.3
Net unamortized premium				29.0	19.3
Total				\$ 923.8	\$ 878.6

11. Bonds and Notes Payable (continued)

The annual maturities for bonds and notes payable at May 31, 2013 are as follows (in millions):

2014	\$	37.4
2015		31.2
2016		29.9
2017		29.7
2018		28.9
Thereafter		737.7
Total	\$	894.8

In December 2012, the University issued \$94.6 million of Series 2012A, and \$25.3 million of Series 2012B Revenue Bonds through the Miami-Dade County, Florida Educational Facilities Authority (MDCFEFA). The proceeds of the bonds were used to finance or refinance the acquisition, construction, renovation and equipping of various facilities owned and operated by the University.

In December 2012, the University borrowed \$11.0 million from a bank to fund the Employees' Retirement Plan. The loan has a fixed interest rate of 2.0% per annum, and has a maturity date of December 31, 2016. The outstanding balance at May 31, 2013 was \$10.3 million.

Effective December 31, 2012, the University renewed its line of credit arrangement which carries a maximum possible balance of \$150.0 million. This line of credit has a variable interest rate equal to the LIBOR Daily Floating Rate plus 0.65% per annum, and has a maturity date of December 31, 2013. The outstanding balance under this line of credit at May 31, 2013 and 2012 was \$4.4 and \$68.5 million, respectively.

Effective June 29, 2012, the University renewed its second line of credit arrangement which carries a maximum possible balance of \$100.0 million. This line of credit has a variable interest equal to the LIBOR rate for dollar deposits with a one-month maturity plus 0.75% per annum through June 28, 2013. This line of credit was again renewed in June 2013 with a variable interest equal to the LIBOR rate for dollar deposits with a one-month maturity plus 0.65% per annum. The maturity date is June 29, 2014. There was no outstanding balance under this line of credit at May 31, 2013 or 2012.

In November 2011, the University borrowed \$10.0 million from a bank to fund the Employees' Retirement Plan. The loan has a fixed interest rate of 2.38% per annum, and has a maturity date of August 5, 2015. The outstanding balance at May 31, 2013 and 2012 was \$6.9 and \$10.0 million, respectively.

Total interest paid on all bonds and notes was \$42.3 and \$41.7 million for the years ended May 31, 2013 and 2012, respectively. All of the bonds listed in the table above are unsecured.

12. Net Assets

Unrestricted net assets consist of the following at May 31 (in millions):

	2013	2012
Designated for operations, programs, facilities expansion and student loans	\$ 122.1	\$ 117.8
Cumulative pension and postretirement benefits related changes other than net periodic benefit cost	(289.3)	(375.0)
Invested in plant facilities	765.0	740.4
Endowment and similar funds	171.6	303.8
Total unrestricted net assets	\$ 769.4	\$ 787.0

Temporarily restricted net assets consist of the following at May 31 (in millions):

	2013	2012
Gifts for programs and facilities expansion	\$ 16.1	\$ 14.9
Contributions (pledges) and trusts	96.0	92.2
Life income and annuity funds	11.6	10.2
Endowment and similar funds	243.9	29.2
Total temporarily restricted net assets	\$ 367.6	\$ 146.5

Permanently restricted net assets consist of the following at May 31 (in millions):

	2013	2012
Contributions (pledges) and trusts	\$ 53.7	\$ 53.9
Endowment and similar funds	362.4	345.7
Total permanently restricted net assets	\$ 416.1	\$ 399.6

13. Gifts and Trusts

The University's Advancement Office (Advancement) reports total gifts and trusts based on the Management Reporting Standards issued by the Council for Advancement and Support of Education (CASE). Gifts, trusts, and pledges (gifts and trusts) reported for financial statement purposes are recorded on the accrual basis.

The table below summarizes gifts and trusts received for the years ended May 31, 2013 and 2012, reported in the statements of activities as well as the CASE standards as reported by Advancement (in millions):

	2013	2012
Unrestricted gifts and trusts in support of programs	\$ 60.9	\$ 60.7
Unrestricted gifts and trusts for plant expansion	7.3	4.7
Temporarily restricted gifts and trusts for programs and plant expansion	37.0	32.2
Permanently restricted endowment gifts and trusts	12.1	11.7
Total gifts and trusts, per statements of activities	117.3	109.3
Increases (decreases) to reflect gifts and trusts per CASE standards:		
Pledges, net	(1.2)	(6.1)
Non-government grants, included in grants and contracts revenue	47.1	49.9
Differences in valuation/recording:		
Funds held in trust by others	6.1	(5.4)
Annuity	.7	.3
Timing	1.9	8.5
Gift-in-kind recorded under CASE standards only	6.4	7.4
Donations to supporting organizations recorded under CASE standards only	2.4	.6
Total gifts and trusts as reported by Advancement	\$ 180.7	\$ 164.5

14. Functional Expenses

Operating expenses are reported in the statements of activities in natural categories. Functional expenses for fiscal year 2013 and 2012 are shown below (in millions):

	2013	2012
Instruction	\$ 452.4	\$ 459.5
Research	216.9	233.1
Public service	150.0	154.2
Patient care	1,232.6	1,123.8
Auxiliary enterprises	149.7	143.1
Academic support	154.8	154.6
Student services	39.7	39.4
Institutional support	122.4	123.8
Total	\$ 2,518.5	\$ 2,431.5

Included in patient care expenses for fiscal year 2013 is \$99.2 million related to goodwill impairment. Facilities related expenses have been allocated across applicable functional expense categories in the statements of activities based on space usage (in millions):

	2013	2012
Depreciation and amortization	\$ 121.3	\$ 124.8
Interest	38.5	38.0
Operations and maintenance	117.1	120.2
Total	\$ 276.9	\$ 283.0

15. Commitments and Contingencies

The University had contractual obligations of approximately \$108.3 million at May 31, 2013 for various construction projects and purchases of equipment. The University has also entered into professional service agreements with Hospital Corporation of America, Inc. (HCA, Inc.) and various HCA, Inc. affiliates. Future minimum commitments under these agreements range from \$3.1 to \$24.3 million per year over the next five years, totaling \$68.6 million.

The University, in its normal operations, is a defendant in various legal actions. Additionally, amounts received and expended under various federal and state programs are subject to audit by governmental agencies. Management is of the opinion that the outcome of these matters would not have a material effect on the University's financial position or results of operations.

In March 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for. Given that the final regulations and interpretive guidelines have yet to be published, the University is unable to fully predict the impact of PPACA on its operations and financial results. Management of the University is studying and evaluating the anticipated impacts and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.

The University leases certain real property. These leases are classified as operating leases and have lease terms ranging up to sixty eight years. Total lease expense for the years ended May 31, 2013 and 2012 was \$30.4 and \$28.7 million, respectively. Future minimum lease payments under noncancelable operating leases at May 31, 2013 are as follows (in millions):

2014	\$ 9.8
2015	7.9
2016	7.6
2017	5.7
2018	5.2
Thereafter	166.0
Total	\$ 202.2





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