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**Reports on the Audit of  
Federal Award Programs  
In Accordance with OMB Circular A-133**

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**The Pennsylvania State University  
Fiscal Year Ended June 30, 2013**

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University Park, Pennsylvania

**THE PENNSYLVANIA STATE UNIVERSITY**  
**REPORTS ON THE AUDIT OF**  
**FEDERAL AWARDS**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**  
**FISCAL YEAR ENDED JUNE 30, 2013**

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**Joseph J. Donsecz**  
Associate Vice President for Finance and Corporate Controller

The Pennsylvania State University  
408 Old Main  
University Park, PA 16802-1505

March 25, 2014

Federal Audit Clearinghouse  
1201 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47132

To Whom It May Concern:

The Pennsylvania State University's financial, internal control and compliance reports for the fiscal year ended June 30, 2013 are presented on the accompanying pages. The reports have been issued in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. Also enclosed are The Pennsylvania State University's schedule of findings and questioned costs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph J. Donsecz'. The signature is fluid and cursive, written over a white background.

Joseph J. Donsecz  
Associate Vice President for Finance and Corporate Controller

JJD:vad

Enclosures

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# **Audited Financial Statements**

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The Pennsylvania State University  
Fiscal Year Ended June 30, 2013

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
The Pennsylvania State University  
University Park, PA

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of The Pennsylvania State University and subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated 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 University'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 consolidated financial statements.

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

### **Opinion**

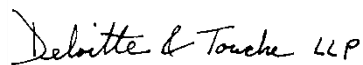
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2013, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of the management of the University and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Deloitte & Touche LLP

November 1, 2013

**THE PENNSYLVANIA STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**ASSETS**  
**JUNE 30, 2013 AND 2012**  
**(in thousands)**

	June 30, 2013	June 30, 2012
<b>Current assets:</b>		
Cash and cash equivalents	\$ 983,256	\$ 1,599,863
Short-term investments	200,273	256,882
Deposits held for others	44,166	26,016
Accounts receivable, net of allowances of \$66,974 and \$62,217	492,404	383,173
Contributions receivable, net	50,411	67,038
Loans to students, net of allowances of \$584 and \$486	10,683	10,317
Inventories	31,406	30,769
Prepaid expenses and other assets	115,463	94,562
<b>Total current assets</b>	<b>1,928,062</b>	<b>2,468,620</b>
<b>Noncurrent assets:</b>		
Deposits held by bond trustees	2,551	2,551
Contributions receivable, net	127,726	117,375
Loans to students, net of allowances of \$2,497 and \$2,247	48,161	47,693
Deferred bond costs, net	5,181	6,241
Total investment in plant, net	3,730,764	3,547,803
Beneficial interest in perpetual trusts	13,252	12,891
Investments	4,816,961	3,794,668
Other assets	17,958	23,147
<b>Total noncurrent assets</b>	<b>8,762,554</b>	<b>7,552,369</b>
<b>Total assets</b>	<b>\$ 10,690,616</b>	<b>\$ 10,020,989</b>

See notes to consolidated financial statements.



**THE PENNSYLVANIA STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**LIABILITIES AND NET ASSETS**  
**JUNE 30, 2013 AND 2012**  
**(in thousands)**

	June 30, 2013	June 30, 2012
<b>Current liabilities:</b>		
Accounts payable and other accrued expenses	\$ 660,096	\$ 524,705
Deferred revenue	264,727	244,104
Long-term debt	43,650	44,671
Present value of annuities payable	5,276	5,536
Accrued postretirement benefits	51,390	42,470
<b>Total current liabilities</b>	<b>1,025,139</b>	<b>861,486</b>
<b>Noncurrent liabilities:</b>		
Deposits held in custody for others	50,804	47,556
Deferred revenue	6,969	9,487
Long-term debt	961,758	1,108,035
Present value of annuities payable	36,979	37,631
Accrued postretirement benefits	1,643,651	1,822,429
Refundable United States Government student loans	45,300	44,478
Other liabilities	210,919	222,889
<b>Total noncurrent liabilities</b>	<b>2,956,380</b>	<b>3,292,505</b>
<b>Total liabilities</b>	<b>3,981,519</b>	<b>4,153,991</b>
<b>Net assets:</b>		
Unrestricted -		
Undesignated	1,635	1,617
Designated for specific purposes	2,757,846	2,193,627
Net investment in plant	2,246,228	2,044,408
Total unrestricted - The Pennsylvania State University	5,005,709	4,239,652
Noncontrolling interest	831	774
Total unrestricted	5,006,540	4,240,426
Temporarily restricted	484,375	482,208
Permanently restricted	1,218,182	1,144,364
<b>Total net assets</b>	<b>6,709,097</b>	<b>5,866,998</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,690,616</b>	<b>\$ 10,020,989</b>

See notes to consolidated financial statements.

**THE PENNSYLVANIA STATE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(in thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenues and other support:</b>				
Tuition and fees, net of discounts of \$127,987	\$ 1,548,974	\$ -	\$ -	\$ 1,548,974
Commonwealth of Pennsylvania -				
Appropriations	272,431	-	-	272,431
Special contracts	65,712	-	-	65,712
Department of General Services projects	49,890	-	-	49,890
United States Government grants and contracts	503,517	-	-	503,517
Private grants and contracts	182,661	-	-	182,661
Gifts and pledges	74,454	16,827	-	91,281
Endowment spending	71,459	-	-	71,459
Other investment income	100,094	592	-	100,686
Sales and services of educational activities	66,054	-	-	66,054
Recovery of indirect costs	153,662	-	-	153,662
Auxiliary enterprises	378,290	-	-	378,290
Medical Center revenue	1,372,500	-	-	1,372,500
Other sources	15,998	-	-	15,998
Net assets released from restrictions	76,783	(76,783)	-	-
<b>Total operating revenues and other support</b>	<b>4,932,479</b>	<b>(59,364)</b>	<b>-</b>	<b>4,873,115</b>
<b>Operating expenses:</b>				
Educational and general -				
Instruction	1,129,431	-	-	1,129,431
Research	806,333	-	-	806,333
Public service	82,221	-	-	82,221
Academic support	327,327	-	-	327,327
Student services	167,061	-	-	167,061
Institutional support	376,602	-	-	376,602
Total educational and general	2,888,975	-	-	2,888,975
Auxiliary enterprises	347,606	-	-	347,606
Medical Center expense	1,232,710	-	-	1,232,710
<b>Total operating expenses</b>	<b>4,469,291</b>	<b>-</b>	<b>-</b>	<b>4,469,291</b>
<b>Increase/(decrease) in net assets from operating activities</b>	<b>463,188</b>	<b>(59,364)</b>	<b>-</b>	<b>403,824</b>
<b>Nonoperating activities:</b>				
Gifts and pledges	-	-	68,521	68,521
Current year investment returns	56,633	62,315	8,103	127,051
Endowment appreciation utilized	(35,180)	-	-	(35,180)
Changes in funds held by others in perpetuity	-	424	353	777
Write-offs and disposals of assets	(2,000)	-	-	(2,000)
Nonperiodic change in postretirement benefit plan	283,416	-	-	283,416
Actuarial adjustment on annuities payable	-	(1,208)	(3,159)	(4,367)
<b>Increase in net assets from nonoperating activities</b>	<b>302,869</b>	<b>61,531</b>	<b>73,818</b>	<b>438,218</b>
<b>Increase in net assets - The Pennsylvania State University</b>	<b>766,057</b>	<b>2,167</b>	<b>73,818</b>	<b>842,042</b>
<b>Noncontrolling interest:</b>				
Excess of revenues over expenses	57	-	-	57
<b>Increase in net assets noncontrolling interest</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>
<b>Increase in total net assets</b>	<b>766,114</b>	<b>2,167</b>	<b>73,818</b>	<b>842,099</b>
<b>Net assets at the beginning of the year</b>	<b>4,240,426</b>	<b>482,208</b>	<b>1,144,364</b>	<b>5,866,998</b>
<b>Net assets at the end of the year</b>	<b>\$ 5,006,540</b>	<b>\$ 484,375</b>	<b>\$ 1,218,182</b>	<b>\$ 6,709,097</b>

See notes to consolidated financial statements.

**THE PENNSYLVANIA STATE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(in thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenues and other support:</b>				
Tuition and fees, net of discounts of \$121,979	\$ 1,508,843	\$ -	\$ -	\$ 1,508,843
Commonwealth of Pennsylvania -				
Appropriations	261,046	-	-	261,046
Special contracts	67,949	-	-	67,949
Department of General Services projects	28,142	-	-	28,142
United States Government grants and contracts	476,987	-	-	476,987
Private grants and contracts	173,401	-	-	173,401
Gifts and pledges	80,765	9,927	-	90,692
Endowment spending	70,843	-	-	70,843
Other investment income	59,303	553	-	59,856
Sales and services of educational activities	60,297	-	-	60,297
Recovery of indirect costs	151,452	-	-	151,452
Auxiliary enterprises	377,375	-	-	377,375
Medical Center revenue	1,261,690	-	-	1,261,690
Other sources	28,438	-	-	28,438
Net assets released from restrictions	55,669	(55,669)	-	-
<b>Total operating revenues and other support</b>	<b>4,662,200</b>	<b>(45,189)</b>	<b>-</b>	<b>4,617,011</b>
<b>Operating expenses:</b>				
Educational and general -				
Instruction	1,080,767	-	-	1,080,767
Research	756,608	-	-	756,608
Public service	87,212	-	-	87,212
Academic support	304,846	-	-	304,846
Student services	158,649	-	-	158,649
Institutional support	277,147	-	-	277,147
Total educational and general	2,665,229	-	-	2,665,229
Auxiliary enterprises	387,120	-	-	387,120
Medical Center expense	1,195,695	-	-	1,195,695
<b>Total operating expenses</b>	<b>4,248,044</b>	<b>-</b>	<b>-</b>	<b>4,248,044</b>
<b>Increase/(decrease) in net assets from operating activities</b>	<b>414,156</b>	<b>(45,189)</b>	<b>-</b>	<b>368,967</b>
<b>Nonoperating activities:</b>				
Gifts and pledges	-	-	33,653	33,653
Current year investment returns	49,555	(27,795)	5,125	26,885
Endowment appreciation utilized	(33,131)	-	-	(33,131)
Changes in funds held by others in perpetuity	-	375	51	426
Write-offs and disposals of assets	(6,407)	-	-	(6,407)
Nonperiodic change in postretirement benefit plan	(295,287)	-	-	(295,287)
Actuarial adjustment on annuities payable	-	(558)	(3,736)	(4,294)
<b>(Decrease)/increase in net assets from nonoperating activities</b>	<b>(285,270)</b>	<b>(27,978)</b>	<b>35,093</b>	<b>(278,155)</b>
<b>Increase/(decrease) in net assets - The Pennsylvania State University</b>	<b>128,886</b>	<b>(73,167)</b>	<b>35,093</b>	<b>90,812</b>
<b>Noncontrolling interest:</b>				
Excess of revenues over expenses	80	-	-	80
<b>Increase in net assets noncontrolling interest</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>80</b>
<b>Increase/(decrease) in total net assets</b>	<b>128,966</b>	<b>(73,167)</b>	<b>35,093</b>	<b>90,892</b>
<b>Net assets at the beginning of the year</b>	<b>4,111,460</b>	<b>555,375</b>	<b>1,109,271</b>	<b>5,776,106</b>
<b>Net assets at the end of the year</b>	<b>\$ 4,240,426</b>	<b>\$ 482,208</b>	<b>\$ 1,144,364</b>	<b>\$ 5,866,998</b>

See notes to consolidated financial statements.

**THE PENNSYLVANIA STATE UNIVERSITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**  
**(in thousands)**

	June 30, 2013	June 30, 2012
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 842,099	\$ 90,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment on annuities payable	4,366	4,294
Contributions restricted for long-term investment	(100,126)	(97,224)
Interest and dividends restricted for long-term investment	(61,553)	(23,206)
Net realized and unrealized gains on long-term investments	(132,907)	(37,231)
Depreciation expense	251,407	242,531
Amortization expense	480	505
(Gain)/loss on early extinguishment of debt	(213)	567
Write-offs and disposals of assets	16,000	6,407
Contributions of land, buildings and equipment	(14,821)	(2,755)
Buildings and equipment provided by Pennsylvania Department of General Services	(1,293)	-
Contribution to government student loan funds	154	154
Provision for bad debts	49,433	57,555
Increase in deposits held for others	(40,601)	(1,563)
Increase in receivables	(90,238)	(44,410)
(Increase)/decrease in inventories	(503)	4,821
Decrease/(increase) in prepaid expenses and other assets	14,598	(4,164)
Increase in accounts payable and other accrued expenses	80,820	125,353
Increase in deferred revenue	18,564	8,424
(Decrease)/increase in accrued postretirement benefits	(169,858)	385,855
<b>Net cash provided by operating activities</b>	<b>665,808</b>	<b>716,805</b>
<b>Cash flows from investing activities:</b>		
Purchase of land, buildings and equipment	(434,933)	(402,654)
Decrease in deposits held by bond trustees	-	57,100
Advances on student loans	(9,836)	(10,482)
Collections on student loans	8,320	7,025
Decrease in investments held under securities lending program	-	219,524
Decrease in liability under securities lending program	-	(219,524)
Purchase of investments	(40,907,840)	(34,460,283)
Proceeds from sale of investments	40,068,438	34,056,053
<b>Net cash used in investing activities</b>	<b>(1,275,851)</b>	<b>(753,241)</b>
<b>Cash flows from financing activities:</b>		
Contributions restricted for long-term investment	100,126	95,934
Interest and dividends restricted for long-term investment	61,553	23,206
Payments of annuity obligations	(5,297)	(5,558)
Proceeds from issuance of bonds	-	26,256
Bond issuance costs	-	(301)
Principal payments on notes, bonds and capital leases	(163,604)	(72,864)
Proceeds related to government student loan funds, net of collection costs	658	611
<b>Net cash (used in)/provided by financing activities</b>	<b>(6,564)</b>	<b>67,284</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(616,607)</b>	<b>30,848</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,599,863</b>	<b>1,569,015</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 983,256</b>	<b>\$ 1,599,863</b>
Supplemental disclosures of cash flow information (Note 2)		

See notes to consolidated financial statements.

**THE PENNSYLVANIA STATE UNIVERSITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

**1. THE UNIVERSITY AND RELATED ENTITIES**

The Pennsylvania State University (“the University”), which was created as an instrumentality of the Commonwealth of Pennsylvania (“the Commonwealth” or “Pennsylvania”), is organized as a non-profit corporation under the laws of the Commonwealth. As Pennsylvania’s land grant university, the University is committed to improving the lives of the people of Pennsylvania, the nation and the world through its integrated, tri-part mission of high-quality teaching, research and outreach.

**Basis of Presentation**

The financial statements of the University include, on a consolidated basis, the combined financial statements of The Milton S. Hershey Medical Center (“TMSHMC” or “Medical Center”), a not-for-profit corporation and Penn State Hershey Health System, Inc. (“Health System”) and The Corporation for Penn State and its subsidiaries (“the Corporation”). See Note 11 for additional information about TMSHMC and the Health System. The Corporation is a non-profit member corporation organized in 1985 for the exclusive purpose of benefiting and promoting the interests of the University, the Corporation’s sole member. The Corporation’s financial statements consist primarily of the assets and revenues of The Pennsylvania College of Technology (“Penn College”), a wholly-owned subsidiary of the Corporation. All significant transactions between the University, TMSHMC and the Corporation have been eliminated.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The University’s consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative GAAP.

The University’s consolidated financial statements include statements of financial position, activities and cash flows. In accordance with FASB ASC requirements, net assets and the changes in net assets are classified as permanently restricted, temporarily restricted or unrestricted.

*Permanently restricted* net assets consist primarily of the historical amounts of endowed gifts. Additionally, contributions receivable and remainder interests, which are required by donors to be permanently retained, are included at their estimated net present values.

*Temporarily restricted* net assets consist of contributions receivable and remainder interests whose ultimate use is not permanently restricted. In addition, the excess of current market value over the historical cost of permanently restricted endowments is classified as temporarily restricted net assets.

*Unrestricted* net assets are all the remaining net assets of the University. Net unrealized losses on permanently restricted endowment funds for which historical cost exceeds market value are recorded as a reduction to unrestricted net assets.

Revenue from temporarily restricted sources is reclassified as unrestricted revenue when the circumstances of the restriction have been fulfilled. Donor-restricted revenues whose restrictions are met within the same fiscal year are reported as unrestricted income.

## Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts on the financial statements and the disclosure of contingencies and commitments. Actual results could differ from those estimates.

## Revenue Recognition

Tuition revenue is recognized in the fiscal year in which the substantial portion of the educational term occurs. Institutional financial aid provided by the University for tuition and fees is reflected as a reduction of tuition and fee revenue. Revenues for auxiliary enterprises are recognized as the related goods and services are delivered and rendered. Grant revenues are recognized as the eligible grant activities are conducted. Payments received in advance for tuition, goods and services are deferred.

Unconditional promises to give are recognized as revenues and receivables in the year made and consist of written or oral promises to contribute to the University in the future. Contributions receivable are recorded with the revenue assigned to the appropriate category of restriction. The amounts are present valued based on timing of expected collections.

TMSHMC and Health System have agreements with third-party payors that provide for payments to TMSHMC and Health System at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. In addition, net patient service revenue is net of provision for bad debts of \$43.6 million and \$51.6 million for the years ended June 30, 2013 and 2012, respectively. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or such estimates change.

TMSHMC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care; they are not reported as net patient service revenue. The amounts of direct and indirect costs for services and supplies furnished under the Medical Center's charity care policy totaled approximately \$20.0 million and \$17.6 million for the years ended June 30, 2013 and 2012, respectively and is based on a ratio of the Medical Center's operational costs to its gross charges. The amount of charges foregone for services and supplies furnished under the Medical Center's charity policy during 2013 and 2012 totaled approximately \$54.9 million and \$51.7 million, respectively.

## Fair Value of Financial Instruments

The University has provided fair value estimates for certain financial instruments in the notes to the financial statements. Fair value information presented in the financial statements is based on information available at June 30, 2013 and 2012. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and other accrued expenses approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying values of the University's loans to students are also reasonable estimates of their fair value, as the total outstanding loans to students as of June 30, 2013 and 2012 have been made at the rates available to students for similar loans at such times. Investments are reported at fair value as disclosed in Note 3. The fair value of the University's bonds payable is disclosed in Note 7. See Note 5 for further discussion of fair value measurements.

## Cash Flows

The following items are included as supplemental disclosure to the statements of cash flows for the years ended June 30:

<i>(in thousands of dollars)</i>	2013	2012
Interest paid	\$ 46,798	\$ 48,569
Taxes paid	7	1,500
Non-cash acquisitions of land, buildings and equipment	32,723	11,638

Capitalized construction costs accrued are \$44.8 million and \$61.3 million as of June 30, 2013 and 2012, respectively. Cash and cash equivalents include certain investments in highly liquid instruments with initial maturities of 90 days or less, except for such assets held by the University's investment managers as part of their long-term investment strategies. Short-term investments include other current investments held for general operating purposes with maturities greater than three months but less than 12 months.

## Accounts Receivable

Accounts receivable, net at June 30 consists of the following:

<i>(in thousands of dollars)</i>	2013	2012
Grants and contracts, net of allowance of \$1,241 and \$1,241	\$ 166,963	\$ 149,397
Patient accounts receivable, net of allowance of \$54,759 and \$51,544	173,582	146,034
Student receivables, net of allowance of \$6,434 and \$5,418	33,178	42,805
Investment and interest receivable	78,419	16,967
Other, net of allowance of \$4,540 and \$4,014	40,262	27,970
Total accounts receivable, net	\$ 492,404	\$ 383,173

The University maintains allowances for doubtful accounts to reflect management's best estimate of probable losses inherent in receivable balances. Management determines the allowances for doubtful accounts based on known factors, historical experience, and other currently available evidence. Receivables are written off when management determines they will not be collected.

Related to patient accounts receivable associated with services provided to patients who have third-party coverage, management analyzes contractually due amounts and provides an allowance for doubtful accounts (for example, for expected uncollectible deductibles and copayments or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables from self-pay patients the Medical Center and Health System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. In estimating the allowance for doubtful accounts, account age is taken into consideration. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

## Loans to Students

Loans to students are disbursed to qualified students based on need and include loans granted by the University from institutional resources and under federal government loan programs. Students have a grace period until repayment is required based upon the earlier of graduation or no longer achieving at least half-time enrollment status. The grace period varies depending on the type of loan. Loans accrue interest after the grace period and are repaid directly to the University. Loans to students are uncollateralized and carry default risk. At June 30, 2013 and 2012, respectively, student loans represent 0.6% of total assets.

The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments of outstanding loans. Funds advanced by the federal government of \$45.3 million and \$44.5 million at June 30, 2013 and 2012, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability to the federal government.

At June 30, 2013 and 2012, loans to students consisted of the following:

<i>(in thousands of dollars)</i>	2013	2012
Loans to students:		
Federal government loan programs:		
Perkins loan program	\$ 42,789	\$ 42,294
Health Professions Student Loans and Loans for Disadvantaged Students	197	285
Federal government loan programs	42,986	42,579
Institutional loan programs	18,939	18,164
	61,925	60,743
Less allowance for doubtful accounts:		
Balance, beginning of year	(2,733)	(2,753)
Provision for doubtful accounts	(348)	20
Balance, end of year	(3,081)	(2,733)
Loans to students, net	\$ 58,844	\$ 58,010

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts according to the terms of the loan. Further, the University does not evaluate credit quality of student loans receivable after the initial approval of the loan. Loans to students are considered past due when payment is not received by the due date, and interest continues to accrue until the loan is paid in full or written off. When loans to students are deemed uncollectible, an allowance for doubtful accounts is established.

The University considers the age of the amounts outstanding in determining the collectability of loans to students. The aging of the loans to students based on days delinquent and the related allowance for doubtful accounts at June 30, 2013 and 2012 are as follows:

	<i>(in thousands of dollars)</i>				
2013	30 days or less	31-60 days	61-90 days	Over 91 days	Total
Loans to students:					
Federal government loan programs	\$ 41,367	\$ 656	\$ 86	\$ 877	\$ 42,986
Institutional loan programs	18,310	280	23	326	18,939
Total loans to students	59,677	936	109	1,203	61,925
Allowance for doubtful accounts:					
Federal government loan programs					(1,432)
Institutional loan programs					(1,649)
Total allowance for doubtful accounts					(3,081)
Total loans to students, net					\$ 58,844



	<i>(in thousands of dollars)</i>				
2012	30 days or less	31-60 days	61-90 days	Over 91 days	Total
Loans to students:					
Federal government loan programs	\$ 41,069	\$ 506	\$ 111	\$ 893	\$ 42,579
Institutional loan programs	17,781	173	28	182	18,164
Total loans to students	58,850	679	139	1,075	60,743
Allowance for doubtful accounts:					
Federal government loan programs					(1,562)
Institutional loan programs					(1,171)
Total allowance for doubtful accounts					(2,733)
Total loans to students, net					\$ 58,010

#### Inventories

Inventories are stated at the lower of cost or market, generally on the first-in, first-out basis.

#### Investments

The University's noncurrent investments represent the University's endowment and other investments held for general operating purposes. The University's investments are reported at fair value in the accompanying financial statements. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair values with gains and losses included in the consolidated statements of activities. In the management of investments, the University authorizes certain investment managers to purchase derivative securities to attain a desired market position; and the University may directly invest in derivative securities to attain a desired market position. The University does not trade or issue derivative financial instruments other than through the investment management practices noted above. The University records derivative securities at fair value with gains and losses reflected in the consolidated statements of activities.

The estimated fair value amounts for marketable debt, equity and fixed income securities held by the University have been reviewed by the University and determined using available market information as supplied by the various financial institutions that act as trustees or custodians for the University. For non-liquid holdings, generally limited partnership investments in private real estate, venture capital, private equity, natural resources, and private debt, estimated fair value is determined based upon financial information provided by the general partner. This financial information includes assumptions and methods that were reviewed by University management. The University believes that the estimated fair value is a reasonable estimate of market value as of June 30, 2013 and 2012. Because the limited partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material.

Income on operating investments and income used for the annual distribution under the annual spending policy for endowments are reported in operating revenues within the consolidated statement of activities.

#### Beneficial Interest in Perpetual Trusts

The University is the beneficiary of certain perpetual trusts held and administered by outside trustees. The fair value of these trust assets has been recorded as permanently restricted net assets and related beneficial interest in perpetual trusts in the consolidated financial statements.

Investment in Plant

Total investment in plant as of June 30 is comprised of the following:

<i>(in thousands of dollars)</i>	<u>2013</u>	<u>2012</u>
Land	\$ 116,050	\$ 115,127
Buildings	5,043,463	4,740,770
Improvements other than buildings	559,877	534,029
Equipment	<u>1,100,431</u>	<u>1,032,923</u>
Total plant	6,819,821	6,422,849
Less accumulated depreciation	<u>(3,089,057)</u>	<u>(2,875,046)</u>
Total investment in plant, net	<u>\$ 3,730,764</u>	<u>\$ 3,547,803</u>

The value of land, buildings, and equipment is recorded at cost or, if received as gifts, at fair value at date of gift. The University does not capitalize the cost of library books. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Useful lives range from 4 to 50 years for buildings, 10 to 20 years for improvements other than buildings, and 1 to 20 years for equipment. Depreciation expense was \$251.4 million and \$242.5 million for the fiscal years ended June 30, 2013 and 2012, respectively. The University has certain building and equipment lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the lower of fair market value or net present value of the minimum lease payments. Buildings and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset. The capitalized cost and accumulated depreciation of the leases at June 30, 2013 and 2012 was \$135.5 million and \$41.8 million, and \$108.3 million and \$33.4 million, respectively.

Accounts Payable and Other Accrued Expenses

Accounts payable and other accrued expenses at June 30 consist of the following:

<i>(in thousands of dollars)</i>	<u>2013</u>	<u>2012</u>
Accounts payable (non-Medical Center)	\$ 366,637	\$ 246,127
Medical Center accounts payable and other accrued expenses	187,667	177,063
Accrued payroll and other related liabilities	87,300	82,211
Accrued bond interest	13,674	14,398
Student deposits	<u>4,818</u>	<u>4,906</u>
Total accounts payable and other accrued expenses	<u>\$ 660,096</u>	<u>\$ 524,705</u>

Asset Retirement Obligations

Under ASC 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations*, organizations must accrue for costs related to legal obligations to perform certain activities in connection with retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

The University has identified asbestos abatement and the decommissioning of the Breazeale Nuclear Reactor as conditional asset retirement obligations. These obligations are reported as part of other noncurrent liabilities within the consolidated statement of financial position. The following table details the change in liabilities for the years ended June 30:

	<i>(in thousands of dollars)</i>
Balance as of June 30, 2011	\$ 60,270
Accretion expense	5,430
Liabilities settled	<u>(3,766)</u>
Balance as of June 30, 2012	61,934
Accretion expense	7,651
Liabilities settled	<u>(4,293)</u>
Balance as of June 30, 2013	<u>\$ 65,292</u>

### Annuities Payable

Annuities payable consist of annuity payments currently due and the actuarial amount of annuities payable. The actuarial amount of annuities payable is the present value of the aggregate liability for annuity payments over the expected lives of the beneficiaries.

### Income Taxes

The University files U.S. federal and state tax returns. The statute of limitations on the University's federal returns generally remains open for three years following the year they are filed. In accordance with ASC 740 Income Taxes Topic, the University continues to evaluate tax positions and has determined there is no material impact on the University financial statements.

### Reclassification

Certain 2012 amounts have been reclassified to conform with the 2013 presentation of the nonperiodic change in postretirement benefit plan as a nonoperating activity within the consolidated statement of activities.

	<u>As previously presented</u>	<u>Updated presentation</u>	<u>Change</u>
Operating expenses:			
Educational and general –			
Instruction	\$ 1,234,581	\$ 1,080,767	\$ (153,814)
Research	777,752	756,608	(21,144)
Public service	101,683	87,212	(14,471)
Academic support	355,795	304,846	(50,949)
Student services	176,398	158,649	(17,749)
Institutional support	<u>314,307</u>	<u>277,147</u>	<u>(37,160)</u>
Total educational and general	<u>\$ 2,960,516</u>	<u>\$ 2,665,229</u>	<u>\$ (295,287)</u>
Nonoperating expenses:			
Nonperiodic change in postretirement benefit plan	\$ -	\$ (295,287)	\$ (295,287)

### Recent Accounting Pronouncements

In September 2011, the FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two step goodwill impairment test described in Topic 350. The guidance provided in this ASU is effective for annual tests performed for fiscal years beginning after December 15, 2011. The adoption of this standard on July 1, 2012 had no impact on financial condition, results of operations or cash flows.

In December 2011, the FASB issued ASU 2011-11, *“Disclosures About Offsetting Assets and Liabilities.”* This guidance contains new disclosure requirements regarding the nature of an entity’s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. This guidance is effective for the University beginning July 1, 2013 and retrospective application is required. The University does not expect this guidance to have an impact on its consolidated financial statements. In January 2013, the FASB issued ASU 2013-01, *“Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities.”* This guidance provides clarification on the scope of the offsetting disclosure requirements in ASU 2011-11. This guidance is effective for the University beginning July 1, 2013 with early adoption permitted. The University does not expect this guidance to have a material impact on its consolidated financial statements.

In October 2012, the FASB issued ASU 2012-05, *“Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.”* This guidance provides clarification on how entities classify cash receipts arising from the sale of certain donated financial assets in the statement of cash flows. This guidance is effective for the University beginning July 1, 2013 with early adoption permitted. The University does not expect this guidance to have a material impact on its consolidated statement of cash flows.

In February 2013, the FASB issued ASU 2013-04, *“Obligations Resulting From Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date.”* This guidance requires entities to measure obligations resulting from the joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This guidance is effective for the University beginning July 1, 2014 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

In April 2013, the FASB issued ASU 2013-06, *“Services Received from Personnel of an Affiliate”*. This update specifies guidance for not-for-profit entities to apply in recognizing and measuring services received from personnel of an affiliate. This guidance is effective for the University beginning after June 15, 2014 with early adoption permitted. The University has not yet evaluated the impact this guidance may have on its consolidated financial statements.

### 3. INVESTMENTS

Investments by major category as of June 30 are summarized as follows:

<i>(in thousands of dollars)</i>	<u>2013</u>	<u>2012</u>
Money markets	\$ 371,987	\$ 251,782
Fixed income:		
U.S. government/agency	1,174,609	1,230,097
U.S. corporate	706,291	639,456
Foreign	372,515	219,852
Other	146,617	108,140
Equities	1,342,487	887,826
Private capital	902,728	714,397
Total	<u>\$ 5,017,234</u>	<u>\$ 4,051,550</u>

Other fixed income investments consist of collateralized mortgage obligations, mortgage-backed securities and asset-backed securities. Equity investments are comprised of domestic and foreign common stocks. Private capital consists primarily of interests in private real estate, venture capital, private equity, natural resources, private debt, commodities and hedge fund limited partnerships.

Futures contracts, which are fully cash collateralized, comprise the University's directly held derivative instruments at June 30, 2013 and 2012, respectively, are marked to market daily and are included in the fair value of the University's investments. The fair value of derivative instruments is included in the fair value of the University's investments within the money market category. Futures contracts have minimal credit risk because the counterparties are the exchanges themselves. Fully cash collateralized derivative securities comprised \$270.5 Million, 5.4% of total investments, and \$175.0 Million, 4.3% of total investments at June 30, 2013 and 2012, respectively. The University's derivatives consist of S&P 500 and Treasury futures and are employed as a low cost, passive investment vehicle with daily liquidity which allows the University to maintain desired market exposure in light of irregular cash flows.

The following schedules summarize the investment return and its classification in the consolidated statement of activities for the years ended June 30:

<i>(in thousands of dollars)</i>		Temporarily	Permanently	
<u>2013</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Dividends and interest	\$ 136,373	\$ 592	\$ 8,103	\$ 145,068
Net realized gains	38,563	21,898	-	60,461
Net unrealized gains	18,070	40,417	-	58,487
Total returns	<u>\$ 193,006</u>	<u>\$ 62,907</u>	<u>\$ 8,103</u>	<u>\$ 264,016</u>
<i>(in thousands of dollars)</i>		Temporarily	Permanently	
<u>2012</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Dividends and interest	\$ 97,015	\$ 553	\$ 5,125	\$ 102,693
Net realized gains/(losses)	44,212	(12,172)	-	32,040
Net unrealized gains/(losses)	5,343	(15,623)	-	(10,280)
Total returns	<u>\$ 146,570</u>	<u>\$ (27,242)</u>	<u>\$ 5,125</u>	<u>\$ 124,453</u>

#### 4. ENDOWMENT NET ASSETS

The University's endowment includes both donor-restricted endowment funds and funds designated to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The ASC Not-for-Profit Entities Presentation of Financial Statements Subtopic (ASC Subtopic 958-205) provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and improves disclosure about an organization's endowment funds regardless of whether the organization is subject to UPMIFA. The Commonwealth of Pennsylvania has not adopted UPMIFA but rather has enacted Pennsylvania Act 141 ("PA Act 141"). PA Act 141 permits an organization's trustees to define income as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of the assets averaged over a period of at least three preceding years) without regard to actual interest, dividend, or realized and unrealized gains.

The University has interpreted PA Act 141 to permit the University to spend the earnings of its endowment based on a total return approach, without regard to the fair value of the original gift. As a result of this interpretation, the University classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Funds functioning as endowments are established at the direction of University management and are classified as unrestricted net assets due

to the lack of external donor restrictions. Gains and losses attributable to permanent endowments are recorded as temporarily restricted net assets and gains and losses attributable to funds functioning as endowments are recorded as unrestricted net assets.

From time to time, due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets are unaffected to the same extent and maintain or exceed the level required. The aggregate amount of deficiencies at June 30, 2013 and 2012 was \$2.5 million and \$4.9 million, respectively, reported in unrestricted net assets on the consolidated statement of activities. Subsequent investment gains will be used to restore the balance up to the fair market value of the original gift. Subsequent gains above that amount will be recorded as temporarily restricted net assets.

Endowment net asset composition by type of fund as of June 30:

<i>(in thousands of dollars)</i> <u>2013</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (2,530)	\$ 338,970	\$ 1,067,081	\$ 1,403,521
Funds functioning as endowments	<u>520,622</u>	<u>-</u>	<u>-</u>	<u>520,622</u>
Total net assets	<u>\$ 518,092</u>	<u>\$ 338,970</u>	<u>\$ 1,067,081</u>	<u>\$ 1,924,143</u>

<i>(in thousands of dollars)</i> <u>2012</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,935)	\$ 284,539	\$ 1,001,580	\$ 1,281,184
Funds functioning as endowments	<u>491,737</u>	<u>-</u>	<u>-</u>	<u>491,737</u>
Total net assets	<u>\$ 486,802</u>	<u>\$ 284,539</u>	<u>\$ 1,001,580</u>	<u>\$ 1,772,921</u>

Changes in endowment net assets for the years ended June 30:

<i>(in thousands of dollars)</i> <u>2013</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 486,802	\$ 284,539	\$ 1,001,580	\$ 1,772,921
Endowment return:				
Endowment earnings	36,279	80	3,605	39,964
Net realized gains	35,180	21,351	-	56,531
Net unrealized gains	20,830	34,900	-	55,730
Reclassification of funds with deficiencies	<u>2,405</u>	<u>(2,405)</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>94,694</u>	<u>53,926</u>	<u>3,605</u>	<u>152,225</u>
Contributions	-	505	61,896	62,401
Endowment spending	(71,459)	-	-	(71,459)
Transfers to create funds functioning as endowments	<u>8,055</u>	<u>-</u>	<u>-</u>	<u>8,055</u>
Endowment net assets, end of the year	<u>\$ 518,092</u>	<u>\$ 338,970</u>	<u>\$ 1,067,081</u>	<u>\$ 1,924,143</u>

<i>(in thousands of dollars)</i>				
<u>2012</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 472,068	\$ 314,769	\$ 951,006	\$ 1,737,843
Endowment return:				
Endowment earnings	37,712	74	3,109	40,895
Net realized gains/(losses)	33,131	(12,229)	-	20,902
Net unrealized losses	(4,444)	(20,754)	-	(25,198)
Reclassification of funds with deficiencies	<u>(1,674)</u>	<u>1,674</u>	<u>-</u>	<u>-</u>
Total endowment return	<u>64,725</u>	<u>(31,235)</u>	<u>3,109</u>	<u>36,599</u>
Contributions	-	1,005	47,465	48,470
Endowment spending	(70,843)	-	-	(70,843)
Transfers to create funds functioning as endowments	<u>20,852</u>	<u>-</u>	<u>-</u>	<u>20,852</u>
Endowment net assets, end of the year	<u>\$ 486,802</u>	<u>\$ 284,539</u>	<u>\$ 1,001,580</u>	<u>\$ 1,772,921</u>

The University has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable stream of funding to programs supported by its endowment while seeking to maintain, over time, the purchasing power of the endowment assets. The overall management objective for the University's pooled endowment funds is to preserve or grow the real (inflation-adjusted) purchasing power of the assets through a prudent long-term investment strategy. This objective would be achieved on a total return basis. Under these policies, as approved by the Board of Trustees and the Penn State Investment Council, the primary investment objective of the University's pooled endowment is to attain a real total return (net of investment management fees) that at least equals a total annual effective spending rate of 5.25% (program spending of 4.5% plus administrative costs of 0.75%) over the long term.

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 diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets of the University are invested in a broad range of equities and fixed income securities, thereby limiting the market risk exposure in any one institution or individual investment.

The University has a policy of appropriating for distribution each year a certain percentage (4.5% for 2013 and 2012) of its pooled endowment fund's average fair market value over the prior five years preceding the fiscal year in which the distribution is planned. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to provide generous current spending while preserving "intergenerational equity". This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.



## 5. FAIR VALUE MEASUREMENTS

The University utilizes the following fair value hierarchy, which prioritizes into three broad levels, the inputs to valuation techniques used to measure fair value:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date. Such instruments valued at Level 1, primarily consist of securities that are directly held and actively traded in public markets.
- Level 2 – Inputs other than unadjusted quoted prices that are observable for the asset or liability, directly or indirectly, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Level 2 measures include University interests in certain debt instruments and commingled investment funds which NAV is used as a practical expedient. These funds are redeemable at NAV as of the measurement date, generally within 90 days.
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data. Level 3 instruments primarily consist of investment funds for which NAV is used as a practical expedient. The University does not have the ability to redeem the funds at NAV as of the measurement date.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The University's assessment of significance of a particular item to the fair value measurement in its entirety requires judgment, including consideration of inputs specific to the asset.



The following table presents information as of June 30, 2013 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

<i>(in thousands of dollars)</i>	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total <u>Fair Value</u>
<b>Assets:</b>				
Long-term Investment Pool:				
Money markets	\$ 86,754	\$ 261,667	\$ -	\$ 348,421
Fixed income				
U.S. government/agency	84,168	29,967	-	114,135
U.S. corporate	4,229	83,480	-	87,709
Foreign	60,260	174,985	-	235,245
Other	-	8,913	-	8,913
Equities	822,353	373,406	63,157	1,258,916
Private capital	-	307,741	588,922	896,663
Total	<u>\$ 1,057,764</u>	<u>\$ 1,240,159</u>	<u>\$ 652,079</u>	<u>\$ 2,950,002</u>
Operating investments:				
Money markets	\$ 23,360	\$ 206	\$ -	\$ 23,566
Fixed income				
U.S. government/agency	574,415	485,921	138	1,060,474
U.S. corporate	-	618,582	-	618,582
Foreign	-	137,270	-	137,270
Other	-	134,890	2,814	137,704
Equities	81,470	798	1,303	83,571
Private capital	-	-	6,065	6,065
Total	<u>\$ 679,245</u>	<u>\$ 1,377,667</u>	<u>\$ 10,320</u>	<u>\$ 2,067,232</u>
Deposits held by bond trustees:				
Fixed income				
U.S. government/agency	\$ -	\$ 2,551	-	\$ 2,551
Total	<u>\$ -</u>	<u>\$ 2,551</u>	<u>\$ -</u>	<u>\$ 2,551</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 13,252	\$ 13,252
<b>Liabilities:</b>				
Present value of annuities payable	\$ -	\$ -	\$ 42,255	\$ 42,255

The following table presents information as of June 30, 2012 about the University's financial assets and liabilities that are measured at fair value on a recurring basis:

<i>(in thousands of dollars)</i>	Quoted Prices in Active Markets For Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Total <u>Fair Value</u>
<b>Assets:</b>				
Long-term Investment Pool:				
Money markets	\$ -	\$ 228,931	\$ -	\$ 228,931
Fixed income				
U.S. government/agency	108,848	11,700	-	120,548
U.S. corporate	4,263	84,240	-	88,503
Foreign	17,930	43,471	-	61,401
Other	-	7,465	-	7,465
Equities	600,109	208,043	-	808,152
Private capital	-	100,177	607,407	707,584
Total	<u>\$ 731,150</u>	<u>\$ 684,027</u>	<u>\$ 607,407</u>	<u>\$ 2,022,584</u>
Operating investments:				
Money markets	\$ 22,635	\$ 216	\$ -	\$ 22,851
Fixed income				
U.S. government/agency	607,895	501,529	125	1,109,549
U.S. corporate	9,661	541,292	-	550,953
Foreign	3,679	154,772	-	158,451
Other	-	98,207	2,468	100,675
Equities	77,435	867	1,372	79,674
Private capital	-	-	6,813	6,813
Total	<u>\$ 721,305</u>	<u>\$ 1,296,883</u>	<u>\$ 10,778</u>	<u>\$ 2,028,966</u>
Deposits held by bond trustees:				
Fixed income				
U.S. government/agency	\$ -	\$ 2,551	-	\$ 2,551
Total	<u>\$ -</u>	<u>\$ 2,551</u>	<u>\$ -</u>	<u>\$ 2,551</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 12,891	\$ 12,891
<b>Liabilities:</b>				
Present value of annuities payable	\$ -	\$ -	\$ 43,167	\$ 43,167

The Long-term Investment Pool (LTIP) is a mutual fund-like vehicle used for investing the University's endowment funds, funds functioning as endowments, and other operating funds that are expected to be held long-term. A share method of accounting for the LTIP is utilized by the University. Each participating fund enters into and withdraws from the LTIP based on monthly share values. At June 30, 2013 and 2012, fair value of endowment funds and funds functioning as endowments within the LTIP totaled \$1,941.1 million and \$1,780.6 million, respectively. At June 30, 2013 and 2012, fair value of operating funds included in the LTIP totaled \$1,008.9 million and \$242.0 million, respectively.

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2013:

<i>(in thousands of dollars)</i>	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<b>Assets:</b>			
Beginning balance	\$ 607,407	\$ 10,778	\$ 12,891
Total realized and unrealized gains	60,065	(388)	361
Purchases	165,678	75	-
Sales	(135,294)	(145)	-
Transfers into (out of) Level 3	<u>(45,777)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 652,079</u>	<u>\$ 10,320</u>	<u>\$ 13,252</u>
	<u>Present Value of Annuities Payable</u>		
<b>Liabilities:</b>			
Beginning balance	\$ 43,167		
Actuarial adjustment of liability	4,679		
Gifts	642		
Sales	(6,233)		
Withdrawal from program	<u>-</u>		
Ending balance	<u>\$ 42,255</u>		

The following tables present information related to changes in Level 3 for each category of assets and liabilities for year ended June 30, 2012:

<i>(in thousands of dollars)</i>	<u>Long-term Investment Pool</u>	<u>Operating Investments</u>	<u>Investments Held Under Securities Lending</u>	<u>Beneficial Interest in Perpetual Trusts</u>
<b>Assets:</b>				
Beginning balance	\$ 520,605	\$ 9,245	\$ 219,524	\$ 12,843
Total realized and unrealized gains	22,361	1,150	-	48
Purchases	133,811	417	-	-
Sales	(69,370)	(36)	(219,524)	-
Transfers into Level 3	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 607,407</u>	<u>\$ 10,778</u>	<u>\$ -</u>	<u>\$ 12,891</u>
	<u>Present Value of Annuities Payable</u>	<u>Liability Under Securities Lending</u>		
<b>Liabilities:</b>				
Beginning balance	\$ 44,425	\$ 219,524		
Actuarial adjustment of liability	(1,860)	-		
Gifts	722	-		
Sales	(120)	-		
Withdrawal from program	<u>-</u>	<u>(219,524)</u>		
Ending balance	<u>\$ 43,167</u>	<u>\$ -</u>		

For the year ended June 30, 2013, \$45.8 million of Level 3 assets were transferred to Level 2 as a result of the expiration of lock-up periods for two marketable alternative funds; now these investments may be redeemed within 90 days of June 30.

There were no transfers of investments between Level 1 and Level 2 in 2013 and 2012.

The following table presents the fair value and redemption frequency for those investments whose fair value is not readily determinable and is estimated using the net asset value per share or its equivalent as of June 30, 2013:

<i>(in thousands of dollars)</i>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Funds:				
Non-U.S. Equity	\$ 362,061		Quarterly/ Daily/Monthly	5-90 days
Subtotal	<u>\$ 362,061</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 20,173		Quarterly	65 days
Private Debt/Distressed	52,152		Quarterly/ Semi Annual	60-90 days
Commodities	84,271		Monthly	30-60 days
Opportunistic	140,181		Quarterly	30 days
Directional Long/Short	27,580		Quarterly	30-90 days
Subtotal	<u>\$ 324,357</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 88,567	\$ 19,788		
Venture Capital	144,712	83,095		
Private Equity	234,203	141,606		
Natural Resources	91,306	69,809		
Private Debt	19,583	20,031		
Subtotal	<u>\$ 578,371</u>	<u>\$ 334,329</u>		
Total	<u>\$ 1,264,789</u>	<u>\$ 334,329</u>		

The following table presents the fair value and redemption frequency for those investments whose fair value is not readily determinable and is estimated using the net asset value per share or its equivalent as of June 30, 2012:

<i>(in thousands of dollars)</i>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Funds:				
Non-U.S. Equity	\$ 148,068		Daily/Monthly	5-15 days
Subtotal	<u>\$ 148,068</u>			
Marketable Investment Partnerships:				
Absolute Return	\$ 20,738		Quarterly	65 days
Private Debt/Distressed	60,101		Quarterly/ Semi Annual	60-90 days
Opportunistic	25,034		Quarterly	30 days
Directional Long/Short	69,324		Quarterly	30-90 days
Subtotal	<u>\$ 175,197</u>			
Non-Marketable Investment Partnerships:				
Private Real Estate	\$ 86,567	\$ 22,407		
Venture Capital	129,354	92,911		
Private Equity	229,766	80,808		
Natural Resources	74,782	33,364		
Private Debt	12,656	15,700		
Subtotal	<u>\$ 533,125</u>	<u>\$ 245,190</u>		
Total	<u>\$ 856,390</u>	<u>\$ 245,190</u>		

Commingled funds include investments that aggregate assets from multiple investors and are managed collectively following a prescribed strategy. Redemptions vary from daily to quarterly with required notification of 90 days or less. The non-U.S. equity strategy is invested in developed and developing countries outside of the United States, and spans the entire equity capitalization spectrum. These collective portfolios preclude the need to obtain securities registration in foreign countries. During the last fiscal year, one commingled fund was added with a 3 year gate, approximately 17.4% of commingled.

Marketable Investment Funds include several hedge funds whose underlying positions are traded via public securities markets. Liquidity terms range from quarterly to annually with advance notification for redemption ranging from 30 to 90 days. The fair values of the investments for each fund in this category have been estimated using the net asset value of the Long Term Investment Pool's share holdings in the fund. Five major investment strategies are included within this category. Absolute Return refers to relative value strategies. Directional refers to equity long/short strategies in both U.S. and non-U.S. markets. Opportunistic refers to global multi-strategy. Private Debt/Distressed refers to securities rated below investment grade, along with non-rated debt. Commodities refer to publicly traded commodity instruments primarily including futures and options.

Nonmarketable Investment Partnerships include limited partnership interests in a variety of illiquid investments. The fair values of the investments for each fund in this category have been estimated using the net asset value of the Endowment's ownership interest in partner's capital and cannot be redeemed. Realizations from each fund are received as the underlying investments are liquidated or distributed, typically within 10 years after initial commitment. Unfunded commitments represent remaining commitments of the Endowments drawdown funds as of June 30, 2013 and 2012, respectively. Five major investment strategies are included within this category. Private Real Estate includes properties primarily located in the U.S. Venture Capital includes non-public startups and enterprises in early stages of growth located globally. Private Equity includes buyouts of previously public companies as well as enterprises that are planning to go public in the near future, including funds focusing on opportunities outside the U.S. Natural Resources largely include companies primarily involved in oil and natural gas in addition to a variety of other natural resources. Private Debt includes global private credit securities rated below investment grade as well as non-rated debt.

## 6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of June 30:

<i>(in thousands of dollars)</i>	<u>2013</u>	<u>2012</u>
In one year or less	\$ 57,002	\$ 75,753
Between one year and five years	63,742	53,998
More than five years	<u>119,990</u>	<u>118,130</u>
	240,734	247,881
Less allowance	(5,704)	(7,739)
Less discount	<u>(56,893)</u>	<u>(55,729)</u>
Contributions receivable, net	<u>\$ 178,137</u>	<u>\$ 184,413</u>

Contributions receivable are discounted at rates ranging from 0.15% to 2.87% and 0.21% to 2.06% at June 30, 2013 and 2012, respectively. The discount rates for prior periods ranged from 0.19% to 6.28%.

At June 30, 2013 and 2012, the University has received bequest intentions and certain other conditional promises to give of \$85.8 million and \$69.0 million, respectively. These intentions and conditional promises to give are not included in the consolidated financial statements.

The following table summarizes the change in contributions receivable, net during the year ended June 30, 2013:

	<i>(in thousands of dollars)</i>
Balance beginning of year	\$ 184,413
New pledges	81,477
Collections on pledges	(88,624)
Decrease in allowance	2,035
Increase in unamortized discounts	<u>(1,164)</u>
Balance at the end of year	<u>\$ 178,137</u>

## 7. LONG-TERM DEBT

The various bond issues and capital lease obligations that are included in long-term debt in the statements of financial position consist of the following at June 30:

<i>(in thousands of dollars)</i>	<u>2013</u>	<u>2012</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2010	\$ 135,035	\$ 135,035
Series 2009A	114,075	120,075
Series 2009B	74,235	74,235
Series 2008A	77,670	77,670
Series 2008B	3,980	4,890
Series 2007A	88,125	88,645
Series 2007B	63,515	66,255
Series 2005	85,700	87,665
Series 2004A	52,835	54,135
Refunding Series 2003	-	15,890
Series of 2002	-	100,000
Refunding Series 2002	41,655	56,540
<u>Pennsylvania Higher Educational Facilities</u>		
<u>Authority University Revenue Bonds</u>		
<u>(issued for The Pennsylvania State University)</u>		
Series 2006	3,545	3,745
Series 2004	3,905	4,145
Series 2002	4,020	4,375
<u>Lycoming County Authority College</u>		
<u>Revenue Bonds (issued for Penn College)</u>		
Series 2012	24,685	24,685
Series 2011	39,050	39,050
Series 2008	55,000	55,000
Series 2005	11,085	12,020
Series 1993	<u>5,250</u>	<u>7,000</u>
Total bonds payable	883,365	1,031,055
Unamortized bond premiums	38,008	41,317
Capital lease obligations	<u>84,035</u>	<u>80,334</u>
Total long-term debt	<u>\$ 1,005,408</u>	<u>\$ 1,152,706</u>

<u>Debt issuance</u>	<u>Interest rate mode</u>	<u>Interest rates</u>	<u>Payment ranges and maturity</u> <i>(in thousands of dollars)</i>
<b>The Pennsylvania State University Bonds</b>			
			\$3,655 to \$6,595 through March 2030 with \$21,805 and \$44,245 due March 2035 and 2040
Series 2010	Fixed	3.375% - 5.00%	
Series 2009A	Fixed	4.00% - 5.00%	\$6,235 to \$9,320 through March 2029
Series 2009B	Variable	0.22%	June 2031
Series 2008A	Fixed	5.00%	\$1,840 to \$7,695 through August 2029
Series 2008B	Fixed	3.50% - 3.75%	\$945 to \$1,050 through August 2016
			\$530 to \$700 through August 2022, with \$11,115 and \$70,905 due August 2028 and 2036
Series 2007A	Fixed	3.65% - 4.50%	
Series 2007B	Fixed	5.00% - 5.25%	\$2,885 to \$5,955 through August 2027
			\$2,050 to \$2,745 through September 2019 with \$15,990, \$20,550, and \$32,485 due September 2024, 2029, and 2035
Series 2005	Fixed	3.50% - 5.00%	
			\$1,360 to \$1,825 through September 2019, with \$10,625, \$13,635, and \$17,515 due September 2024, 2029, and 2034
Series 2004A	Fixed	4.50% - 5.00%	
Refunding Series 2003	Fixed		Paid in full during May 2013
Series of 2002	Variable		Paid in full during December 2012
Refunding Series 2002	Fixed	5.25%	\$4,585 to \$16,540 through August 2016
<b>Pennsylvania Higher Education Facilities Authority ("PHEFA") University Revenue Bonds</b>			
			\$210 to \$280 through 2020, with \$1,610 due September 2025
Series 2006	Fixed	4.00% - 5.125%*	
			\$250 to \$325 through 2019, with \$1,905 due September 2024
Series 2004	Fixed	4.15% - 5.00%*	
			\$370 to \$425 due through 2017, with \$2,435 due March 2022
Series 2002	Fixed	4.30% - 5.00%*	
* Annual interest costs to the University for interest rates greater than 3.00% are subsidized by PHEFA.			
<b>Lycoming County Authority College Revenue Bonds</b>			
Series 2012	Fixed	2.00% - 5.00%	\$410 to \$2,635 through May 2032
Series 2011	Fixed	3.00% - 5.50%	\$70 to \$5,230 through July 2030
Series 2008	Fixed	3.50% - 5.50%	\$1,455 to \$4,140 through October 2037
Series 2005	Fixed	4.00% - 5.00%	\$505 to \$1,855 through January 2025
Series 1993	Fixed	6.10% - 6.15%	\$450 to \$513 through November 2015

The Series 2009B Bonds are currently paying interest on a variable rate basis at a long term rate for the period June 1, 2013 through May 31, 2014. The University has the option to convert to another variable rate (daily, weekly, monthly or flexible) or to a fixed rate basis (such rates are generally determined on a market basis) at respective conversion dates. The bonds currently pay interest at 0.22% with adjustment on the respective date to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal. The 2009B bondholders have the right to tender bonds on the purchase dates while such bonds bear interest at the daily, weekly or monthly rate. The 2009B Bonds were issued subject to the self-liquidity program established by the University on the date of issuance pursuant to which the University will provide liquidity for the 2009B Bonds from its general funds in the event of insufficient remarketing proceeds.

Maturities and sinking fund requirements on bonds payable for each of the next five fiscal years and thereafter are summarized as follows:

<u>Year</u>	<u>Annual Installments</u> <i>(in thousands of dollars)</i>
2014	\$ 33,305
2015	35,330
2016	24,320
2017	28,780
2018	24,455
Thereafter	<u>737,175</u>
	<u>\$ 883,365</u>

The fair value of the University's bonds payable is estimated based on current rates offered for similar issues with similar security, terms and maturities using available market information as supplied by the various financial institutions who act as trustees or custodians for the University. At June 30, 2013, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$921.4 million and \$939.4 million, respectively. At June 30, 2012, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$1,072.4 million and \$1,118.5 million, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$38.0 million and \$41.3 million at June 30, 2013 and 2012, respectively and are presented within the statement of financial position as long-term debt. These issuance premiums will be amortized over the term of the respective outstanding bonds.

#### Capital leases

The University has certain building and equipment lease agreements in effect which are considered capital leases. Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2014	\$ 13,188
2015	12,018
2016	11,033
2017	10,194
2018	8,819
Thereafter	<u>140,557</u>
Total minimum lease payments	195,809
Less imputed interest	<u>(111,774)</u>
Capital lease obligation	84,035
Current portion	<u>7,763</u>
Long-term portion	<u>\$ 76,272</u>



## 8. OPERATING LEASES

The University has certain lease agreements in effect which are considered operating leases. During the year ended June 30, 2013, the University recorded expenses of \$22.0 million for leased equipment and \$22.6 million for leased building space. During the year ended June 30, 2012, the University recorded expenses of \$19.0 million for leased equipment and \$23.6 million for leased building space.

Future minimum lease payments under operating leases as of June 30, 2013 are as follows:

<u>Year</u>	<i>(in thousands of dollars)</i>
2014	\$ 20,111
2015	17,333
2016	14,086
2017	11,118
2018	8,486
Thereafter	<u>41,328</u>
Total minimum lease payments	<u>\$ 112,462</u>

## 9. RETIREMENT BENEFITS

The University provides retirement benefits for substantially all regular employees, primarily through either contributory defined benefit plans administered by the Commonwealth of Pennsylvania State Employees' Retirement System and The Public School Employees' Retirement System or defined contribution plans administered by the Teachers Insurance and Annuity Association – College Retirement Equity Fund and Fidelity Investments. The University is billed for its share of the estimated actuarial cost of the defined benefit plans (\$35.9 million and \$25.1 million for the years ended June 30, 2013 and 2012, respectively). The University's total cost for retirement benefits, included in expenses, is \$146.6 million and \$130.9 million for the years ended June 30, 2013 and 2012, respectively.

## 10. POSTRETIREMENT BENEFITS

The University sponsors a retiree medical plan covering eligible retirees and eligible dependents. This program includes a Preferred Provider Organization ("PPO") plan for retirees and their dependents who are not eligible for Medicare, a Medicare Advantage PPO plan and a Medicare Supplement plan. In addition, the University provides retiree life insurance benefits at no cost to the retiree.

Employees who were hired prior to January 1, 2010 are eligible for medical coverage and life insurance after they retire if either of the following requirements are satisfied:

- they are at least age 60 and have at least 15 years of regular full-time employment and participation in a University-sponsored medical plan immediately preceding the retirement date
- regardless of age, if they have at least 25 years of regular full-time service. The last 10 of those 25 years of University service must be continuous and they must participate in a University -sponsored medical plan during the last 10 years immediately preceding the retirement date.

The retiree PPO medical plan and the life insurance coverage are self-funded programs, and all medical claims, death benefits and other expenses are paid from the unrestricted net assets of the University. The Medicare Advantage PPO plan and the Medicare Supplement plan are fully insured. The retirees pay varying amounts for coverage under the medical plan.

For those employees who were hired after December 31, 2009, the University will contribute funds each month on their behalf to a retirement healthcare savings plan. This plan is designed to help pay for qualified medical and health-related expenses in retirement, including the purchase of a health insurance policy.

Retirees will be eligible to access their Penn State Retirement Savings Account when they are no longer actively employed at Penn State and have satisfied either of the following requirements:

- completed 25 years of continuous full-time service and are age 60 or older
- completed a minimum of 15 years of continuous full-time service and are age 65 or older.

Included in unrestricted net assets at June 30, 2013 and 2012 are the following amounts that have not yet been recognized in net periodic postretirement cost: unrecognized prior service cost (benefit) of (\$86.3) million and (\$108.0) million and unrecognized actuarial loss of \$547.6 million and \$852.7 million, respectively.

The following sets forth the plan's benefit obligation, plan assets and funded status reconciled with the amounts recognized in the University's consolidated statements of financial position at June 30:

Change in benefit obligation:

(in thousands of dollars)

	<u>2013</u>	<u>2012</u>
Benefit obligation at beginning of year	\$ 1,864,899	\$ 1,479,043
Service cost	56,194	45,124
Interest cost	77,943	80,779
Actuarial gain	(95,754)	(15,784)
Benefits paid	(43,840)	(42,813)
Plan assumptions	<u>(164,401)</u>	<u>318,550</u>
Benefit obligation at end of year	<u>\$ 1,695,041</u>	<u>\$ 1,864,899</u>

Change in plan assets:

(in thousands of dollars)

	<u>2013</u>	<u>2012</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	43,840	42,813
Benefits paid	<u>(43,840)</u>	<u>(42,813)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (1,695,041)	\$ (1,864,899)
Unrecognized prior service cost (benefit)	-	-
Unrecognized net actuarial loss	-	-
Accrued postretirement benefit expense	<u>\$ (1,695,041)</u>	<u>\$ (1,864,899)</u>

Net periodic postretirement cost includes the following components for the years ended June 30:

(in thousands of dollars)

	<u>2013</u>	<u>2012</u>
Service cost	\$ 56,194	\$ 45,124
Interest cost	77,943	80,779
Amortization of prior service cost	(21,699)	(21,699)
Amortization of unrecognized net loss	<u>44,960</u>	<u>29,178</u>
Net periodic postretirement cost	<u>\$ 157,398</u>	<u>\$ 133,382</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 8.00% and 8.50% for the years ended June 30, 2013 and 2012, respectively, reduced by 0.50% per year to a fixed level of 5.00%. The weighted average postretirement benefit obligation discount rate was 5.00% and 4.50% for the years ended June 30, 2013 and 2012, respectively.

If the healthcare cost trend rate assumptions were increased by 1% in each year, the accumulated postretirement benefit obligation would be increased by \$318.1 million and \$595.2 million as of June 30, 2013 and 2012, respectively. The effect of this change on the sum of the service cost and interest cost components of the net periodic postretirement benefit cost would be an increase of \$32.3 million and \$42.2 million as of June 30, 2013 and 2012, respectively. If the healthcare cost trend rate assumptions were decreased by 1% in

each year, the accumulated postretirement benefit obligation would be decreased by \$256.6 million and \$327.0 million as of June 30, 2013 and 2012, respectively. The effect of this change on the sum of the service cost and interest cost components of the net periodic postretirement benefit cost would be a decrease of \$24.5 million and \$23.1 million as of June 30, 2013 and 2012, respectively.

Gains and losses in excess of 10% of the accumulated postretirement benefit obligation are amortized over the average future service to assumed retirement of active participants.

Postretirement benefits expected to be paid for the years ended June 30 are as follows:

	<i>(in thousands of dollars)</i>
2014	\$ 51,390
2015	55,312
2016	59,517
2017	63,945
2018	68,198
2019-23	408,966

## 11. THE MILTON S. HERSHEY MEDICAL CENTER AND PENN STATE HERSHEY HEALTH SYSTEM

The University's wholly-owned subsidiary, TMSHMC, owns the assets of the clinical enterprise of the Hershey Medical Center complex. The University owns the Hershey Medical Center complex, including all buildings and land occupied by the Medical Center and operates the College of Medicine. The clinical facilities of the Hershey Medical Center complex are leased to TMSHMC and TMSHMC makes certain payments to support the College of Medicine.

The Health System is a corporate investor in healthcare joint ventures, which are supportive of the missions of the Medical Center. The Health System was organized in 1995 as a wholly-owned subsidiary of the Corporation for the purpose of organizing components of an integrated health care delivery system. The Health System recorded non-controlling interest related to the acquisition of additional ownership interest in a joint venture. This noncontrolling interest is recorded in the net assets within the consolidated statements of financial position with a value at June 30, 2013 and 2012 of \$831,000 and \$774,000, respectively.

## 12. CONTINGENCIES AND COMMITMENTS

### Contractual Obligations

The University has contractual obligations for the construction of new buildings and for additions to existing buildings in the amount of \$775.1 million of which \$651.4 million has been paid or accrued as of June 30, 2013. The contract costs are being financed from available resources and from borrowings.

### Letters of Credit

The University has available letters of credit in the amount of \$20.5 million and \$18.2 million as of June 30, 2013 and 2012, respectively. These letters of credit are used primarily to comply with minimum state and federal regulatory laws that govern various University activities. The fair value of these letters of credit approximates contract values based on the nature of the fee arrangements with the issuing banks.

### Guarantees

The University has a contract with a third party whereby the third party acts as an agent of the University in connection with procurement of electricity. The University guarantees the payment of the obligations of the third party incurred on behalf of the University to counterparties. No liabilities related to guarantees have been recorded as of June 30, 2013.

### Self-Insurance

The University has a coordinated program of commercial and self-insurance for medical malpractice claims at TMSHMC through the use of a qualified trust and a domestic captive insurance company in combination with a self-insured retention layer and is supplementing this program through participation in the Pennsylvania Medical Care Availability and Reduction of Error Fund ("Mcare Fund"), in accordance with Pennsylvania law. An estimate of the present value, discounted at 2% for the years ended June 30, 2013 and 2012, respectively, of the medical malpractice claims liability in the amount of \$96.7 million and \$101.1 million is recorded as of June 30, 2013 and 2012, respectively.

On July 1, 2003, TMSHMC became self-insured for all medical malpractice claims asserted on or after July 1, 2003, for all amounts that are below the coverage of the TMSHMC's excess insurance policies and not included in the insurance coverage of the Mcare Fund. Under the self-insurance program, TMSHMC is required to maintain a malpractice trust fund in an amount at least equal to the expected loss of known claims. The balance of this trust fund was \$20.7 million and \$21.3 million at June 30, 2013 and 2012, respectively. TMSHMC intends to fund any claims due during the next year from cash flows from operations.

With approval from the Pennsylvania Department of Labor and Industry ("PA-DLI"), the University elected to self-insure potential obligations applicable to workers' compensation. Certain claims under the program are contractually administered by a private agency. The University purchased insurance coverage for excess obligations over \$600,000 per incident. An estimate of the self-insured workers' compensation claims liability in the amount of \$10.9 million and \$12.4 million, discounted at 1.25%, is recorded as of June 30, 2013 and 2012, respectively. The University has established a trust fund, in the amount of \$12.7 million at June 30, 2013 and 2012, respectively, as required by PA-DLI, to provide for the payment of claims under this self-insurance program. TMSHMC is self-insured for workers' compensation claims and has purchased an excess policy through a commercial insurer which covers individual claims in excess of \$500,000 per incident for workers' compensation claims.

The University and TMSHMC are self-insured for certain health care benefits provided to employees. The University and TMSHMC have purchased excess policies which cover employee health benefit claims in excess of \$500,000 and \$350,000 per employee per year, respectively. The University and TMSHMC provide for reported claims and claims incurred but not reported.

### Litigation and Contingencies

In November 2011, the University was made aware of certain allegations in a Commonwealth of Pennsylvania Grand Jury presentment. Various legal proceedings and investigations have arisen as a result of such allegations, including criminal proceedings against former officers and employees of the University. Certain claims and civil litigation have been filed against the University with anticipation that other complaints could be filed. At June 30, 2013, the University has accrued \$59.7 million for 26 of 32 known claims, 24 of which have been settled subsequent to June 30, 2013. Such costs are included in institutional support within the consolidated statement of activities. Of the remaining six claims, two have been deemed to have no merit through the due diligence process. Without having knowledge of the number and nature of unknown claims and in view of the inherent difficulty of predicting the outcome of our remaining four known claims, each with their own unique circumstances that give rise to their alleged claims, and given the various stages of the proceedings, we are unable to predict the outcome of these matters or the ultimate legal and financial liability, and at this time cannot reasonably estimate the possible loss or range of loss. Accordingly, no amounts have been accrued in the 2013 financial statements for these claims although a loss is reasonably possible in future periods which could have a material adverse effect on our current and future financial position, results of operations and cash flows.

For the years ended June 30, 2013 and 2012, the University has incurred costs, net of insurance reimbursements totaling \$17.3 and \$16.1 million, respectively, for internal investigation, legal, communications and other related costs. These costs are included in institutional support within the consolidated statement of activities. Insurance reimbursements for the years ended June 30, 2013 and 2012 totaled \$249,000 and \$153,000, respectively. Amounts paid directly by insurance carriers for the years ended June 30, 2013 and 2012 totaled \$2,994,000 and \$626,000, respectively.

The University has submitted claims to insurance carriers at June 30, 2013 related to the claims settled and certain legal costs incurred to date. Amounts of future insurance reimbursement are unknown as of June 30, 2013 and as a result no insurance recovery accruals have been recorded in the 2013 financial statements.

Based on its operation of the Medical Center (see Note 11), the University, like the rest of the healthcare industry, is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions. Recently, government reviews of healthcare providers for compliance with regulations have increased. Although the University believes it has done its best to comply with these numerous regulations, such government reviews could result in significant repayments of previously billed and collected revenues from patient services.

Various other legal proceedings have arisen in the normal course of conducting University business. The outcome of such litigation is not expected to have a material effect on the financial position of the University.

### **13. SUBSEQUENT EVENTS**

The University has evaluated subsequent events through November 1, 2013, the date on which the consolidated financial statements were issued. It did not identify any subsequent events to be disclosed other than those below or previously noted.

On July 12, 2013, the University received a preliminary report from the U.S. Department of Education based on the program review of the University's compliance with the Clery Act, a federal law related to campus safety. The Department of Education will make a final program review determination after the process is complete. The outcome and financial impacts of the program review are unknown as of the date the consolidated financial statements were issued.

**THE PENNSYLVANIA STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

<u>Program</u>	<u>CFDA No.</u>	<u>Subcontract Expenditures</u>	<u>Expenditures</u>
<b><u>Research and development programs -</u></b>			
Direct funding	Note 2	\$ 83,958,130	\$ 476,091,890
Direct funding - American Recovery and Reinvestment Act	Note 3	1,979,790	23,220,875
Pass-through funds - Commonwealth of Pennsylvania	Note 4	0	2,448,490
Pass-through funds - Commonwealth of Pennsylvania - American Recovery and Reinvestment Act	Note 5	0	146,759
Pass-through funds - Other Institutions	Note 6	1,994,042	59,774,117
Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 7	0	1,929,465
Total research and development programs		<u>87,931,962</u>	<u>563,611,596</u>
<b><u>Student financial assistance programs (Direct funding) -</u></b>			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007	0	5,045,471
Federal Work Study Program	84.033	0	5,353,082
Federal Perkins Loan Program - Note 14	84.038	0	42,789,170
Federal Pell Grant Program	84.063	0	82,100,133
Federal Direct Loan Program - Note 15	84.268	0	542,782,514
Federal Endowment - Note 16	84.116	0	6,000,000
Health Professions Student Loan Program - Note 14	93.342	0	192,278
Total student financial assistance programs		<u>0</u>	<u>684,262,648</u>
<b><u>Other programs -</u></b>			
State Administrative Matching Grants for Food Stamp Program Pass- through funds - Commonwealth of Pennsylvania (4000015750)	10.561	16,851,285	20,072,942
National Center for Research Resources	93.702	0	467,850
Other Direct funding	Note 8	1,501,658	32,204,591
Other Direct funding - American Recovery and Reinvestment Act	Note 9	101,979	1,215,393
Other Pass-through funds - Commonwealth of Pennsylvania	Note 10	74,374	7,407,055
Other Pass-through funds - Commonwealth of Pennsylvania American Recovery and Reinvestment Act	Note 11	35,137	478,549
Other Pass-through funds - Other Institutions	Note 12	337,657	3,774,267
Other Pass-through funds - Other Institutions - American Recovery and Reinvestment Act	Note 13	0	1,510
Total other programs		<u>18,902,090</u>	<u>65,622,157</u>
		<u>\$ 106,834,052</u>	<u>\$ 1,313,496,401</u>

**Total Programs**

See notes to schedule of expenditures of federal awards.

**THE PENNSYLVANIA STATE UNIVERSITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

**1. BASIS OF PRESENTATION AND ACCOUNTING:**

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of The Pennsylvania State University (the "University") for the year ended June 30, 2013 which have been financed by the United States Government.

For purposes of the Schedule, Federal awards have been classified into two types:

- Direct Federal Awards
- Pass-through funds received from non-Federal organizations made under Federally sponsored programs conducted by these organizations.

Subcontract expenditures represent amounts paid to a third party for effort performed in support of the University's federal awards.

Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present the financial position, results of operations or cash flows of the University.

The Schedule is prepared on the accrual basis of accounting.

CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<b>2. RESEARCH AND DEVELOPMENT -</b>			
<b>DIRECT FUNDING:</b>			
<u>Agriculture:</u>			
Agricultural Marketing Service	10.RD	\$ 0	\$ 37,017
Agricultural Research Service	10.RD	4,994	871,554
Animal and Plant Health Inspection Service	10.RD	38,016	732,082
Cooperative State Research, Education and Extension Service	10.RD	29,283	8,420,386
Department of Agriculture	10.RD	209,361	775,158
Economic Research Service	10.RD	15,999	34,589
Foreign Agricultural Service	10.RD	0	243,743
Forest Service	10.RD	1,360	254,770
National Institute of Food and Agriculture	10.RD	2,063,372	9,978,516
Natural Resources Conservation Service	10.RD	705	55,823
The Office of the Chief Economist	10.RD	0	216,194
<b>Total – Agriculture</b>		<b>2,363,090</b>	<b>21,619,832</b>
<u>Commerce:</u>			
Economic Development Administration	11.RD	522,376	2,573,590
National Institute of Standards and Technology	11.RD	166,719	1,035,535
Department of Commerce	11.RD	0	41,193
National Oceanic and Atmospheric Administration	11.RD	25,254	1,263,557
<b>Total – Commerce</b>		<b>714,349</b>	<b>4,913,875</b>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Defense:</u>				
Defense Intelligence Agency	12.RD		0	99,766
Department of Air Force, Material Command	12.RD		1,982,196	6,980,730
Department of Army, Material Command	12.RD		11,355,420	20,213,028
Department of Army, Medical Command	12.RD		0	928,073
Department of Defense	12.RD		2,832,136	8,469,874
Department of Defense, Advanced Research Projects Agency	12.RD		3,925,512	11,605,651
Department of Defense, National Security Agency	12.RD		828,871	1,302,358
Department of Navy, Office of the Chief of Naval Research	12.RD		11,339,723	153,152,885
Marine Corps System Command	12.RD		0	301,474
Total – Defense			<u>32,263,858</u>	<u>203,053,839</u>
<u>Interior:</u>				
Bureau of Land Management	15.RD		0	93,483
Department of Interior	15.RD		0	111,542
Fish and Wildlife Service	15.RD		0	206,847
Geological Survey	15.RD		21,619	720,551
National Park Service	15.RD		0	262,478
Office of Surface Mining	15.RD		0	58,370
Total – Interior			<u>21,619</u>	<u>1,453,271</u>
<u>Justice:</u>				
National Institute of Justice	16.RD		840,190	2,096,202
Total – Justice			<u>840,190</u>	<u>2,096,202</u>
<u>State:</u>				
Bureau of Oceans and International Environmental Department of State	19.RD		0	88,318
Total - State			<u>62,828</u>	<u>813,772</u>
<u>Transportation:</u>				
Department of Transportation	20.RD		1,224,936	5,003,126
Federal Aviation Administration	20.RD		0	485,435
Federal Highway Administration	20.RD		174,055	174,055
Pipeline and Hazardous Materials Safety Administration	20.RD		0	3,281
Research and Innovative Technology Administration	20.RD		607,243	946,276
Total - Transportation			<u>2,006,234</u>	<u>6,612,173</u>
<u>General Services Administration:</u>				
	39.RD		0	204,202
<u>National Aeronautics and Space Administration:</u>				
	43.RD		1,571,352	12,585,214
<u>National Endowment for the Humanities:</u>				
	45.RD		0	164,350
<u>National Science Foundation:</u>				
	47.RD		3,987,826	54,157,644
<u>Department of Veterans Affairs:</u>				
	64.RD		0	40,919
<u>Environmental Protection Agency:</u>				
Environmental Protection Agency	66.RD		0	83,815
Office of Research and Development	66.RD		123,552	413,466
Office of Water	66.RD		58,155	508,013
Total – Environmental Protection Agency			<u>181,707</u>	<u>1,005,294</u>



	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
<u>Nuclear Regulatory Commission:</u>	77.RD		67,500	1,298,548
<u>Energy:</u>	81.RD		19,751,359	41,720,740
<u>Education:</u>				
Bilingual Education - Professional Development	84.RD		25,000	96,636
Department of Education	84.RD		(6,412)	148,946
Institute of Education Sciences	84.RD		433,004	2,189,044
Office of Elementary and Secondary Education	84.RD		0	335,834
Office of Postsecondary Education	84.RD		0	244,226
Rehabilitation Long-term Training				
Office of Special Education and Rehabilitative Services	84.RD		235,947	428,312
TRIO - Student Support Services	84.RD		0	474,424
<b>Total – Education</b>			<b>687,539</b>	<b>3,917,422</b>
<u>Health and Human Services:</u>				
Agency for Healthcare Research and Quality	93.RD		0	926,236
Centers for Disease Control and Prevention	93.RD		0	325,115
Food and Drug Administration	93.RD		27,500	41,358
Health Resources and Services Administration	93.RD		16,745	734,059
National Institutes of Health	93.RD		15,089,712	103,537,413
<b>Total – Health and Human Services</b>			<b>15,133,957</b>	<b>105,564,181</b>
<u>Department of Homeland Security:</u>	97.RD		0	(5,925)
<u>Miscellaneous:</u>	99.RD		4,304,722	14,788,019
<b>Total Research and Development - Direct Funding</b>			<b>\$ 83,958,130</b>	<b>\$ 476,091,890</b>
<b>3. RESEARCH AND DEVELOPMENT - DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>Interior</u>				
National Institute of Standards and Technology	11.RD		\$ 0	108,216
<b>Total - Interior</b>			<b>0</b>	<b>108,216</b>
<u>National Science Foundation:</u>	47.RD		288,411	4,855,643
<u>Department of Energy:</u>	81.RD		1,097,618	6,733,978
<u>Health and Human Services</u>				
National Institutes of Health	93.RD		593,761	11,523,038
<b>Total – Health and Human Services</b>			<b>593,761</b>	<b>11,523,038</b>
<b>Total Research and Development - Direct Funding - American Recovery and Reinvestment Act</b>			<b>\$ 1,979,790</b>	<b>\$ 23,220,875</b>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<b>4. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:</b>				
<u>Agriculture:</u>				
Commonwealth of Pennsylvania	10.RD	44113182	\$ 0	\$ 46,548
Commonwealth of Pennsylvania	10.RD	44113198	0	36,317
Commonwealth of Pennsylvania	10.RD	ME 4408578	0	24,331
Commonwealth of Pennsylvania	10.RD	ME 44102200	0	1,138
Total – Agriculture			0	108,334
<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	4100059478	0	21,215
Commonwealth of Pennsylvania	11.RD	4100059565	0	111,656
Commonwealth of Pennsylvania	11.RD	4100062287	0	30,943
Commonwealth of Pennsylvania	11.RD	4300257150 CO 3	0	21,164
Commonwealth of Pennsylvania	11.RD	430655	0	20
Total - Commerce			0	184,998
<u>Interior:</u>				
Commonwealth of Pennsylvania	15.RD	1434-03HQURU1548	0	543,376
Commonwealth of Pennsylvania	15.RD	4100055147	0	(2)
Total – Interior			0	543,374
<u>Justice:</u>				
Commonwealth of Pennsylvania	16.RD	21186	0	106,275
Commonwealth of Pennsylvania	16.RD	23153	0	58,625
Commonwealth of Pennsylvania	16.RD	23660	0	54,180
Commonwealth of Pennsylvania	16.RD	23909	0	100,800
Commonwealth of Pennsylvania	16.RD	4300354357	0	25,858
Commonwealth of Pennsylvania	16.RD	4300358701	0	33,456
Total – Justice			0	379,194
<u>Transportation:</u>				
Commonwealth of Pennsylvania	20.RD	359704	0	409
Total – Transportation			0	409
<u>Environmental Protection:</u>				
Commonwealth of Pennsylvania	66.RD	4100060402	0	40,297
Commonwealth of Pennsylvania	66.RD	4100062187	0	84,155
Commonwealth of Pennsylvania	66.RD	4300290429	0	(175)
Commonwealth of Pennsylvania	66.RD	4300336643	0	99,500
Commonwealth of Pennsylvania	66.RD	4300336746	0	71,872
Commonwealth of Pennsylvania	66.RD	4300341406	0	211,981
Commonwealth of Pennsylvania	66.RD	4300346522	0	41,512
Total - Environmental Protection			0	549,142
<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300355393	0	41,628
Total – Transportation			0	41,628
<u>Education:</u>				
Commonwealth of Pennsylvania	84.RD	062-12-0-042	0	6,575
Commonwealth of Pennsylvania	84.RD	062-130042	0	436,425
Commonwealth of Pennsylvania	84.RD	4300311375	0	18,388
Total – Education			0	461,388

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100060656	0	117,356
Commonwealth of Pennsylvania	93.RD	4300373328	0	11,250
Commonwealth of Pennsylvania	93.RD	4300373328	0	51,417
Total - Health and Human Services			0	180,023

**Total Research and Development  
Pass-Through Funds  
Commonwealth of Pennsylvania**

**\$ - \$ 2,448,490**

**5. RESEARCH AND DEVELOPMENT - PASS-  
THROUGH FUNDS - COMMONWEALTH OF  
PENNSYLVANIA - AMERICAN RECOVERY  
AND REINVESTMENT ACT:**

<u>Commerce:</u>				
Commonwealth of Pennsylvania	11.RD	C000051994	\$ 0	\$ 115,317
Total - Commerce			0	115,317

<u>Justice:</u>				
Commonwealth of Pennsylvania	16.RD	4300325871	0	31,628
Total - Justice			0	31,628

<u>Energy:</u>				
Commonwealth of Pennsylvania	81.RD	4300195336	0	18
Total - Energy			0	18

<u>Health and Human Services:</u>				
Commonwealth of Pennsylvania	93.RD	4100051970	0	(204)
Total - Health and Human Services			0	(204)

**Total Research and Development - Pass-  
Through Funds - Commonwealth of  
Pennsylvania - American Recovery  
And Reinvestment Act**

**\$ 0 \$ 146,759**

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<b>6. RESEARCH AND DEVELOPMENT -</b>				
<b>PASS-THROUGH FUNDS - OTHER</b>				
<b>INSTITUTIONS:</b>				
<u>Agriculture:</u>				
American Chestnut Foundation	10.RD	11-DG-11083150-007	\$ 0	\$ 53,348
Brigham Young University	10.RD	2011-67009-20366	0	79,946
Colorado State University	10.RD	2012-68001-09603	0	53,624
Cornell University	10.RD	2009-34103-19863	0	1,601
Cornell University	10.RD	2012-34383-19759	0	31,463
Cornell University	10.RD	2012-37620-19697	0	20,250
Geisinger Clinic	10.RD	59-1950-9-963	0	62,011
Geisinger Clinic	10.RD	----	0	28,201
International Crops Resinst Semi-Arid	10.RD	MCKNIGHT FOUNDATION	0	28,094
Iowa State University	10.RD	2009-51300-05581	0	43,548
Kansas State University	10.RD	----	0	166,314
Michigan State University	10.RD	----	0	26,183
New York University	10.RD	2012-68006-30177	0	38,472
North Carolina State University	10.RD	2007-39552-18643	44,622	49,084
North Carolina State University	10.RD	2012-1785-01	0	135
Northern Arizona University	10.RD	MPC34KC-01	0	47,231
Portland University	10.RD	13-CA-11272170-023	0	7,131
Purdue University	10.RD	2010-48869-20781	0	243,770
Purdue University	10.RD	2012-51181-19878	0	44,437
Turtle Mountain Community	10.RD	NDE-2011-02057	0	7,998
U.S. Endowment for Forestry and Commerce	10.RD	137RFP#2008-011	0	349,209
University of California	10.RD	2010-51181-21069	0	19,470
University of California	10.RD	2011-68004-30154	0	19,819
University of Connecticut	10.RD	2011-67005-20098	0	12
University of Georgia	10.RD	2009-85118-05718	0	137,026
University of Maine	10.RD	2010-34141-21166	0	669
University of Maine	10.RD	2011-34141-30731	0	15,315
University of Maryland	10.RD	2010-38821-21609	0	20,461
University of Minnesota	10.RD	2011-67003-30343	18,060	141,199
University of Vermont	10.RD	2009-38640-19631	0	149,855
University of Vermont	10.RD	2009-47001-05350	0	33,634
University of Vermont	10.RD	2010-38640-20820	29,810	119,680
University of Vermont	10.RD	2010-47001-20819	0	15,237
University of Vermont	10.RD	2011-38640-30418	0	65,515
University of Vermont	10.RD	2011-47001-30421	0	41,347
University of Vermont	10.RD	2011-67023-30106	0	39,365
University of Vermont	10.RD	2012-38640-19543	0	85,655
University of Vermont	10.RD	2012-47001-19544	0	31,989
University of Wisconsin	10.RD	59-5000-0-0013	0	(2)
Virginia Polytechnic Institute	10.RD	2010-51181-21599	0	20,479
Washington State University	10.RD	2011-68005-30416	0	154,812
West Virginia University	10.RD	2010-CR-11062759-030	0	19,555
Total – Agriculture			92,492	2,513,142
<u>Commerce:</u>				
Delaware Valley Industry Research Center	11.RD	707NANB10H173	0	54,356
Delaware Valley Industry Research Center	11.RD	----	0	50,311
Earth Resources Tech, Inc.	11.RD	----	0	31,745
Industrial Economics Inc.	11.RD	1050-PSU	0	51,319
Ohio State University	11.RD	NA12OAR4170059	0	10,090
Ohio State University	11.RD	----	0	10,584
SCI Application International	11.RD	2009 1054922-000	0	98,054
TDI Brooks International Inc.	11.RD	----	0	117,754
University of Delaware	11.RD	NA08OAR4170750	0	3,025
University of Illinois	11.RD	NA12NOS4290059	0	21,538
University of Illinois	11.RD	2010-03074-09 A1242	0	12,485

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Maryland	11.RD	NA10OAR4170072	0	2,472
University of Maryland	11.RD	NA11NES4400009	0	21,226
University of Michigan	11.RD	----	0	20,000
University of Nebraska	11.RD	NA10OAR4310111	0	75,755
University of Pennsylvania	11.RD	NA11OAR4310101	0	8,523
Venango Train & Development Center Inc.	11.RD	----	0	3,500
Total – Commerce			0	592,737
<u>Defense:</u>				
Academy of Applied Science	12.RD	W911NF-10-2-0076	0	317
Adaptive Methods Inc.	12.RD	HDTRA1-12-P-0039	0	50,000
Adaptive Methods Inc.	12.RD	N00024-10-C-4124	0	10,440
Advanced Cooling Technologies	12.RD	N68335-13-C-0119	0	17,460
Advanced Technology International	12.RD	N00014-11-D-0504	0	559,723
Advanced Technology International	12.RD	W911NF-09-C-0150	0	2
Advanced Technology International	12.RD	----	0	58,819
Aerospace Testing Alliance	12.RD	ATA-12-10	0	85,546
Agarigen, Inc.	12.RD	---	0	1,932
Alphasense, Inc.	12.RD	N00014-10-C-0438	0	22,355
Alphasense, Inc.	12.RD	N11PC20160	0	38,187
Altex Technologies	12.RD	W56HZV-10-C-0348	0	24,856
Altex Technologies	12.RD	W911QX-10-C-0093	0	31,228
American Competitiveness Institute	12.RD	N00014-08-D-0758	0	72,432
Applied Communication Sciences	12.RD	DO-A7	0	41,911
Applied Optimization Inc.	12.RD	2012-0330	0	19,390
Applied Physical Sciences	12.RD	N66001-11-C-4115	0	7,845
Area-1 Inc.	12.RD	N00014-10-C-0407	0	47,407
Aspen Consulting Group, Inc.	12.RD	W15P7T-09-D-P-014	0	2,155
Battelle Pacific NW National Laboratory	12.RD	DE-AC07-05ID14517	0	309,161
BBN Technologies Corporation	12.RD	W911NF-09-2-0053	764,455	1,617,910
Bluefin Robotics	12.RD	N66001-11-C-4115	0	2,241
Boeing Company	12.RD	W58RGZ-04-G-0023	0	13,074
Boeing Company	12.RD	W911W6-11-2-0006	0	64,428
Booz-Allen & Hamilton Inc.	12.RD	HM1582-06-C-0017	0	(247)
Booz-Allen & Hamilton Inc.	12.RD	W15P7T-06-D-E401 DO-16	0	728,166
Busek Co., Inc.	12.RD	W31P4Q-10-C-0254	0	160,882
CACI International Inc.	12.RD	N00178-04-D-4026	0	130,076
Calspan University of Buffalo	12.RD	W911NF-09-2-058	0	99,941
Carnegie Institute	12.RD	W31P4Q-13-1-0005	0	38,167
Carnegie Mellon University	12.RD	1141223-2982229	0	27,080
Charles River Analytics, Inc.	12.RD	N00014-10-C-0044	0	(1,380)
Charles River Analytics, Inc.	12.RD	N00014-10-C-0405	0	41,709
Charles River Analytics, Inc.	12.RD	W31P4Q-09-C-0469	0	109,776
Columbia University	12.RD	HDTRA-11-0027	0	54,411
Concurrent Technologies Corp.	12.RD	N00014-06-D-0048	0	6,150
Cortana	12.RD	HR0011-12-C-0020	0	45,623
Cortana	12.RD	N000421-09-C-0028	0	105,027
Cortana	12.RD	N68335-11-C-0019	0	73,214
Curtis Wright Electro Mechanical Co.	12.RD	SPMYM2-AA-C-0005	0	63,627
Curtis Wright Electro Mechanical Co.	12.RD	453611	0	24,909
DCS Technologies	12.RD	W56HZV-11-C-0073	0	8,720
DE Technologies, Inc.	12.RD	FA8651-11-C-0132	0	2,671
Delaware State University	12.RD	11-005JNA	0	116,129
Duke University	12.RD	FA8650-09-C-2944	0	54,929
Duke University	12.RD	HR0011-10-1-0059	0	57,468
Dynetics, Inc.	12.RD	W911W6-08-D-0011/0009	0	21,544
Ensco Inc.	12.RD	DTRA01-03-D-0013	0	275,358
ERC, Inc.	12.RD	RS120041	0	13,677
Gannett Fleming Inc.	12.RD	053462	0	17,265
Gear Research Institute	12.RD	W911W6-09-D-0014	0	108,189

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Gear Research Institute	12.RD	W911W6-11-C-0053	0	29,511
General Dynamics/Electric Boat	12.RD	N00024-03-C-2101	0	558,807
General Dynamics/Electric Boat	12.RD	N00024-10-C-2118	0	786,346
General Dynamics/Electric Boat	12.RD	N61331-11-C-0017	0	392,141
General Dynamics/Electric Boat	12.RD	N66604-05-C-3180	0	89,800
General Dynamics/Electric Boat	12.RD	SNX150-037	0	1
General Dynamics/Electric Boat	12.RD	SNX081-076	0	609
General Dynamics/Electric Boat	12.RD	SNX152-017	0	801
General Dynamics/Electric Boat	12.RD	SNX157-066	0	140,578
General Dynamics/Electric Boat	12.RD	SNX221-042	0	58,272
General Dynamics/Electric Boat	12.RD	SNY113-042	0	288,674
General Lasertronic Corp	12.RD	FA8650-11-M-5607	0	(191)
General Lasertronic Corp	12.RD	----	0	52,520
General Opto Solutions LLC	12.RD	N00014-12-M-0229	0	23,627
George Mason University	12.RD	FA9550-07-1-0527	0	83,670
Georgia Institute of Technology	12.RD	HC1047-05-D-4000	0	37,414
Georgia Institute of Technology	12.RD	D5757-G2	0	178,119
Goodrich B.F. Aerospace	12.RD	N00024-09-C-2104	0	(154)
H. C. Materials Corp.	12.RD	N00014-12-C-0368	0	94,207
Hardwire LLC	12.RD	----	0	17,254
Henry Jackson Foundation	12.RD	HU001-11-1-0004	0	27,222
Herman Advanced Engineering	12.RD	FA8650-09-D-2945	0	38,336
Herman Advanced Engineering	12.RD	N68335-10-C-0383	0	35,232
	12.RD	W911W6-01-D-0006 TO-0001	0	26,900
Hexcel				
Honeywell International Inc.	12.RD	----	0	62,197
HRL Laboratories, LLC	12.RD	801362-BS 20199	0	20,545
Hydroid, Inc.	12.RD	N00174-07-D-0001	0	276,923
Hydroid, Inc.	12.RD	N62306-08-D-9003	0	7,284
Image Acoustics, Inc.	12.RD	N00014-09-C-0491	0	33,757
Infoscitex Corporation	12.RD	N00024-12-P-4000	0	(3)
Innovative Automation Tech LLC	12.RD	FA9550-10-C-0047	0	(47)
Innovative Science Solutions Inc.	12.RD	FA9300-10-C-0008	0	20,323
Innovative Science Solutions Inc.	12.RD	N00014-08-C-0296	0	14,312
Innovative Science Solutions Inc.	12.RD	N00014-11-C-0468	0	102,443
Intelligent Automation, Inc.	12.RD	907-1	0	76,470
International Business Machines, Inc.	12.RD	W911NF-06-3-0001	0	461,822
International Business Machines, Inc.	12.RD	----	0	392,711
ITT Industries	12.RD	N00173-09-C-2023	0	2,463
ITT Industries	12.RD	W5J9CQ-11-D-0009	0	337,043
Johns Hopkins University	12.RD	04-D-8601	0	(70)
Johns Hopkins University	12.RD	HQ0147-12-D-0004	0	9,367
Johns Hopkins University	12.RD	N00024-03-D-6606	0	23,261
Johns Hopkins University	12.RD	W81XWH-09-2-0108	0	1,005
Johns Hopkins University	12.RD	W81XWH1020090	0	251,392
Johns Hopkins University	12.RD	W911NF-06-2-006	0	16,717
KCF Technologies	12.RD	N68936-11-C-0017	0	3,729
KCF Technologies	12.RD	148179	0	100,685
Kennesaw State University	12.RD	W81XWH-11-2-0081	0	42,387
Kuchera Defense Systems Inc.	12.RD	W911QX-08-C-0048	0	(184)
Kyma Technologies, Inc.	12.RD	----	0	10,600
L-3 Communications	12.RD	N00178-04-D-4143	0	(68)
L-3 Communications	12.RD	N65236-09-D-6814	0	59,645
L-3 Communications	12.RD	NR0000-08-C-0249	0	43,099
Lockheed Martin	12.RD	FA8650-07-C-7749	0	(30,294)
Lockheed Martin	12.RD	----	0	1,091,283
Louisiana State University	12.RD	W81XWH-10-1-0671	0	38,934
Lynntech, Inc.	12.RD	N00024-11-C-4162	0	(6)
Lynntech, Inc.	12.RD	N00167-11-C-0004	0	142,106
Lynntech, Inc.	12.RD	----	0	9,655

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
M Cubed Technologies Inc.	12.RD	20210 (PO 57059)	0	36,131
Makel Engineering, Inc.	12.RD	----	0	7
Manufacturing Laboratories	12.RD	D139C00071	0	4,545
Massachusetts Institute of Technology	12.RD	7000177068	0	5,256
Massachusetts Institute of Technology	12.RD	5710003368	0	44,627
McDonnell Douglas Corp.	12.RD	961910J	0	9,425
		N00178-04-D-4078		
McKean Defense Group LLC	12.RD	DO-EHP6	0	6,189
		N00178-07-D-4078		
McKean Defense Group LLC	12.RD	DO-EHP7	0	20,534
Metron Inc.	12.RD	N00014-12-D-0586	0	20,454
National Center for Defense	12.RD	FA8650-12-2-7230	0	11,321
National Center for Manufacturing Sciences	12.RD	DASW01-98-2-0002	0	(331)
Navmar Applied Science Corporation	12.RD	N68335-11-C-0038	0	16,056
Navmar Applied Science Corporation	12.RD	W911QXO-12-C-0021	0	3,686
Nextgen Aeronautics Inc.	12.RD	HR0011-10-C-0189	0	(5,877)
Nextgen Aeronautics Inc.	12.RD	W31P4Q-09-C-0101	0	10,000
North Carolina State University	12.RD	H94003-11-D-1104	0	54,592
Northrop Grumman	12.RD	HR011-09-C-0062	0	13,318
Northrop Grumman	12.RD	N00178-04-D-4091	0	145,553
Northrop Grumman	12.RD	7600006224	0	(8)
Northrop Grumman	12.RD	8200119518	0	11,149
Notre Dame University	12.RD	2013-MA-2383	0	211,619
Ohio Aerospace Institute	12.RD	FA8650-09-D-2945	0	12,125
Ohio State University	12.RD	FA9550-09-1-0602	0	219,492
Optipro Systems	12.RD	N68936-12-C-0018	0	7,956
Optipro Systems	12.RD	N68936-12-C-0036	0	1,740
PPG Industries	12.RD	----	0	78,548
Princeton University	12.RD	N66001-11-1-4110	0	237,205
Princeton University	12.RD	W911NF-12-1-0461	0	118,548
Prometheus Innovations LLC	12.RD	N000024-12-C-4509	0	95,708
Pueblo Economic Development	12.RD	W911NF-11-2-0014	0	959
Purdue University	12.RD	HDTRA1-08-1-0006	0	(5,356)
Questek Innovations LLC	12.RD	20243 (PO 000844)	0	10,807
Raytheon	12.RD	W911QX-12-C-0139	0	4,360
RDA, Inc.	12.RD	N68335-10-C-0388	0	96,387
Rice University	12.RD	FA9550-12-1-0035	0	217,718
Rice University	12.RD	W911NF-11-1-0632	0	429,554
Rolls Royce PLC	12.RD	N00014-09-D-0680	0	422,897
Sabre Systems, Inc.	12.RD	N00178-05-D-4546 4Y02	0	15,532
		N00178-05-D-4546 DO-		
		4Y02		
Sabre Systems, Inc.	12.RD		0	96,952
Savit Corporation	12.RD	124552 PO 9F79-4-9145	0	(7)
SCI Applications International Corp.	12.RD	FA8650-12-D-1377	0	10,000
SCI Applications International Corp.	12.RD	FA9451-08-D-0170	0	20,000
SCI Applications International Corp.	12.RD	H98230-06-C-1219	0	16,575
SCI Applications International Corp.	12.RD	N00014-11-C-0010	0	(7,461)
SCI Applications International Corp.	12.RD	N00173-07-C-2023	0	(448)
SCI Applications International Corp.	12.RD	N00178-04-D-4119	0	27,109
SCI Applications International Corp.	12.RD	N00178-04-D-4119/FC28	0	117,781
SCIAKY, Inc.	12.RD	FA8650-11-C5165	0	41,314
Science Research Laboratory	12.RD	W31P4Q-09-C-0291	0	34,688
Science Research Laboratory	12.RD	W31P4Q-09-C-0306	0	(431)
SI2 Technologies Inc.	12.RD	W909MY-12-C-0033	0	13,080
Sikorsky Aircraft Co.	12.RD	W911W6-11-2-0008	0	310,949
Sinmat Inc.	12.RD	145354 20433	0	(23)
Smiths Detection	12.RD	N00039-12-C-0089	0	45,681
Smithsonian Astrophysical	12.RD	SV9-79021	0	128,510
Sotera Defense Solutions Inc.	12.RD	W91CRB-06-D-0054/0076	0	33,028

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
South Carolina Research Authority	12.RD	N00014-06-D-0045 DO 0004	0	(40)
South Carolina Research Authority	12.RD	N00014-06-D-0045 DO 0013	0	282,426
Spectral Energies, LLC	12.RD	FA8650-10-M-2028	0	(524)
Spectral Energies, LLC	12.RD	FA8650-11-C-2185	0	134,023
State University of New York	12.RD	W911NF-09-1-0392	0	235,003
Steel Founders Society of America	12.RD	W911NF-12-2-0033	0	47,344
Strategic Polymer Sciences Inc.	12.RD	W91CRB-10-C-0155	0	45,306
Stratonics Inc.	12.RD	N00014-12-C-0221	0	61,060
Structured Materials Industries	12.RD	W911NF-12-C-0082	0	19,364
Structured Materials Industries	12.RD	W911NF-12-C-0083	0	7,286
Structured Materials Industries	12.RD	----	0	33,185
Survive Engineering Company	12.RD	W91CRB-09-D-0027	0	500,000
Systems Engineering Research Center	12.RD	H98230-08-D-0171	0	52,909
Tech Applications Group Inc.	12.RD	N00167-11-P-0397	0	(398)
Technical Data Analysis Inc.	12.RD	N68335-11-C-0509	0	19,525
Technical Data Analysis Inc.	12.RD	N68335-13-C-0124	0	13,415
Telaztec LLC	12.RD	T2013-663	0	32,000
Teledyne Science & Imaging LLC	12.RD	HR0011-10-C-0031	0	(1,259)
Temple University	12.RD	W911NF-10-2-0098	0	5,161
Texas A&M University	12.RD	FA9550-12-1-0090	0	74,050
Texas Biochemicals Inc.	12.RD	N68936-12-C-0100	0	(25)
Toyon Research Corp.	12.RD	FA8650-12-C-1469	0	84,333
TRS Ceramics Inc.	12.RD	N00014-07-C-0761	0	(3,340)
TRS Ceramics Inc.	12.RD	N00014-07-C-0858	0	449
TRS Ceramics Inc.	12.RD	N00014-08-C-0856	0	85,752
TRS Ceramics Inc.	12.RD	N00014-09-C-0488	0	15,000
TRS Ceramics Inc.	12.RD	N00014-12-M-0390	0	24,000
UES Inc.	12.RD	FA8650-09-D-5037	0	1
UES Inc.	12.RD	FA8650-10-D-5226 DO0001	0	216,856
UES Inc.	12.RD	FA8650-11-D-5400	0	40,000
UES Inc.	12.RD	FA8650-12-M-5127	0	36,171
UES Inc.	12.RD	HQ0006-08-C-7663	0	23,176
UES Inc.	12.RD	N68335-13-C-0011	0	4,829
Ultramet	12.RD	FA9300-12-C2003	0	77,565
United Technologies Research Center	12.RD	N00014-12-C-0434	0	7,627
University of California	12.RD	N00014-08-1-1015	0	95,060
University of California Davis	12.RD	FA9550-11-1-0246	0	26,745
University of California Davis	12.RD	W911NF-07-1-0318	0	99,589
University of California Los Angeles	12.RD	N660011-11-1-4197	0	144,587
University of California Santa Barbara	12.RD	N000104-6-1-0428	0	3
University of Connecticut	12.RD	N00014-10-1-0944	0	89,498
University of Dayton Research Institute	12.RD	FA8650-10-C-2934	0	119,542
University of Dayton Research Institute	12.RD	FA8650-11-D-5401/0008	0	8,525
University of Illinois	12.RD	FA9550-11-1-0129	0	83,653
University of Illinois	12.RD	2012-02298-03(A0080)	0	29,237
University of Maryland	12.RD	FA9550-09-1-0632	0	85,080
University of Maryland	12.RD	FA95501310126	0	10,058
University of Maryland	12.RD	W911NF1120086	0	274,738
University of Michigan	12.RD	FA9550-09-1-0695	0	142,583
University of Michigan	12.RD	N65540-10-C-0003	0	176,103
University of Minnesota	12.RD	2013-MA-2381	0	24,327
University of Minnesota	12.RD	FA9550-10-1-0563	0	189,843
University of Minnesota	12.RD	N00014-12-1-1030	0	26,152
University of Mississippi	12.RD	W9113M-06-C-0029	0	268,604
University of New Mexico	12.RD	DTRA01-03-D-0009	0	7,856
University of Texas	12.RD	W81XWH-11-2-0222	0	26,060
University of Utah	12.RD	FA9550-08-1-0400	0	168,276
University of Utah	12.RD	W911NF-12-2-0023	0	91,146



	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Utah	12.RD	10028801-PENN-APP	0	60,407
University of Washington	12.RD	HDTRA1-10-1-0075	0	34,727
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-05-2-0003	0	381,357
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-06-2-0002	0	(270)
Vertical Lift Consortium/Rotorcraft	12.RD	W911W6-12-2-0003	0	342,552
Virginia Polytechnic Institute	12.RD	W911NF-07-1-0452	0	(3,442)
W. R. Systems Ltd.	12.RD	N65236-10-D-2839	0	943,473
Wagner Associates	12.RD	N00024-11-C-4188	0	133,857
Wasatch Molecular Incorporated	12.RD	FA9300-11-C-3012	20,000	151,805
Wyle Laboratories	12.RD	HC1047-05-D-4005	0	20,584
Total – Defense			784,455	21,957,350
<u>Interior:</u>				
University of Minnesota	15.RD	30181AG095	0	52,537
Total - Interior			0	52,537
<u>Justice:</u>				
Northeastern University	16.RD	2011-WG-BX-0021	0	75,304
RTI International	16.RD	2011-RY-BX-0003	0	78,613
University of Missouri	16.RD	2006-JV-FX-0011	0	35,927
Total - Justice			0	189,844
<u>Labor:</u>				
County of Chester	17.RD	150970	0	18,202
Total - Labor			0	18,202
<u>Transportation:</u>				
Applied Pavement Technology	20.RD	DTFH61-10-D-00025	0	13,187
Bridge Composites LLC	20.RD	DTFH61-10-G-00007	0	11,526
Cornell University	20.RD	DTOS59-07-G-00052	0	87,578
KLS Engineering LLC	20.RD	00057-3	0	101,246
National Academy of Sciences	20.RD	DTFH61-06-H-00009	0	675,401
Norfolk Southern	20.RD	46000000890	0	48,198
San Jose State University	20.RD	DTRT12-G-UTC21	0	78,762
SES Group & Associates	20.RD	DTFH61-08-D-00001	0	182,580
University of Hawaii	20.RD	TA2007-1R	0	7,104
University of Illinois	20.RD	FR-RRD-0033-11-01-00	0	12,235
University of Massachusetts	20.RD	RITARS-12-H-UML	0	11,496
Vanasse Hangen Brustlin Inc.	20.RD	DTFH61-10-D-00022	0	29,113
Washington Department of Transportation	20.RD	GCA6865	0	70,759
Total - Transportation			0	1,329,185
<u>Appalachian Regional Commission:</u>				
Southern Alleghenies P&D Commission	23.RD	127232/154031 PO 11000246-00	0	18,532
Total - Appalachian Regional Commission			0	18,532
<u>National Aeronautics and Space Admin.:</u>				
Advanced Cooling Technologies	43.RD	NNX11CA05C	0	38,572
American GNC Corp.	43.RD	AGNC120224	0	31,048
Brimrose Technology Corp.	43.RD	NNX12CBB08C	0	14,846
Busek Co., Inc.	43.RD	NNX11CA37C	0	21,830
Busek Co., Inc.	43.RD	NNX12CB03C	0	63,169
California Institute of Technology	43.RD	44A-1092750	0	17,188
Combustion Propulsion & Ballistics	43.RD	NNM12AA99P	0	30,000
Electrodynamic Applications	43.RD	133027	0	104,732
Howard University	43.RD	0006501-1000044095	0	27,532
Howard University	43.RD	NNX10AQ11A	0	40,737
Jet Propulsion Lab	43.RD	1459238	0	107,841
Jet Propulsion Lab	43.RD	1439199	0	4,814

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Johns Hopkins University	43.RD	NNN06AA01C	0	282
Morgan State University	43.RD	NNX12AQ83G-Y01	0	25,521
National Space Biomed Research	43.RD	NCC9-58-168	0	321,190
Pratt & Whitney Aircraft	43.RD	NNC10A12B	0	254,465
Smithsonian Astrophysical Observatory	43.RD	NAS8-03060	319,486	1,074,440
Smithsonian Astrophysical Observatory	43.RD	NNX09AE87G	0	26,119
Smithsonian Astrophysical Observatory	43.RD	G01-12102X	0	61,053
Southwest Research Institute	43.RD	NNX12AE21G	0	37,649
Space Science Institute	43.RD	NNX10AP20G	0	8,173
Space Telescope SCI Institute	43.RD	NAS5-26555	0	100,677
Space Telescope SCI Institute	43.RD	----	0	92,531
Tethers Unlimited Inc.	43.RD	NNM12AA15C	0	9,500
University of Illinois	43.RD	NNX10AL94G	0	19,256
University of Maryland	43.RD	NCC 3989	38,811	128,180
University of Montana	43.RD	NNX11A047G	0	122,609
University of Texas	43.RD	NNX09AV10G	0	72,369
University of Texas at Arlington	43.RD	NNX11AC03G	0	57,925
University of Washington	43.RD	NNA08CN87A	0	149,365
University of Washington	43.RD	NNA13AA93A	0	1,041
University of Wisconsin	43.RD	NNX10AP10G	0	69,795
Villanova University	43.RD	NNX13AF32G	0	14,721
Virginia Institute of Marine Sciences	43.RD	NNX11AD47G	0	58,903
Yale University	43.RD	NNX12AC01G	0	10,360
Total - National Aeronautics and Space Admin.			358,297	3,218,433
<u>National Endowment for the Humanities:</u>				
Washington University	45.RD	NEH RQ-50401-09	0	6,327
Total - National Endowment for the Humanities			0	6,327
<u>National Science Foundation:</u>				
American Education Research Association	47.RD	DRL-0941014	0	22,886
Association of Institutional Research	47.RD	DG12-63	0	20,136
Astronomical Society of the Pacific	47.RD	DRL-1217441	0	43,261
California Institute of Technology	47.RD	CHE-0802907	0	137,482
Carleton College	47.RD	DUE-1125331	0	89,339
Carnegie Mellon University	47.RD	SES-0949710	0	22,824
Chicago Zoological Society	47.RD	ARC-1043284	0	(4,323)
Civilian Research & Development Foundation	47.RD	RUB-7029MO-11	0	5,254
Cleveland State University	47.RD	DUE-0919487	0	15,718
Columbia University	47.RD	OCE-1202632	0	142,333
Columbia University	47.RD	SES-0951516	0	15,293
Consortium for Ocean Leadership	47.RD	BA-40 TO T332A40	0	9,208
Consortium for Ocean Leadership	47.RD	BA-40 TO T338A40A	0	4,193
Consortium for Ocean Leadership	47.RD	BA-40 TO T331B40	0	10,869
Consortium for Ocean Leadership	47.RD	BA-40 TO T332A40	0	1,574
Consortium for Ocean Leadership	47.RD	BA-40 TO T334A40	0	9,249
Consortium for Ocean Leadership	47.RD	BA-40 TO T319A40	0	3,264
Consortium for Ocean Leadership	47.RD	BA-40 TO T322A40	0	150
Cornell University	47.RD	0335765	0	516,509
Duke University	47.RD	09-NSF-1034	0	61,100
Florida State University	47.RD	----	0	2,850
Florida State University	47.RD	R01556	0	50,435
Georgia Institute of Technology	47.RD	EEC-0908895	0	10,486
Iowa State University	47.RD	420-72-25	0	78,668
Jet Propulsion Lab	47.RD	1425528	0	4,601
Johns Hopkins University	47.RD	----	0	(320)
Lemelson Foundation	47.RD	EEC-0835992	0	12,873
Lignolink Inc.	47.RD	150378	0	11,814
Massachusetts Institute of Technology	47.RD	57100002619	0	6,878
Midway Research Institute	47.RD	533-110715-1	0	4,964

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
New York University	47.RD	UW512210	0	25,304
Nittany System Research	47.RD	IIP-1214331	0	46,725
North Carolina State University	47.RD	2012-1067-01	0	266,944
Northwest Vista College	47.RD	11-692	0	4,160
Ohio State University	47.RD	DMS-0931642	0	32,000
Oregon State University	47.RD	S1315A-E	0	30,753
Polyk Technologies LLC	47.RD	IIP-1246360	0	25,000
Proton Energy Systems	47.RD	IIP-1058328	0	559
Rand Corporation	47.RD	1049208	0	17,266
Semiconductor Research Corp.	47.RD	NSF CCF-0903432	0	53,922
Smithsonian Astrophysical Observatory	47.RD	NAS8-03060	0	(1)
Society of Women Engineers	47.RD	HRD-0937306	0	312
Space Telescope SCI Institute	47.RD	NAS5-26555	0	21,061
Stark State College of Technology	47.RD	DUE-0802536	0	4,190
State University of New York	47.RD	SUB 10-25 50738	0	25,791
Texas A&M University	47.RD	DMR-0844082	0	69,659
Texas A&M University	47.RD	DUE-0942715	0	19,927
Trinity University	47.RD	CBET-1160217	0	27,349
TRS Technologies, Inc.	47.RD	NNX10CA27C	0	3,628
University of California	47.RD	CHE-0802913	0	108,381
University of California	47.RD	OCI-1140394	0	18,805
University of California Berkley	47.RD	DRL-0822119	0	58,819
University of Cincinnati	47.RD	SES-1226958	0	24,954
University of Colorado	47.RD	AGS1135446	0	81,526
University of Colorado	47.RD	ANT 1115245	0	28,136
University of Florida	47.RD	IOS-0923975	0	36,118
University of Georgia	47.RD	SBE0830165	0	2,357
University of Houston	47.RD	CMMI-0708096	0	122
University of Kansas	47.RD	ANT0424589	0	243,305
University of Maryland	47.RD	ESI-0426253	0	673,392
University of Maryland	47.RD	IOS1025837	0	211,375
University of Maryland	47.RD	SES-1059758	0	1,561
University of Michigan	47.RD	EFRI-0835995	0	6,897
University of Michigan	47.RD	EFRI-0937323	0	168,795
University of Minnesota	47.RD	DBI-1147079	0	29,799
University of Missouri	47.RD	IOS-1114484	0	46,828
University of Nebraska	47.RD	AGS-1103316	0	30,862
University of New Hampshire	47.RD	ANT-0944266	0	58,130
University of North Carolina	47.RD	DMS-1127914	0	54,740
University of Oregon	47.RD	BCS-0940744	0	63,110
University of Southern California	47.RD	OCE-0939564	0	36,962
University of Texas at Austin	47.RD	BCS-0964596	0	18,305
University of Texas at Austin	47.RD	OCE-1135427	0	96,949
University of the Virgin Islands	47.RD	EPS-0814417	0	5,600
University of Wisconsin	47.RD	ANT-0937462	0	29,409
Utah State University	47.RD	DUE-1122654	0	4,724
Virginia Polytechnic Institute	47.RD	DBI-04-01748	0	(2,770)
Virginia Polytechnic Institute	47.RD	IOS-0965353	0	256,549
Woods Hole Oceanographic Institute	47.RD	SA-10-06	0	44,481
Wyle Laboratories	47.RD	NNL 10AA08B	0	179,884
Yale University	47.RD	AST-1109727	0	13,037
Total - National Science Foundation			0	4,615,259
<u>Department of Spanish Origin:</u>				
Altoona Blair County Development Corporation	59.RD	SBAHQ-10-1-0191	0	(263)
Total - Department of Spanish Origin			0	(263)
<u>Environmental Protection Agency:</u>				
Drexel University	66.RD	210035-3668	0	9,332
Erie County Conservation District	66.RD	141869	0	9,043

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
		SUB GL 00E00845		
Erie-Western PA Port Authority	66.RD	0 150975	0	6,340
Erie-Western PA Port Authority	66.RD	150320	0	9,683
Louisiana State University	66.RD	72466	0	1,822
Mactec Inc.	66.RD	68-D-03-052	0	15,933
National Fish and Wildlife Foundation	66.RD	FR.2413	0	173,546
National Institute of Building Sciences	66.RD	VA 101CFM-P-0129	0	5,655
RTI International	66.RD	EP-W-07-069	0	26,893
University of Alabama	66.RD	EP-C-07-014	0	66
University of Illinois	66.RD	EPA-R5-GL2012-1	0	8,085
University of Illinois	66.RD	NA11OAR4170052	0	5,163
University of Minnesota	66.RD	GL-00E00813	0	15,472
University of Minnesota	66.RD	----	0	3,622
University of North Carolina	66.RD	83521901	0	44,345
Total - Environmental Protection Agency			0	335,000
<u>Nuclear Regulatory Commission:</u>				
Argonne National Lab	77.RD	DE-AC02-06CH11357	0	703
Numark Associates, Inc.	77.RD	NRC-HQ-12-C-42-0107	0	18,496
Numark Associates, Inc.	77.RD	42-07-481-07_TO 20	0	6,443
University of Michigan	77.RD	NRC-04-10-149	0	(5,139)
Total - Nuclear Regulatory Commission			0	20,503
<u>Energy:</u>				
Advanced Cooling Technologies	81.RD	DE-SC0000912	0	3,122
Advanced Cooling Technologies	81.RD	DE-SC0002299	0	7,149
Advanced Cooling Technologies	81.RD	144198	0	9,664
Air Products & Chemical	81.RD	DE-FC26-98FT 40343	0	70,563
Air Products & Chemical	81.RD	212-005-P	0	66,669
		KNDJ-0-40344-00		
Alliance for Sustainable Energy	81.RD	TO 1 TO 2	21,746	21,746
Altex Technologies	81.RD	DE-FE0010427	0	4,529
Argonne National Laboratory	81.RD	2F-30521	0	83
Argonne National Laboratory	81.RD	DE-AC02-06C11357	0	166,297
Argonne National Laboratory	81.RD	DE-AC02-06CH11357	0	13,851
Argonne National Laboratory	81.RD	DE-SV02-06-CH11357	0	51,422
Bandgap Engineering Inc.	81.RD	DE-EE0005323	0	130,280
Battelle Memorial Institute	81.RD	US001-0000366066 CO1	0	49,979
Battelle Pacific NW National Lab	81.RD	4000092324	0	43,804
Battelle Pacific NW National Lab	81.RD	DE-AC05-00OR22725	0	23,187
Battelle Pacific NW National Lab	81.RD	4000100345_MOD6	0	19,398
Battelle Pacific NW National Lab	81.RD	DE-AC05-76RL01830	0	1,378,400
Battelle Pacific NW National Lab	81.RD	DE-AC07-05ID14517	416,660	1,385,146
Battelle Pacific NW National Lab	81.RD	DE-AC52-07NA27344	0	42,009
Battelle Pacific NW National Lab	81.RD	160446	0	375,750
Battelle Pacific NW National Lab	81.RD	B601287	0	24,998
Battelle Pacific NW National Lab	81.RD	172699 (111923)	0	19,981
Bechtel Bettis, Inc.	81.RD	3019444	0	(276)
Bechtel Bettis, Inc.	81.RD	3021246 AMEND 7	0	(3,317)
Berkley Lawrence Laboratory	81.RD	DE-AC02-05CH11231	0	294,834
Berkley Lawrence Laboratory	81.RD	7032614	0	24,575
Brimrose Technology Corporation	81.RD	DE-SC0009453	0	6,555
California Institute of Technology	81.RD	DE-SC0004949	0	50,102
Cardinal Engineering LLC	81.RD	2012-112-03	0	2,334
Carnegie Institute	81.RD	DE-SC0001057	0	6,504
CFD Research Corporation	81.RD	1474 9021	0	131,659
Compact Contractors of America	81.RD	P1102197	0	14,141
Cornell University	81.RD	DE-SC0002334	0	43,758
Dehlsen Associates LLC	81.RD	DE-EE00002648	0	127,227
Delaware Valley Industrial Research Center	81.RD	DE-EE006027	0	22,330

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
General Motors Corporation	81.RD	DE-EE0000470	0	154,992
Hewlett Packard Company	81.RD	128598	0	105,005
Knolls Atomic Power Laboratory	81.RD	7015455	0	9,549
Livermore Lawrence National Laboratory	81.RD	DE-AC52-07NA27344	0	36,540
Livermore Lawrence National Laboratory	81.RD	B595949	0	2,119
Los Alamos National Lab	81.RD	DE-AC52-06NA25396	0	66,939
Louisiana State University	81.RD	DE-SC0001058	0	58,439
Massachusetts Institute of Technology	81.RD	----	0	79,667
National Renewable Energy Lab	81.RD	DE-AC36-08GO28308	0	88,855
National Renewable Energy Lab	81.RD	DE-AC36-99GO10337	0	(40,475)
Nokomois Inc.	81.RD	DE-SC0004701	0	30,793
		DE-AC07-051D14517/		
North Carolina State University	81.RD	00042959-29	0	2,739
Nuvera Fuel Cells, Inc.	81.RD	DE-PS36-08GO98009	30,992	39,584
Oak Ridge National Lab	81.RD	DE-AC05-000R22725	0	104,020
Ocean Renewable Power Company	81.RD	DE-EE0003647	0	58,118
Pratt & Whitney Aircraft	81.RD	DE-FE0009448 GO64743	0	65,910
Princeton University	81.RD	DE-SC0006838	0	125,127
Research Partnership to Secure Energy	81.RD	DE-AC26-07NT42677	0	127,723
RTI International	81.RD	DE-FE0007707	0	141,368
Rutgers University	81.RD	DE-SC0001780	0	71,726
Sandia National Labs	81.RD	775396 1320846	0	36,552
Sandia National Labs	81.RD	775396 1188824	0	14,496
Sandia National Labs	81.RD	992687 REV 12	0	16,187
Sandia National Labs	81.RD	992687 143642/04.02	0	373,796
Sandia National Labs	81.RD	992687 143644/03.01	0	17,340
Sandia National Labs	81.RD	775396 TO 969209	0	23,016
Sandia National Labs	81.RD	PO 992687 143642/03.01/	0	10,246
Saxet Surface Science	81.RD	124669 AMEND 1	0	30,653
South Dakota State University	81.RD	DE-FC36-05GO85041	0	51,984
Stanford University	81.RD	DE-SC0005171	121,140	580,633
Strategic Polymer Sciences, Inc.	81.RD	DE-EE0004540	0	12,492
Strategic Polymer Sciences, Inc.	81.RD	DE-SC0003340	0	33,896
Strategic Polymer Sciences, Inc.	81.RD	DE-SC0006448	0	96,665
Third Wave Systems	81.RD	DE-EE0005762	0	25,740
UES Inc.	81.RD	DE-SC0004356	0	153,254
United Technologies Research	81.RD	DE-AR0000308	0	6,006
Universal Corporation for Atmospheric Research	81.RD	DE-EE0006016	0	4,682
University of California Los Angeles	81.RD	DE-SC0006698	0	143,491
University of Delaware	81.RD	DE-SC0007092	0	150,929
University of Tennessee	81.RD	DE-AC07-05ID14517	0	7,261
University of Tennessee	81.RD	A11-0125-S002	0	142,349
University of Texas at Austin	81.RD	DE-FE0005540	0	63,675
University of Utah	81.RD	DE-SC0004769	0	79,795
		4000.2.651.232.		
URS Corporation	81.RD	001.111.000.007	0	39,100
URS Corporation	81.RD	DE-FE0004000	0	(283)
URS Corporation	81.RD	RES1000026	0	1,260,903
URS Corporation	81.RD	4000.4.605.920.009.311	0	37,334
Volvo Powertrain North America	81.RD	DE-EE0004232	0	168,502
Washington University	81.RD	DE-SC0006870	0	135,335
Total - Energy			590,538	9,673,220
<b>Education:</b>				
Duke University	84.RD	H133E080011	44,641	294,146
Florida State University	84.RD	R01451	0	126,449
Mercyhurst College	84.RD	4100058697	0	29,630
Project Grad USA	84.RD	133714	0	44,214
University of Connecticut	84.RD	R305A090608	0	32,248
University of Illinois	84.RD	2009-07279-01	0	324,200

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Illinois	84.RD	R305A100344	0	(8,001)
University of Oregon	84.RD	R324A070157	0	4,332
Virginia Commonwealth University	84.RD	R305A110079	0	298,826
Total - Education			44,641	1,146,044

Health and Human Services:

ABT Associates Inc.	93.RD	GS-10F-0086K	0	765
Actuated Medical Inc.	93.RD	2 R44 GM085844-02A1	0	25,275
Actuated Medical Inc.	93.RD	2R44AG037214-02	0	37,534
Actuated Medical Inc.	93.RD	2R44AG037214-03	0	17,886
Actuated Medical Inc.	93.RD	2R44AI08335-02A1	0	31,639
Albert Einstein College of Medicine	93.RD	2P01-AG003949-26A2	0	8,866
Albert Einstein College of Medicine	93.RD	5P01-AG003949-27	0	21,171
Albert Einstein College of Medicine	93.RD	P01AG003949	0	4,303
American College of Radiology	93.RD	5 U01 CA080098	0	5,029
American College of Radiology	93.RD	5 U01 CA080098-14	0	14,366
American Institute for Research	93.RD	5R01DA030452-02	0	6,715
American Institute for Research	93.RD	5R01DA030452-03	0	4,477
American Thrombosis & Hemostasis Network	93.RD	5U01DD000761-02	0	1,891
Arizona State University	93.RD	1R01GM080586-01A2	0	21,342
Arizona State University	93.RD	1R01GM092946	0	87,641
Arizona State University	93.RD	R01HD039666-09	0	50,561
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-02	0	1,369
Bassett Mary Imogene Hospital	93.RD	1R01OH009484-03	0	17,265
Bassett Mary Imogene Hospital	93.RD	2U54OH007542-11	0	91,501
Bassett Mary Imogene Hospital	93.RD	5U50/OH007542-10	0	47
Bassett Mary Imogene Hospital	93.RD	5U54OH007542-12	0	14,912
Bassett Mary Imogene Hospital	93.RD	NIH	0	218,861
Bassett Mary Imogene Hospital	93.RD	384	0	120,964
Baycrest	93.RD	----	0	20,217
Baylor College of Medicine	93.RD	5 R01 AR44474-16	0	(6)
Baylor College of Medicine	93.RD	5 R01 AR44474-17	0	45,741
Baystate Medical Center	93.RD	1R01DK084325-03	0	2,026
Baystate Medical Center	93.RD	1R01DK084325-04	0	11,808
Brigham & Women's Hospital	93.RD	5 R01 ES017017-04	0	23,000
Broad Institute of Cambridge Massachusetts	93.RD	P01HG005062-04	0	74,000
Brown University	93.RD	1 R01 ES020871-01A1	0	76,415
Case Western Reserve University	93.RD	R01EY01-8612-03	0	4,272
Center for Addiction & Mental Health	93.RD	122920	0	90,962
Centre County Mental Health and Retardation	93.RD	562-127-2	0	(287)
Child Care Consultants Inc.	93.RD	146087	0	53,432
Child Care Consultants Inc.	93.RD	136564	0	1
Child Care Consultants Inc.	93.RD	136565	0	8
Children's Hospital of Boston	93.RD	1R21TW009612-01A1	0	42,665
Children's Hospital of Boston	93.RD	1R56AI084011-01	0	4,438
Children's Hospital of Boston	93.RD	1U01HL107681-02	0	7,937
Children's Hospital of Philadelphia	93.RD	5U27DD00862	0	17,648
Children's Hospital of Philadelphia	93.RD	ATHN2001-LLL-1	0	13,351
Children's Hospital of Philadelphia	93.RD	U10 CA98543-08	0	130,168
Cincinnati Children's Hospital Medical Center	93.RD	1R01HD069431-01A1	0	76,984
Claremont Graduate University	93.RD	R01CA120945	0	38,665
Clinical & Translational Science Institute	93.RD	UL1TR000127	0	12,404
Clinical & Translational Science Institute	93.RD	----	0	(90,916)
Colorado State University	93.RD	9R01HL092791	0	49,687
Columbia University	93.RD	1 R21 AR059917-01	0	7,312
Columbia University	93.RD	5 R01 N5067443-02	0	4,475
Columbia University	93.RD	5R01N5067443	0	21,049
Columbia University	93.RD	5R01N5067443-03	0	32,692
Columbia University	93.RD	5-37696	0	113,132
Community Strategies	93.RD	113297	0	29,388

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
Cornell University	93.RD	1 NO1 CN43302-WA27	0	25,035
Cornell University	93.RD	1R01AL092571-02	0	49,631
Cornell University	93.RD	2010-34360-21351	0	1
Cornell University	93.RD	R01AI092571	0	74,955
Crohn's Colitis Foundation	93.RD	3055	0	84,731
Dartmouth College	93.RD	5R01HD049762-06	0	38,818
Dartmouth College	93.RD	5R01HD049762-07	0	57,342
Dartmouth College	93.RD	7R01HD049762-05	0	14
Duke University	93.RD	5 U01 HL087229-03	0	7,616
Duke University	93.RD	HHSN-275201000003I	0	57,352
Eastern Tennessee State University	93.RD	5R01CA134891-03	0	168,624
Eastern Tennessee State University	93.RD	5R01CA134891-04	0	158,101
Elizabethtown College	93.RD	1R15A1076933-01A1	0	7,954
Emmes Corporation	93.RD	1U01NS026835-01A1	0	429
Emmes Corporation	93.RD	HHS-N-260-2005-00007-C	0	(1,632)
Emory University	93.RD	S874104	0	28,548
Essential Institute of Rural Health	93.RD	136219	0	34,482
Fox Chase Cancer Center	93.RD	1 U19 AI083008-04	0	612,166
Frontier Science & Technology Research Foundation	93.RD	U10 CA21115-37	0	25,729
Frontier Science & Technology Research Foundation	93.RD	U10 CA021115-38	0	96,000
Geisinger Clinic	93.RD	3U01HG006382	0	36,704
George Mason University	93.RD	1R01AG034682-01A2	0	3,208
George Mason University	93.RD	5R01AG034682-02	0	3,936
Georgetown University	93.RD	1 R01 DK088016-01	0	176,180
Georgia Health Science University	93.RD	3 U24 DK076169-04S2	0	15,416
Georgia Health Science University	93.RD	5 U01 AI083005-04	0	20,956
Georgia Health Science University	93.RD	5 U24 DK076169-07	0	20,255
Hebrew Rehabilitation Center	93.RD	5 R01 AG032982-03	0	4,163
Hudson Alpha Institute for Biotech	93.RD	2013-04	0	115,332
Invo Tek, Inc.	93.RD	2R44HD059231-02	0	39,529
Invo Tek, Inc.	93.RD	5R44HD059231-03	0	14,548
Iowa State University	93.RD	2R01DA013709-11	0	336,575
Iowa State University	93.RD	5R18DP002279-02	0	41,640
Iowa State University	93.RD	R01DA013709	0	309,149
J. Craig Venter Institute	93.RD	HHSN272200900007C	0	17,641
John Wayne Cancer Institute	93.RD	P01 CA029605	0	4,348
Johns Hopkins University	93.RD	1U01NS062851-01A1	0	29,226
Johns Hopkins University	93.RD	3R01GM089853-03S1	0	32,531
Johns Hopkins University	93.RD	5P30MH086043-04	0	11,250
Johns Hopkins University	93.RD	5R34DA029237-02	0	39,365
Johns Hopkins University	93.RD	2001676204	0	1,700
Lehigh University	93.RD	542835-78001	0	97,726
Lincoln University	93.RD	92-1495 PSU	0	51,872
Louisiana State University	93.RD	7R01NS058867-04	0	(506)
Lycoming Clinton Counties	93.RD	120215	0	27,062
Lycoming Clinton Counties	93.RD	151013	0	63,320
Massachusetts General Hospital	93.RD	5U01NS049640-05	0	25,119
Michigan State University	93.RD	R01MH092377-04	0	1,927
Minnetronix Inc.	93.RD	1 R43HL108415-01A1	0	62,557
Minnetronix Inc.	93.RD	1R43HL108434-01	0	(261)
Minnetronix Inc.	93.RD	2R44HL108434-02		255,888
Minnetronix Inc.	93.RD	2R44HL106942-02	0	209,684
Mount Sinai Medical Center	93.RD	5 R01DD000350-03	0	21,449
National Childhood Cancer Foundation	93.RD	U10HL69254-09	0	(3,013)
New York University	93.RD	1U54NS081765-01	0	26,464
New York University	93.RD	5 R01 EB000454-11	0	439,619
New York University	93.RD	5U19AI089676-03	0	319,152
New York University	93.RD	7U19AI089676-02	0	(4,596)
Northeastern University	93.RD	1R03CA171809-01	0	25,338
Northwestern University	93.RD	1R01DK097364-01	0	32,769

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Northwestern University	93.RD	5R01CA154908-02	0	228,664
Northwestern University	93.RD	5R01CA154908-03	0	62,755
Ohio State University	93.RD	1P42ES016465-01A1	0	31,160
Ohio State University	93.RD	1R21AR061085-01A1	0	43,505
Oregon Social Learning Center	93.RD	5R01HD042608-08	0	101,992
Pacific Institute for Research and Evaluation	93.RD	1R01AA017186-03	0	800
Pacific Institute for Research and Evaluation	93.RD	R01AA017186	0	194,475
Penforgel LLC	93.RD	1R43CA165610-01A1	0	22,195
Piezo Resonance Innovations Inc.	93.RD	2R44GMO85844-02A1	0	(4)
Princeton University	93.RD	2 R01 HD036916-11A1	0	15,171
Princeton University	93.RD	R01AG016790	0	84,077
Prognosys Biosciences Inc.	93.RD	1R43HG006223-01A1	0	38,395
Purdue University	93.RD	1R01GM095923-01	0	88,222
Radiation Monitoring Devices	93.RD	9R44RR031472-03	0	106,403
Rand Corporation	93.RD	R01DA032881	0	15,794
Rhode Island Hospital	93.RD	1 R01 HL093205-04	0	35,753
Rhode Island Hospital	93.RD	1 R01HL046005-20	0	33,250
RTI International	93.RD	5R01DA025407-03	0	103,296
RTI International	93.RD	5R01DA025407-04	0	43,101
Rutgers University	93.RD	1 R01 A1091985-01A1	0	24,176
Sanford Health	93.RD	7U01HD045935-08	0	16,032
St. Joseph's Hospital and Medical Center	93.RD	5 U01 NS052478-04	0	(78,085)
State University of New York	93.RD	5R01GM08322403	0	(3)
State University of New York	93.RD	5U01A1031834-20	0	69,543
Strategic Polymer Science	93.RD	1R43EY022540-01	0	20,000
Temple University	93.RD	3001299459-PIII	0	5,532
Translational Genomics Research	93.RD	R01DK091601	37,068	205,792
University of Arkansas Medical Science	93.RD	3 R01 GM089001-0251	0	9,239
University of California	93.RD	1R01HG005117	0	26,004
University of California Los Angeles	93.RD	5R01HD002547-02	0	14,035
University of California Los Angeles	93.RD	145364	0	15,000
University of California Santa Barbara	93.RD	5U54GM069338-10	0	134,134
University of California	93.RD	U54GM069338-09	0	25,871
University of Cincinnati	93.RD	2 U01 NS052220-06	0	367
University of Connecticut	93.RD	5R01GM087405-03	0	10,309
University of Connecticut	93.RD	41220	0	2,247
University of Delaware	93.RD	7 R01 AR050052-06	0	17,911
University of Delaware	93.RD	RRC1AR058450-02	0	(31)
University of Florida	93.RD	R01GM59969	0	1,058
University of Georgia	93.RD	7 R01 HL097090-03	0	17,057
University of Iowa	93.RD	R01HL083475	0	35,627
University of Kansas	93.RD	5 R01 FD003538-03	0	5,042
University of Kentucky	93.RD	1 U54CA153604-02	3,524	34,654
University of Kentucky	93.RD	U54 CA153604-02	15,228	105,671
University of Maryland	93.RD	5U54AI057168-10	0	17,025
University of Maryland	93.RD	R01ES019168	0	36,162
University of Maryland	93.RD	----	0	206,844
University of Massachusetts	93.RD	5-P01-HD025995-20	0	9,833
University of Medicine & Dentistry NJ	93.RD	1 R15 DK090593-01A1	0	43,191
University of Michigan	93.RD	1 R21 CA168479	0	20,536
University of Michigan	93.RD	1PS0GM103297	0	157,661
University of Michigan	93.RD	1R21AA021426	0	26,221
University of Michigan	93.RD	2R01CA129102-04	0	85,848
University of Michigan	93.RD	2R01DA001411	0	33,826
University of Michigan	93.RD	5 R01 EY012021-15	0	29,931
University of Michigan	93.RD	CA129102-01A2	0	(1)
University of Michigan	93.RD	HD039386	0	20,922
University of Michigan	93.RD	R01DA001411	0	8,761
University of Michigan	93.RD	U01 HL094345	0	21,968
University of Minnesota	93.RD	1U01NS062091-01A2	0	(5,097)



	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Minnesota	93.RD	R01HG004041-03	0	1,911
University of North Carolina	93.RD	1 R01 HD067721-01A1	0	(10,553)
University of North Carolina	93.RD	1R01ES020836-01A1	0	21,614
University of North Carolina	93.RD	5 R01 ES0177094-02	0	54,035
University of North Carolina	93.RD	5 R01 HD067721-02	0	21,335
University of North Carolina	93.RD	5P01HD039667-09	0	184,396
University of North Carolina	93.RD	5P01HD039667-10	0	343,292
University of North Carolina	93.RD	5R01AI089819-02	0	115,242
University of Oklahoma	93.RD	5R01AG026607-06	0	7,334
University of Pennsylvania	93.RD	5 R01 HD069321-02	0	59,287
University of Pennsylvania	93.RD	5-R01-CA-131333-04	0	(555)
University of Pennsylvania	93.RD	5R01CA131333-05	0	50,390
University of Pittsburgh	93.RD	1 RC1 HL102429-01	0	65
University of Pittsburgh	93.RD	1R01CA154728-01A1	0	13,865
University of Pittsburgh	93.RD	5 U01 CA099168-09	0	(465)
University of Pittsburgh	93.RD	5 U01 CA099168-10	0	32,941
University of Pittsburgh	93.RD	5 UB4HP19199-03-00	0	111,708
University of Pittsburgh	93.RD	5P50GM076659-05	0	106,174
University of Pittsburgh	93.RD	5R01AG026010-03	0	261
University of Pittsburgh	93.RD	5R01AG026010-05	0	128,288
University of Pittsburgh	93.RD	5R01CA135379-04	0	6,682
University of Pittsburgh	93.RD	5R01DK083961-03	0	9,175
University of Pittsburgh	93.RD	HHSN267200700029C	0	(1)
University of Rochester	93.RD	5 U01 NS061799-02	0	3,713
University of South California	93.RD	5P41EB002182-15A1	0	165,206
University of Texas	93.RD	1R01HL109340-01	0	55,343
University of Texas	93.RD	R01HL109340	0	21,095
University of Texas at Austin	93.RD	2R01AG027769-05A1	0	29,359
University of Texas at Austin	93.RD	R01AG027769	0	289,542
University of Virginia	93.RD	5 U01 NS069498-02	0	9,052
University of Virginia	93.RD	DEB-1237733	0	2,767
University of Washington	93.RD	1 R01 HD068395-01	0	95,249
University of Washington	93.RD	5P50CA143188-13	0	22,082
University of Washington	93.RD	5P50CA143188-14	0	74,157
University of Wisconsin	93.RD	5P01AG020166-08	12,531	213,309
University of Wisconsin	93.RD	P01AG020166-07A2	7,118	10,606
Vanderbilt University	93.RD	1 R01HL109977-01	0	(321)
Vanderbilt University	93.RD	1 U01 HG006385-01	0	1,287
Vanderbilt University	93.RD	3U01HG004798-04S1	0	78,949
Vanderbilt University	93.RD	5R01HK109977-02	0	7,706
Vanderbilt University	93.RD	5R18HS02415-02	0	13,225
Vanderbilt University	93.RD	5R01AI077505-04	0	222,330
Vanderbilt University	93.RD	5U01HG004798-04	0	5,310
Vanderbilt University	93.RD	5U01HG006385-02	0	245,042
Vanderbilt University	93.RD	P41 GM103991	0	21,472
Vanderbilt University	93.RD	P41RR031461	0	42,706
Vanderbilt University	93.RD	R01MH095621	0	75,422
Vanderbilt University	93.RD	U19HL065962	0	309,284
Virginia Commonwealth University	93.RD	1R01HD073555-01	0	49,107
Virginia Commonwealth University	93.RD	5 U54 HD03449	19,032	285,691
Virginia Commonwealth University	93.RD	5U54 HD034449-16	0	67,587
Virginia Polytechnic Institute	93.RD	1U600H009761-01	0	37,520
Visionary Pharmaceuticals	93.RD	1 R43 DK098896-01	0	84
Wake Forest University	93.RD	R01AI083253-01A2	0	29,349
Westat Inc.	93.RD	200-2004-07072	0	23,350
Yale University	93.RD	2 U01-NS044876-06	0	6,246
Yale University	93.RD	5 R01 MH091453-03	0	11,330
Yale University	93.RD	5 R01 MH091453-04	0	2,112
Yale University	93.RD	5U10HD05592505		23,706
Total - Health and Human Services			94,501	12,654,378

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Homeland Security:</u>				
Purdue University	97.RD	2009-DN-077-ARI036-04	0	3,503
Purdue University	97.RD	2009-ST-061-CI0001	0	453,274
Purdue University	97.RD	DHS-12-DN-077-001-NC5	0	22,475
University of Maryland	97.RD	2012-ST-061-CS0001	0	21,501
University of Southern California	97.RD	DN-130-NF00001	0	40,000
Total - Homeland Security			0	540,753
<u>Agency for International Development:</u>				
Tuskegee University	98.RD	09-0029-45-57	15,026	26,478
Virginia Polytechnic Institute	98.RD	AID-OAA-L-12-00002	0	38,643
Virginia Polytechnic Institute	98.RD	EPP-A-00-04-00013-00	0	69,602
Virginia Polytechnic Institute	98.RD	EPP-A-00-04-00016-00	0	103,021
Total - Agency for International Development			15,026	237,744
<u>Miscellaneous:</u>				
American Mushroom Institute	99.RD	----	0	4,849
Earth Resources Technology, Inc.	99.RD	GS-10F-0196R	0	8,957
ITT Corp.	99.RD	N00173-08-R-TB-09	0	1,763
ITT Corp.	99.RD	320265J	0	445,754
Kyma Technologies, Inc.	99.RD	HQ0147-11-C-7760	0	1,761
Michigan State University	99.RD	EDH-A-00-07-00005	0	8,284
Michigan State University	99.RD	61-2943	14,092	112,328
Sea Ventures	99.RD	WC133F-09-CN-0224	0	1,879
Sungkyunkwan University	99.RD	138623	0	69,615
Total - Miscellaneous			14,092	655,190
<b>Total Research and Development - Pass-Through Funds - Other Institutions</b>			<b>\$ 1,994,042</b>	<b>\$ 59,774,117</b>
<b>7. RESEARCH AND DEVELOPMENT - PASS-THROUGH FUNDS - OTHER INSTITUTIONS - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>Commerce:</u>				
General Electric Co.	11.RD	60NANB10D019	\$ 0	\$ 2,266
Nature Conservancy	11.RD	NA09NMF4630332	0	(145)
Purdue University	11.RD	60NANB10D023	0	51,236
University of Texas at Austin	11.RD	1596-TRP	0	122,030
Total - Commerce			0	175,387
<u>Defense:</u>				
Purdue University	12.RD	FA9550-09-1-0523	0	(1,055)
Total - Defense			0	(1,055)
<u>National Aeronautics and Space Admin.:</u>				
Wyle Laboratories	43.RD	NNL10AA08B/NNL0AB335	0	37,216
Total - National Aeronautics and Space Admin.			0	37,216
<u>National Science Foundation:</u>				
Cornell University	47.RD	ECCS-0335765	0	272
Lehigh University	47.RD	DMR-0844014	0	143,199
University of Pennsylvania	47.RD	EAR-0722476	0	328,037
Total - National Science Foundation			0	471,508
<u>Energy:</u>				
ADI-Analytics, LLC	81.RD	DE-EE0002739	0	35,832
Green Mountain Power	81.RD	DE-OE0000315	0	42,798
Northwestern University	81.RD	DE-SC0000989	0	168,008

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Physical Sciences Inc.	81.RD	DE-SC0003400	0	(2,579)
Proton Energy Systems	81.RD	DE-AR0000121	0	296,942
Recapping, Inc.	81.RD	DE-AR0000070	0	(137,687)
University of Massachusetts	81.RD	DE-SC 0001087	0	76,568
University of Michigan	81.RD	DE-EE0002119	0	8,245
University of Minnesota	81.RD	DE-OE0000427	0	8,656
URS Corporation	81.RD	RES1000026	0	352,237
Total - Energy			0	849,020

Education:

Regional Center for Workforce Excellence	84.RD	----	0	12,591
Total - Education			0	12,591

Health and Human Services:

Boston University	93.RD	4500000919	0	16,124
Brigham & Women's Hospital	93.RD	1R24TW008821-01	0	(1,066)
Donald Danforth Plant Science Center	93.RD	5R01DA025197-02	0	695
Duke Clinical Research Institute	93.RD	R01HL098237	0	1,007
Emory University	93.RD	----	0	(3,280)
Iowa State University	93.RD	5RC2DA028879-02	0	63
John Wayne Cancer Institute	93.RD	2P01CA029605	0	4,451
John Wayne Cancer Institute	93.RD	3 P01 CA012582-35S1	0	8,000
Northwestern University	93.RD	R01 HD057223-02	0	35,100
State University of New York at Albany	93.RD	1 RC1 HL099122-02	0	2,779
University of California	93.RD	HHSN2612000622009C	0	(113)
University of Kentucky	93.RD	3 U01 CA114622-0553	0	10,647
University of Pennsylvania	93.RD	1RC4MH092722-01	0	30,836
University of Pittsburgh	93.RD	3 U01 CA099168-07S2	0	30,206
University of Pittsburgh	93.RD	3P50 GM076659-04S1	0	35,780
University of Pittsburgh	93.RD	3U01CA099168-07S1	0	15,184
University of Texas Southwestern Medical	93.RD	5 RC1 AR058817-02	0	(4,027)
Yale University	93.RD	3 U10 HD055925-02S1	0	202,412
Total - Health and Human Services			0	384,798

**Total Research and Development - Pass-Through Funds - Other Institutions  
American Recovery and Reinvestment Act**

\$ 0 \$ 1,929,465

**Total Research and Development**

\$ 87,931,962 \$ 563,611,596

**8. OTHER DIRECT FUNDING:**

Agriculture:

Higher Education - Graduate Fellowships Grants	10.210		0	30,023
Higher Education Challenge Grants	10.217		0	23,445
Higher Education - Multicultural Scholars Grants	10.220		0	14,989
Integrated Programs	10.303		655,029	759,473
Specialty Crop Research Initiative	10.309		5,027	31,152
National Institute of Food and Agriculture	10.310		29,849	711,552
Beginning Farmer and Rancher Development Prog	10.311		36,716	70,514
Community Outreach and Assistance Partnership	10.455		0	3,876
Cooperative Extension Service	10.500		16,829	12,050,695
Cooperative Forestry Assistance	10.664		0	1,517
Urban and Community Forestry Program	10.675		0	374,049
Forest Stewardship Program	10.678		10,462	189,722
Agriculture Forest Service	10.681		0	19,275
Rural Business Enterprise Grants	10.769		0	1,952
Rural Energy for America Program	10.868		0	26,691
Environmental Quality Incentives Program	10.912		0	212,277
Technical Agricultural Assistance	10.960		16,169	55,454

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Cochran Fellowship Program-International</u>				
Training-Foreign Participant	10.962		0	18,966
Non-Specified	10.xxx		0	27,866
Total - Agriculture			770,081	14,623,488
<u>Defense:</u>				
Centers for Academic Excellence	12.598		0	53,613
Basic, Applied, and Advanced Research in Science and Engineering	12.630		0	72,175
Language Grant Program	12.900		0	99,456
Research and Technology Development	12.910		0	620
Non-Specified	12.xxx		0	3,839,055
Total - Defense			0	4,064,919
<u>Labor:</u>				
Brookwood-Sago Grant	17.603		0	(815)
Non-Specified	17.xxx		78,163	218,560
Total - Labor			78,163	217,745
<u>Department of Transportation</u>				
Airport Improvement Project	20.106		0	705,946
Total - Department of Transportation			0	705,946
<u>General Services Administration</u>				
Non-Specified	39.xxx		0	265,825
Total - General Services Administration			0	265,825
<u>National Aeronautics and Space Administration:</u>				
National Aeronautics and Space Administration	43.000		0	15,000
National Aeronautics and Space Administration	43.001		0	80,513
Total - National Aeronautics and Space Admin.			0	95,513
<u>National Endowment for the Humanities:</u>				
Promotion of the Humanities - Challenge Grants	45.130		0	16,667
Promotion of the Humanities - Division of Preservation and Access	45.149		0	147,489
Promotion of the Humanities - Professional Develop	45.163		0	131,194
Promotion of the Humanities - Office of Digital Humanities	45.169		0	4,550
Total - National Endowment for the Humanities			0	299,900
<u>National Science Foundation:</u>				
Mathematical and Physical Sciences	47.049		0	393,025
Geosciences	47.050		1,236	87,338
Computer and Information Science and Engineering	47.070		0	23,553
Biological Sciences	47.074		0	109,113
Social, Behavioral, and Economic Sciences	47.075		0	10,672
Education and Human Resources	47.076		0	497,821
Total - National Science Foundation			1,236	1,121,522
<u>Environmental Protection Agency:</u>				
Congressionally Mandated Projects	66.202		0	1,557
Protection of Children from Environmental Health Risks	66.609		0	69,312
Surveys, Studies, Investigations, Training Demo and Educational Outreach	66.716		0	2,102
Non-Specified	66.xxx		0	1,188
Total - Environmental Protection Agency			0	74,159

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Energy:</u>				
Office of Science Financial Assistance Program	81.049		0	9,822
Renewable Energy Research and Development	81.087		29,278	252,963
Total - Energy			29,278	262,785
<u>Education:</u>				
TRIO - Student Support Services	84.042		0	275,034
TRIO - Talent Search	84.044		0	611,140
TRIO - Upward Bound	84.047		0	802,797
TRIO - Educational Opportunity Centers	84.066		0	337,302
Fund for the Improvement of Postsecondary Education	84.116		0	82,081
Rehabilitation Long-Term Training	84.129		0	76,802
Migrant Education-College Assistance Migrant Program	84.149		0	408,061
Office of Post Secondary Education - Javits Fellow	84.170		0	41,815
Bilingual Education - Professional Development	84.195		0	23,297
TRIO - McNair Post-Baccalaureate Achievement	84.217		0	285,193
Indian Education Formula Grants to Local Education Agencies	84.299		0	1,424
Education Research, Development and Dissemination	84.305		0	1,039,180
Special Education-Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325		0	1,072,889
Child Care Access Means Parents in School	84.335		0	398,704
English Language Acquisition State Grants	84.365		19,611	324,357
Non-Specified	84.xxx		0	150,001
Total - Education			19,611	5,930,077
<u>Health and Human Services:</u>				
Model State-Supported Area Health Education Centers	93.107		516,233	649,105
Environmental Health	93.113		0	24,969
Injury Prevention and Control Research and State and Community Based Programs	93.136		23,212	250,852
Research Related to Deafness and Communication Disorders	93.173		0	12,379
Research and Healthcare Costs	93.226		0	32,538
State Rural Hospital Flexibility Program	93.241		0	284,676
Advanced Nursing Education Grant	93.247		0	257,437
Drug Abuse and Addiction Research Programs	93.279		0	443,508
Mental Health National Research Service Awards for Research Training	93.282		0	7,977
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		0	48,862
National Center for Advancing Translational Sciences	93.350		0	150,943
Research Infrastructure Programs	93.351		31,949	204,332
Advanced Education Nursing Traineeships	93.358		0	317,249
Nurse Education, Practice and Retention Grants	93.359		0	310,765
Cancer Research Manpower	93.398		0	311,046
Advanced Nursing Education Expansion Initiative	93.513		0	340,502
Cardiovascular Diseases Research	93.837		0	128,813
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847		0	254,335
Pharmacological Sciences	93.859		0	4,192
Aging Research	93.866		0	30,584

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
Grants to States for Operation of Offices of Rural Health	93.913		0	209,508
International Research and Research Training	93.989		31,895	66,353
Non-Specified	93.xxx		0	4,945
<b>Total - Health and Human Services</b>			<b>603,289</b>	<b>4,345,870</b>
<u>Homeland Security:</u>				
Non-Specified	97.xxx		0	183,703
<b>Total - Homeland Security</b>			<b>0</b>	<b>183,703</b>
<u>Miscellaneous:</u>				
Non-Specified	99.xxx		0	13,139
<b>Total - Miscellaneous</b>			<b>0</b>	<b>13,139</b>
<b>Total Other Direct Funding</b>			<b>\$ 1,501,658</b>	<b>\$ 32,204,591</b>
<b>9. OTHER DIRECT FUNDING - AMERICAN RECOVERY AND REINVESTMENT ACT:</b>				
<u>National Science Foundation:</u>				
Trans-NSF Recovery Act Research Support	47.082		\$ 101,979	\$ 182,637
<b>Total - National Science Foundation</b>			<b>101,979</b>	<b>182,637</b>
<u>Energy:</u>				
Conservation Research and Development	81.086		0	751,040
<b>Total - Energy</b>			<b>0</b>	<b>751,040</b>
<u>Health and Human Services:</u>				
Training in Primary Care Medicine and Dentistry	93.403		0	281,716
<b>Total - Health and Human Services</b>			<b>0</b>	<b>281,716</b>
<b>Total Other Direct Funding - American Recovery and Reinvestment Act</b>			<b>\$ 101,979</b>	<b>\$ 1,215,393</b>
<b>10. OTHER PASS-THROUGH FUNDS - COMMONWEALTH OF PENNSYLVANIA:</b>				
<u>Department of Welfare:</u>				
Specialty Crop Block Grant	10.169	ME 44123780	\$ 0	\$ 15,730
Specialty Crop Block Grant - Farm Bill	10.170	ME 44102199		19,271
Specialty Crop Block Grant - Farm Bill	10.170	ME 44113149	\$ 0	20,034
Crop Insurance Education in Targeted States	10.458	ME 44113070		24,570
Summer Food Service Program for Children	10.559	310-14-000-0	0	21,549
State Administrative Expense for Child Nutrition	10.560	4300370577	0	65,548
Non-Specified	10.xxx	4300295601/4400008014	0	108,076
Non-Specified	10.xxx	4300315022	0	201,450
Non-Specified	10.xxx	4300315338	0	67,940
Non-Specified	10.xxx	4300324334	0	7,686
Non-Specified	10.xxx	4300332235	0	47,854
<b>Total - Department of Welfare</b>			<b>0</b>	<b>599,708</b>
<u>Commerce:</u>				
State Broadband Data and Development Grant	11.558	C000051994	0	23,791
<b>Total - Labor</b>			<b>0</b>	<b>23,791</b>

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
<u>Defense:</u>				
Non-Specified	12.xxx	4300316309	0	18,968
Non-Specified	12.xxx	4300316355	0	81,056
Non-Specified	12.xxx	4300316357	0	21,800
Total - Defense			0	121,824
<u>Justice:</u>				
Bureau of Justice Assistance	16.812	4300345337	0	53,125
Total - Labor			0	53,125
<u>Labor:</u>				
Non-Specified	17.xxx	4300298642	0	94,843
Total - Labor			0	94,843
<u>Environmental Protection Agency</u>				
Pollution Prevention Grants	66.708	4100055392	0	6,388
Pollution Prevention Grants	66.708	4100058771	0	115,865
Total - Education			0	122,253
<u>Energy</u>				
State Energy Program	81.041	4300355393	0	21,575
State Energy Program Special Projects	81.119	4100058770	0	239,268
Total - Labor			0	260,843
<u>Education:</u>				
Adult Education - Basic Grants to States	84.002	041-120038	2,351	2,916
Adult Education - Basic Grants to States	84.002	041-130038	0	178,064
Adult Education - Basic Grants to States	84.002	041-130039	0	261,434
Adult Education - Basic Grants to States	84.002	099-120001	0	870
Adult Education - Basic Grants to States	84.002	099-120002	0	2,575
Adult Education - Basic Grants to States	84.002	099-120004	0	616
Adult Education - Basic Grants to States	84.002	099-120007	0	149
Adult Education - Basic Grants to States	84.002	099-130001	60,000	198,530
Adult Education - Basic Grants to States	84.002	099-130002	0	176,374
Adult Education - Basic Grants to States	84.002	099-130003	0	408,470
Adult Education - Basic Grants to States	84.002	099-130004	0	151,265
Adult Education - Basic Grants to States	84.002	099-130005	0	11,474
Career and Technical Education - Basic Grants to States	84.048	119-13-3004	0	258,162
Career and Technical Education - Basic Grants to States	84.048	119-122004	0	427
College Access Challenge Grant Program	84.378	4100057635	0	371,071
College Access Challenge Grant Program	84.378	4100059632	0	99,955
Total - Education			62,351	2,122,352
<u>Health and Human Services:</u>				
State Rural Hospital Flexibility Program	93.241	4100050114	0	72,495
Child Support Enforcement	93.563	4100049863	0	2,624,096
Special Projects of National Significance	93.928	4300327570	12,023	257,954
Special Projects of National Significance	93.938	4300311328	0	1,770
Special Projects of National Significance	93.938	4300355157	0	38,519
HIV Prevention Activities	93.940	4300327779	0	740,457
Maternal and Child Health Services Block Grant	93.994	4100050792	0	273,025
Total - Health and Human Services			12,023	4,008,316
<b>Total Other Pass-Through Funds - Commonwealth of Pennsylvania</b>			<b>\$ 74,374</b>	<b>\$ 7,407,055</b>

**11. OTHER PASS-THROUGH FUNDS -  
COMMONWEALTH OF PENNSYLVANIA -  
AMERICAN RECOVERY AND  
REINVESTMENT ACT:**

	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
<u>Commerce:</u>				
State Broadband Data and Development Grant	11.558	C000051994	\$ 0	\$ 283,435
Total - Labor			0	283,435
<u>Energy:</u>				
Energy Efficiency and Conservation Block Grant	81.128	4300313335	0	152,706
Total - Energy			0	152,706
<u>Health and Human Services:</u>				
State Primary Care Offices	93.414	4100049821	13,321	13,321
State Primary Care Offices	93.414	4300249569	21,816	26,736
Centers for Disease Control and Prevention	93.723	4100051970	0	2,351
Total - Health and Human Services			35,137	42,408
<b>Total Other Pass-Through Funds- Commonwealth of Pennsylvania American Recovery And Reinvestment Act</b>			<b>\$ 35,137</b>	<b>\$ 478,549</b>

**12. OTHER PASS-THROUGH FUNDS -  
OTHER INSTITUTIONS:**

<u>Agriculture:</u>				
Cornell University-Grants for Agricultural Research, Special Program	10.200	2012-34383-19759	\$ 0	\$ 136
University of Vermont-Sustainable Agricultural Research and Education	10.215	2010-38640-20820	0	2,318
University of Vermont-Sustainable Agricultural Research and Education	10.215	2011-38640-30418	0	4,117
University of Vermont-Sustainable Agricultural Research and Education	10.215	2012-38640-19543	0	4,905
University of Connecticut-Integrated Programs	10.303	2010-51110-21007	0	3,392
University of Maryland-Integrated Programs	10.303	2008-51130-19500	0	24,526
Virginia Technology University-Integrated Programs	10.303	2008-51110-04334	0	19,022
Purdue University-Homeland Security_Agricultural	10.304	09-37620-20106	0	16,998
Carnegie Mellon University-Specialty Crop Research	10.309	2008-51180-04876	0	(1)
Rutgers University-Specialty Crop Research	10.309	2009-51181-06035	0	10,614
Virginia Polytechnic University-Specialty Crop Research	10.309	2010-51181-21140	0	75,637
Virginia State University-Specialty Crop Research	10.309	2011-51181-30699	0	(1)
University of Minnesota-Farm Business Management and Benchmarking	10.319	2010-38504-21819	0	1,371
Auburn University-Cooperative Extension Service	10.500	2009-48510-06068	0	437
Auburn University-Cooperative Extension Service	11.500	2012-48540-20325	0	539
Cornell University-Cooperative Extension Service	10.500	2007-48668-03969	0	688
Cornell University-Cooperative Extension Service	10.500	2009-41530-05552	0	3,616
Joslin Diabetes Center-Cooperative Extension Service	10.500	----	0	12,507
Kansas State University-Cooperative Extension Service	10.500	----	0	50,586
Ohio State University-Cooperative Extension Service	10.500	2009-41521-05954	0	2,167
Rutgers State University of New Jersey- Cooperative Extension Service	10.500	2011-41530-30566	0	3,257



	<b>CFDA No.</b>	<b>Pass-Through Entity Identifying No.</b>	<b>Subcontract Expenditures</b>	<b>Expenditures</b>
University of Delaware-Cooperative Extension Service	10.500	2010-49200-06201	0	40,788
University of Maine-Cooperative Extension Service	10.500	2008-47001-04302	0	(4)
University of Nebraska-Cooperative Extension Service	10.500	2011-41595-30998	0	1,020
University of Nebraska-Cooperative Extension Service	10.500	----	0	23,169
University of Vermont-Cooperative Extension Service	10.500	2012-47001-19544	15,965	42,450
University of Vermont-Cooperative Extension Service	10.500	2009-47001-05350	0	19,890
University of Wisconsin-Soil and Water Conservation	10.902	68-3A75-11-268	0	132,688
University of Delaware-Environmental Quality Incentives Program	10.912	69-3A75-12-244	0	3,520
Carnegie Mellon University-Non-Specified	10.xxx	----	0	76,604
Iowa State University-Non-Specified	10.xxx	----	0	6,407
National Association of State University Land Grant Colleges-Non-Specified	10.xxx	----	25,490	63,290
University of Maryland-Non-Specified	10.xxx	----	0	5,202
Total - Agriculture			<u>41,455</u>	<u>651,855</u>
<u>Defense:</u>				
National Defense University-Non-Specified	12.xxx	----	0	11,696
University of Michigan-Non-Specified	12.xxx	N65540-10-C-0003	0	128,174
Total - Defense			<u>0</u>	<u>139,870</u>
<u>Interior:</u>				
TDI Brooks International Inc.-Non-Specified	15.xxx	----	0	562
Total - Interior			<u>0</u>	<u>562</u>
<u>Justice:</u>				
Internal Police Education & Training-Non-Specified	16.xxx	----	0	33,489
Total - Interior			<u>0</u>	<u>33,489</u>
<u>Labor:</u>				
Montgomery County - Non-Specified	17.xxx	----	0	15,611
Total - Labor			<u>0</u>	<u>15,611</u>
<u>State:</u>				
Institute for International Education- Humphrey Fellowship Program	19.010	----	0	269,095
Total - State			<u>0</u>	<u>269,095</u>
<u>Transportation:</u>				
Cornell University-Biobased Transportation Research	20.761	DTOS59-07-G-00052	0	13,405
Total - Transportation			<u>0</u>	<u>13,405</u>
<u>National Endowment for the Arts:</u>				
New England Foundation for the Arts- Non-Specified	45.xxx	----	0	7,500
Total National Endowment for the Arts			<u>0</u>	<u>7,500</u>
<u>National Science Foundation:</u>				
University of New Hampshire-Geosciences	47.050	GEO-0631377	0	14,367
University of Colorado-Education and Human Resources	47.076	DUE 0817417	0	4,826

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
University of Massachusetts-Education and Human Resources	47.076	HRD 9978878	0	24,274
University of Pittsburgh-Education and Human Resources	47.076	DRL-0732798	0	30,122
Shippensburg University-Non-Specified	47.xxx	----	0	21,298
WGBH Educational Foundation-Non-Specified	47.xxx	----	0	4,688
Total National Science Foundation			0	99,575
<u>Small Business Administration:</u>				
University of Pennsylvania-Small Business Development Centers	59.037	----	0	19,293
Ben Franklin Technology Center-Federal and State Technology Partnership	59.038	----	0	27,185
Ben Franklin Technology Center-Non-Specified	59.xxx	SBAHQ-10-G-0010	0	23,945
Ben Franklin Technology Center-Non-Specified	59.xxx	SBAHQ-11-G-0014	0	55,444
Ben Franklin Technology Center-Non-Specified	59.xxx	----	0	34,468
Total - Small Business Administration			0	160,335
<u>Veterans Affairs</u>				
Boston College-Vocational and Educational Counseling for Service Members and Veterans	64.125	VA244-P-1554	0	33,091
Total - Veterans Affairs			0	33,091
<u>Environmental Protection Agency:</u>				
National Fish & Wildlife Foundation-Office of Water	66.466	----	296,202	443,488
University of Maryland-Office of Water	66.466	2011-0050-006	0	22,609
Beaver County-Non-Specified	66.xxx	----	0	23,936
Corporation for Public Broadcasting-Non-Specified	66.xxx	----	0	21,799
Delaware University-Non-Specified	66.xxx	4100062845	0	41,690
Lancaster County-Non-Specified	66.xxx	----	0	49,718
National Fish & Wildlife Foundation-Non-Specified	66.xxx	----	0	7,882
University of Pennsylvania-Non-Specified	66.xxx	96319401	0	17,680
Total - Environmental Protection Agency			296,202	628,802
<u>Energy:</u>				
Ben Franklin Technology Center-Energy Efficiency and Renewable Energy Technology Deployment Demonstration and Commercialization	81.129	DE-EE0001967	0	44,709
Total - Energy			0	44,709
<u>Education:</u>				
University of Turabo Puerto Rico- Bilingual Education Training Grants	84.195	T195N070410	0	16
State College Area School District-Fund for the Improvement of Education	84.215	Q215M100105	0	6,863
Pittsburgh School District-Mathematics and Science Partnerships	84.366	----	0	(1)
National Writing Project Corporation-Improving Teacher Quality State Grants	84.367	----	0	35,281
National Writing Project Corporation-State Grants for Innovative Programs	84.928	----	0	29,217
Montgomery County Intermediate Unit- Non-Specified	84.xxx	----	0	16,212
Public Broadcasting System-Non-Specified	84.xxx	----	0	(657)
Total - Education			0	86,931
<u>Health and Human Services:</u>				
Boston College-Administration on Aging	93.048	90CP0143/01	0	21,364
Boston College-Administration on Aging	93.048	90CP0143/02	0	28,697

	CFDA No.	Pass-Through Entity Identifying No.	Subcontract Expenditures	Expenditures
Tufts University-Centers for Disease Control and Prevention	93.061	1R18DP002144	0	12,301
Temple University-Drug Abuse Addiction Research Programs	93.279	360655/P0071022	0	15,458
Milton S. Hershey Medical Center Cancer Treatment Research	93.395	----	0	4,047
Northwest Institute of Research-Child Care and Development Block Grant	93.575	----	0	198
Child Care Consultants, Inc.-Non-Child Care and Development Block Grant	93.750	----	0	32,123
Iowa State University-Child Health and Development	93.865	----	0	10,747
American Institute for Research-Non-Specified	93.xxx	----	0	(4)
Bayer Pharmaceuticals-Non-Specified	93.xxx	----	0	76
Child Care Consultants, Inc.-Non-Specified	93.xxx	----	0	679,237
Iowa State University-Non-Specified	93.xxx	----	0	408
Josalindia-Non-Specified	93.xxx	----	0	191,701
Kirkville College of Osteopathic Medicine- Non-Specified	93.xxx	R25AT003579	0	35,076
Marshfield Clinic Research Foundation-Non-Specified	93.xxx	----	0	3,300
NCAA-Non-Specified	93.xxx	----	0	30
University of Pennsylvania-Non-Specified	93.xxx	----	0	537,220
University of Pittsburgh-Non-Specified	93.xxx	HHSN276201100003C	0	1,280
Total - Health and Human Services			0	1,573,259
<u>Agency for International Development</u>				
Michigan State University-Non-Specified	98.xxx	----	0	16,178
Total - Agency for International Development			0	16,178
<b>Total Other Pass-Through Funds - Other Institutions</b>			<b>\$ 337,657</b>	<b>\$ 3,774,267</b>

**13. OTHER PASS-THROUGH FUNDS  
OTHER INSTITUTIONS  
AMERICAN RECOVERY AND  
REINVESTMENT ACT:**

Commerce:

University of New Hampshire - National Telecommunications and Information	11.558	----	\$ 0	\$ 1,510
Total - Labor			0	1,510

**Total Other Pass-Through Funds  
Other Institutions  
American Recovery and  
Reinvestment Act**

**\$ 0 \$ 1,510**

**14. FEDERAL LOAN PROGRAMS**

The University administers the following Federal loan programs:

<u>Title</u>	<u>CFDA No.</u>	<u>Federal Capital Contribution for the Year Ended June 30, 2013</u>	<u>Loan Expenditures and Disburs.</u>	<u>Outstanding Balance at June 30, 2013</u>
Federal Perkins Loan Program	84.038	\$0	\$494,717	\$42,789,170
Health Professions Student Loan Program	93.342	0	0	192,278

The above expenditures for the loan programs include disbursements and expenditures such as loans to students and administrative expenditures. The schedule only includes administrative allowances charged to the loan program.

**15. FEDERAL DIRECT LOAN PROGRAM**

The University participates in the Federal Direct Student Loan Program (CFDA No. 84.268) including Federal Stafford Loans and Federal PLUS Loans. Loan disbursements under the program for the year ended June 30, 2013 totaled \$542,782,514.

**16. FEDERAL ENDOWMENT:**

In fiscal year 2002, the University received \$6,000,000 from the U.S. Department of Education to establish the William F. Goodling Institute for Research in Family Literacy (the "Institute") and to establish an endowment for the Institute under the Fund for Improvement of Postsecondary Education Program. The Institute will focus on developing a sound conceptual, interdisciplinary research base for guiding practice and policy in family literacy. Based on research findings, the Institute will also build the capacity of the field to provide high-quality, research-based instruction and program development in family literacy. Under the terms of the endowment agreement, annual income from the endowment's investments must be used to support the planned activities of the Institute. In addition, the endowment is restricted for this use until 2021.

The University administers the following federal endowment:

<u>Fund for the Improvement of Postsecondary Education</u>	<u>CFDA No.</u>	<u>Balance at July 1, 2012</u>	<u>Endowment Expenditures</u>	<u>Endowment Income</u>	<u>Balance at June 30, 2013</u>
	84.116	\$6,000,000	\$245,292	\$245,292	\$ 6,000,000

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
The Pennsylvania State University  
University Park, PA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Pennsylvania State University and subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 1, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

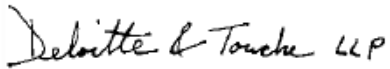
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, professional style.

November 1, 2013

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees of  
The Pennsylvania State University  
University Park, PA

### **Report on Compliance for Each Major Federal Program**

We have audited The Pennsylvania State University and subsidiaries (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

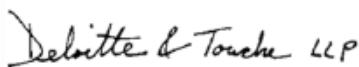
The management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



March 25, 2014



**THE PENNSYLVANIA STATE UNIVERSITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes       X       no

Significant deficiencies identified not considered to be material weakness? \_\_\_\_\_ yes       X       none reported

Non-compliance material to financial statements noted? \_\_\_\_\_ yes       X       no

*Federal Awards*

Internal control over major programs:

Material weakness identified? \_\_\_\_\_ yes       X       no

Significant deficiencies identified not considered to be material weakness? \_\_\_\_\_ yes       X       none reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with

section 510(a) of OMB Circular A-133? \_\_\_\_\_ yes       X       no

Identification of major programs

**Name of Federal Program or Cluster**

- Research and Development Cluster (various CFDA numbers)
- National Center for Research Resources Recovery Act Construction Support (93.702)
- PA Food Stamp Nutrition Education Program (USDA) (10.561)

Dollar threshold used to distinguish between Type A and Type B programs \$ 3,938,371

Auditee qualified as low-risk auditee?       X       yes \_\_\_\_\_ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The audit disclosed no items required to be reported in this section

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

The audit disclosed no findings or questioned costs as a result required to be reported in this section