

The Pennsylvania State University

Right-to-Know Law Report

May 20, 2011

This Report is filed in accordance with the provisions of Chapter 15 of the Right-to-Know Law for the Fiscal Year commencing July 1, 2009 and ending June 30, 2010. This Report includes the following information as required by the Right-to-Know Law:

- 1. Section 1 -- Information required by Form 990 or an equivalent form, of the United States Department of the Treasury, Internal Revenue Service, entitled the Return of Organization Exempt From Income Tax, regardless of whether the State-related institution is required to file the form by the Federal Government.**
- 2. Section 2 -- The salaries of all officers and directors of the State-related institution.**
- 3. Section 3 -- The highest 25 salaries paid to employees of the institution that are not included under Section 2.**

Section 1:

All information required by Form 990 or an equivalent form, of the United States Department of the Treasury, Internal Revenue Service, entitled the Return of Organization Exempt From Income Tax, regardless of whether the State-related institution is required to file the form by the Federal Government.

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning **July 1**, 2009, and ending **June 30**, 20 **10**

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization **The Pennsylvania State University**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
408 Old Main
 City or town, state or country, and ZIP + 4
University Park, PA 16802

D Employer identification number
24 : 6000376

E Telephone number
 (**814**) **865-1355**

G Gross receipts \$ **4331034000**

F Name and address of principal officer:
Graham Spanier, Old Main, Univ. Park, PA 16802

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status: 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ **PSU.EDU**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **1855** **M** State of legal domicile: **PA**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: As Pennsylvania's land grant university, The Pennsylvania State 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. The University is an instrumentality of the Commonwealth of Pennsylvania.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	32
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	31
	5 Total number of employees (Part V, line 2a)	5	51682
	6 Total number of volunteers (estimate if necessary)	6	Thousands
	7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	12608253
b Net unrelated business taxable income from Form 990-T, line 34	7b	1118171	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 497210000	Current Year 535703000
	9 Program service revenue (Part VIII, line 2g)	3447749605	3712505265
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	(16646000)	135126000
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	26925395	18427735
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3955239000	4401762000
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	126677145	141013188
	14 Benefits paid to or for members (Part IX, column (A), line 4)		
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	2291601805	2496066197
	16a Professional fundraising fees (Part IX, column (A), line 11e)		
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	1345000050	1368810615
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	3763279000	4005890000
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	191960000	395872000	
19 Revenue less expenses. Subtract line 18 from line 12			
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 7717377000	End of Year 8727500000
	21 Total liabilities (Part X, line 26)	3313806000	3745847000
	22 Net assets or fund balances. Subtract line 21 from line 20	4403571000	4981653000

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer _____ Date _____

Type or print name and title _____

Paid Preparer's Use Only

Preparer's signature ▶ _____ Date _____ Check if self-employed Preparer's identifying number (see instructions) _____

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ _____ EIN ▶ _____ Phone no. ▶ () _____

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:
As Pennsylvania's land grant university, The Pennsylvania State 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. The University is an instrumentality of the Commonwealth of Pennsylvania.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ **1076891000** including grants of \$ **141013188**) (Revenue \$ **1353614000**)
Instruction - Penn State's instructional mission includes undergraduate, graduate, professional, and continuing and distance education.

4b (Code:) (Expenses \$ **1009860000** including grants of \$) (Revenue \$ **1027218000**)
Hospital - Penn State is committed to enhancing quality of life through improved health, the professional preparation of those who will serve the health needs of others, and the discovery of knowledge that will benefit all.

4c (Code:) (Expenses \$ **742190000** including grants of \$) (Revenue \$ **780066000**)
Research - Penn State's research mission is to create new knowledge that improves individual lives. University research has positively impacted our region, state, nation, and beyond.

4d Other program services. (Describe in Schedule O.)
(Expenses \$ **124674896** including grants of \$) (Revenue \$ **55114000**)

4e Total program service expenses ▶ **2953615896**

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	✓	
2	Is the organization required to complete Schedule B, Schedule of Contributors?		✓
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		✓
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i>		
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III</i>		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	✓	
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		✓
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	✓	
11	Is the organization's answer to any of the following questions "Yes"? <i>If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</i>	✓	
	<ul style="list-style-type: none"> • Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> • Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> • Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> • Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> • Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> • Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? <i>If "Yes," complete Schedule D, Part X.</i> 		
12	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>	✓	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional.</i>	Yes: ✓ No:	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	✓	
14a	Did the organization maintain an office, employees, or agents outside of the United States?	✓	
14b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Part I</i>	✓	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Part II.</i>		✓
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Part III</i>	✓	
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		✓
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	✓	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		✓
20	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>	✓	

Part IV Checklist of Required Schedules *(continued)*

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		✓
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>	✓	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>	✓	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i>	✓	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		✓
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		✓
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		✓
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>		
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>		✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III.</i>		✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>	✓	
c An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>		✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>	✓	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>	✓	
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>		✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>		✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>	✓	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>	✓	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>		✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable		
	1a 4376		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	✓	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a 51682		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to <i>e-file</i> this return. (see instructions)	✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	✓	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	✓	
b	If "Yes," enter the name of the foreign country: Italy See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	✓	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	✓	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	✓	
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d 15		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		✓
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	✓	
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	✓	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.	Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
	8		
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
	9a		
	9b		
10 Section 501(c)(7) organizations.	Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations.	Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a Section 4947(a)(1) non-exempt charitable trusts.	Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body		
1b	Enter the number of voting members that are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<input checked="" type="checkbox"/>
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a material diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Does the organization have members or stockholders?		<input checked="" type="checkbox"/>
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	<input checked="" type="checkbox"/>	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		<input checked="" type="checkbox"/>
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9a	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	<input checked="" type="checkbox"/>	
10b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	<input checked="" type="checkbox"/>	
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
11A	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	<input checked="" type="checkbox"/>	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	<input checked="" type="checkbox"/>	
13	Does the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
14	Does the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input checked="" type="checkbox"/>	
b	Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<input checked="" type="checkbox"/>	
16b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		<input checked="" type="checkbox"/>

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► [Pennsylvania](#)-----
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► [Joseph J. Doncsecz, Corporate Controller, 408 Old Main, Univ. Park, PA 16802 814-865-1355](#)-----

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Edward Rendell Trustee		✓								
Russell Redding Trustee		✓								
John Quigley Trustee		✓								
Thomas Gluck Trustee		✓								
Dennis Wolff Trustee		✓								
Eugene Chaiken Trustee		✓								
Alvin Clemens Trustee		✓								
Michael DiBerardinis Trustee		✓								
Ira Lubert Trustee		✓								
Roger Reschini Trustee		✓								
Marianne Alexander Trustee		✓								
Jesse Arnelle Trustee		✓								
Steve Garban Trustee		✓								
George Henning Trustee		✓								
David Jones Trustee		✓								
David Joyner Trustee		✓								

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Joel Myers Trustee		<input checked="" type="checkbox"/>								
Anne Riley Trustee		<input checked="" type="checkbox"/>								
Paul Suhey Trustee		<input checked="" type="checkbox"/>								
Keith Eckel Trustee		<input checked="" type="checkbox"/>								
Samuel Hayes, Jr. Trustee		<input checked="" type="checkbox"/>								
Barron Hetherington Trustee		<input checked="" type="checkbox"/>								
Betsy Huber Trustee		<input checked="" type="checkbox"/>								
Keith Masser Trustee		<input checked="" type="checkbox"/>								
Carl Shaffer Trustee		<input checked="" type="checkbox"/>								
James Broadhurst Trustee		<input checked="" type="checkbox"/>								
Kenneth Frazier Trustee		<input checked="" type="checkbox"/>								
Edward Hintz, Jr. Trustee		<input checked="" type="checkbox"/>								
Edward Junker III Trustee		<input checked="" type="checkbox"/>								
1b Total										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **▶ 2158**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	<input checked="" type="checkbox"/>	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual.</i>	<input checked="" type="checkbox"/>	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		<input checked="" type="checkbox"/>

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
Whiting-Turner, Baltimore, MD 21286	Construction	28934758
Kinsley Construction, York, PA 17405	Construction	15702825
McKesson, San Francisco, CA 94104	Pharmaceutical	14087240
Farfield Co, Lititz, PA 17543	Construction	12196698
Poole Anderson Construction, LLC, State College, PA 16803	Construction	12154402

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶ 976**

Part VIII Statement of Revenue				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c	7935204					
	d Related organizations	1d	1156226					
	e Government grants (contributions).	1e	350836000					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	175775570					
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f			535703000				
Program Service Revenue			Business Code					
	2a Tuition and fees		900099	1353614000	1353614000			
	b Grant & contracts		541700	789711000			789711000	
	c Medical Center revenue		900099	1027218000	1027218000			
	d Sales - auxilliary, etc.		611710	487725265		10472338	477252927	
	e Sales - educational		611710	54237000	54237000			
	f All other program service revenue							
g Total. Add lines 2a-2f			3712505265					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			83100000		2050755	81049245	
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties			3159000			3159000	
	6a Gross Rents	(i) Real	5039599					
		(ii) Personal						
		b Less: rental expenses	3413320					
		c Rental income or (loss)	1626279					
	d Net rental income or (loss)			1626279			1626279	
	7a Gross amount from sales of assets other than inventory	(i) Securities	26864199000					
		(ii) Other						
		b Less: cost or other basis and sales expenses	26812173000					
		c Gain or (loss)	52026000					
	d Net gain or (loss)			52026000			52026000	
	8a Gross income from fundraising events (not including \$ 7935204 of contributions reported on line 1c). See Part IV, line 18	a	784740					
		b Less: direct expenses	800396					
c Net income or (loss) from fundraising events				(15656)			(15656)	
9a Gross income from gaming activities. See Part IV, line 19	a							
	b Less: direct expenses.							
	c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances	a	25411431						
	b Less: cost of goods sold	17044975						
	c Net income or (loss) from sales of inventory			8366456			8366456	
Miscellaneous Revenue		Business Code						
11a Miscellaneous income		900099	5291656		85160	5206496		
	b							
	c							
	d All other revenue							
	e Total. Add lines 11a-11d			5291656				
12 Total revenue. See instructions.			4401762000	2435069000	12608253	1418381747		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	124157047	124157047		
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	16856141	16856141		
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3466851	1197142	1600978	668731
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1814162464	1436892258	356031161	21239045
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	87502559	69231114	17216782	1054663
9 Other employee benefits	503940500	398712480	99154056	6073964
10 Payroll taxes	86993823	68828608	17116684	1048531
11 Fees for services (non-employees):				
a Management	540203	540203		
b Legal	3149549		3149549	
c Accounting	643875		643875	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	11461891	9068642	2255107	138143
g Other				
12 Advertising and promotion	10646926	7607956	2945039	93931
13 Office expenses	27283075	17668134	8462198	1152744
14 Information technology	57604486	31861131	25206608	536747
15 Royalties	259325	149432	109893	
16 Occupancy	135418384	36837149	98529269	51967
17 Travel	55292453	48746932	5265512	1280009
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	34953502	23156256	11031087	766159
20 Interest	48739857	38562468	9589931	587459
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	216034000	170923853	42506303	2603845
23 Insurance	20977000	16596784	4127381	252835
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a Hospital Expenses	353317493	279541124	69517855	4258514
b Maintenance	114083660	19676449	94395736	11475
c Resale supplies and material	73343231	40719994	32623237	
d Food Supplies	48093678	1650493	46443185	
e Laboratory supplies	30926707	30872477	54230	
f All other expenses	126041318	63479601	61854805	706912
25 Total functional expenses. Add lines 1 through 24f	4005890000	2953615896	1009748431	42525673
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1 Cash—non-interest-bearing		1		
	2 Savings and temporary cash investments	1252619000	2	1427474000	
	3 Pledges and grants receivable, net	177059000	3	214160000	
	4 Accounts receivable, net	407625000	4	395039000	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5		
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6		
	7 Notes and loans receivable, net	56519000	7	56078000	
	8 Inventories for sale or use	31572000	8	31872000	
	9 Prepaid expenses and deferred charges	59436000	9	70845000	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a			
	b Less: accumulated depreciation	10b	2970322000	10c	3151655000
	11 Investments—publicly traded securities	2305321000	11	2841748000	
	12 Investments—other securities. See Part IV, line 11	439066000	12	519969000	
	13 Investments—program-related. See Part IV, line 11		13		
	14 Intangible assets		14		
	15 Other assets. See Part IV, line 11	17838000	15	18660000	
16 Total assets. Add lines 1 through 15 (must equal line 34)	7717377000	16	8727500000		
Liabilities	17 Accounts payable and accrued expenses	390675000	17	454482000	
	18 Grants payable		18		
	19 Deferred revenue	234282000	19	237175000	
	20 Tax-exempt bond liabilities	1132439000	20	1236411000	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22		
	23 Secured mortgages and notes payable to unrelated third parties		23		
	24 Unsecured notes and loans payable to unrelated third parties		24		
	25 Other liabilities. Complete Part X of Schedule D	1556410000	25	1817779000	
	26 Total liabilities. Add lines 17 through 25	3313806000	26	3745847000	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets	3185475000	27	3608705000	
	28 Temporarily restricted net assets	244116000	28	337570000	
	29 Permanently restricted net assets	973980000	29	1035378000	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30 Capital stock or trust principal, or current funds		30		
	31 Paid-in or capital surplus, or land, building, or equipment fund		31		
	32 Retained earnings, endowment, accumulated income, or other funds		32		
33 Total net assets or fund balances		33			
34 Total liabilities and net assets/fund balances	7717377000	34	8727500000		

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both:

Separate basis Consolidated basis Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a	✓	
2b	✓	
2c	✓	
3a	✓	
3b	✓	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization The Pennsylvania State University	Employer identification number 24 : 6000376
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33⅓% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33⅓% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
 - e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
 - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
 - h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	%
16a 33 1/3 % support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3 % support test—2008. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)
 (Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	%

19a 33 1/3 % support tests—2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and **stop here**. The organization qualifies as a publicly supported organization ▶

b 33 1/3 % support tests—2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and **stop here**. The organization qualifies as a publicly supported organization ▶

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

The Pennsylvania State University

Employer identification number

24 : 6000376

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ **297740**

(ii) Assets included in Form 990, Part X ▶ \$ **23204928**

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$

b Assets included in Form 990, Part X ▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.
- 5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIV and complete the following table:
- | | Amount |
|--|--------|
| c Beginning balance | |
| d Additions during the year | |
| e Distributions during the year | |
| f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b** If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	1171975780	1506319935			
b Contributions	62526394	61192032			
c Net investment earnings, gains, and losses	190676045	(319399272)			
d Grants or scholarships	(63400710)	(65145841)			
e Other expenditures for facilities and programs					
f Administrative expenses	(11461353)	(10991074)			
g End of year balance	1350316156	1171975780			

2 Provide the estimated percentage of the year end balance held as:

- a** Board designated or quasi-endowment ▶ 26 %
- b** Permanent endowment ▶ 74 %
- c** Term endowment ▶ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** unrelated organizations
- (ii)** related organizations

	Yes	No
3a(i)		<input checked="" type="checkbox"/>
3a(ii)		<input checked="" type="checkbox"/>
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	107382000			107382000
b Buildings	4093137000		1834627423	2258509577
c Leasehold improvements	485613000		217661643	267951357
d Equipment	938440000		420627934	517812066
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				3151655000

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1 4401762000
2	Total expenses (Form 990, Part IX, column (A), line 25)	2 4005890000
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3 395872000
4	Net unrealized gains (losses) on investments	4 181553000
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV.)	8
9	Total adjustments (net). Add lines 4 through 8	9 181553000
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10 577425000

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1 4583315000
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	2a 181553000
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e 181553000
3	Subtract line 2e from line 1	3 4401762000
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5 4401762000

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1 4005890000
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5 4005890000

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part III - The Palmer Museum of Art on the Penn State University Park campus is a free-admission arts resource for PSU and surrounding communities in central Pennsylvania. The museum offers an ever-changing array of exhibitions and displays of its permanent collection. With eleven galleries, a print-study room, 150-seat auditorium, and outdoor sculpture garden, the Palmer Museum is a unique cultural resource for residents of and visitors to the region. The Palmer Museum supports the educational mission of the School of Art as well as the entire University and the University's community benefit mission.

Part XIV Supplemental Information *(continued)*

Part V - Each endowed gift to Penn State is formalized through the creation of guidelines, specific to that endowment, which provide an opportunity for donors to express their intentions for how the gift is to be directed and used by the University. Guidelines are created for the student, faculty, and program support and indicate the particular college, campus, or program to benefit from the endowed fund.

**SCHEDULE E
(Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

Schools

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 13,
or Form 990-EZ, Part VI, line 48.
▶ Attach to Form 990 or Form 990-EZ.

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Name of the organization

The Pennsylvania State University

Employer identification number

24 6000376

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	✓	
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	✓	
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space, use Schedule O (Form 990)	✓	

4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	✓	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	✓	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	✓	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. If you need more space, use Schedule O (Form 990). -----	✓	

5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		✓
b Admissions policies?		✓
c Employment of faculty or administrative staff?		✓
d Scholarships or other financial assistance?		✓
e Educational policies?		✓
f Use of facilities?		✓
g Athletic programs?		✓
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. If you need more space, use Schedule O (Form 990). -----		✓

6a Does the organization receive any financial aid or assistance from a governmental agency?	✓	
6b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either line 6a or line 6b, explain on Schedule O (Form 990).		✓
7 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," explain on Schedule O (Form 990)	✓	

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

2009

▶ Attach to Form 990. ▶ See separate instructions.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

The Pennsylvania State University

Employer identification number

24 6000376

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**

2 For grantmakers. Describe in Part IV the organization's procedures for monitoring the use of grant funds outside the United States.

3 Activities per Region. (Use Schedule F-1 (Form 990) if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (i.e., fundraising, program services, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region
Europe	1	6	program services	educational/reseach	4080621
East Asia and the Pacific			program services	educational/reseach	1306473
North America			program services	educational/reseach	775649
Sub-Saharan Africa			program services	educational/reseach	582678
Central America / Caribbean			program services	educational/reseach	311927
South America			program services	educational/reseach	266073
South Asia			program services	educational/reseach	264180
Middle East & North Africa			program services	educational/reseach	168297
Russia & Newly Indep. States			program services	educational/reseach	142082
Europe			Investments		
East & South Asia / Pacific			Investments		
North America			Investments		
Sub-Saharan Africa			Investments		
Central America / Caribbean			Investments		
South America			Investments		
Middle East & North Africa			Investments		
Russia & Newly Indep. States			Investments		
Totals	1	6			7897980

Part IV **Supplemental Information**

Complete this part to provide the information required in Part I, line 2, and any additional information.

University aid is passed from the University to the Penn State program abroad, which has been visited and evaluated by appropriate University personnel prior to student enrollment. Students participating in a non-Penn State program cannot receive aid

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		Thon (event type)	Miracle Ball (event type)	eight (total number)	(add col. (a) through col. (c))
Revenue	1 Gross receipts	8059291	183330	477323	8719944
	2 Less: Charitable contributions	7618809	129695	186700	7935204
	3 Gross income (line 1 minus line 2)	440482	53635	290623	784740
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	572226	47278	180892	800396
	10 Direct expense summary. Add lines 4 through 9 in column (d) ▶				(800396)
11 Net income summary. Combine line 3, column (d), and line 10 ▶				(15656)	

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	
7 Direct expense summary. Add lines 2 through 5 in column (d) ▶				()	
8 Net gaming income summary. Combine line 1, column d, and line 7 ▶					

	Yes	No
9 Enter the state(s) in which the organization operates gaming activities: _____		
a Is the organization licensed to operate gaming activities in each of these states?	9a	
b If "No," explain: _____ _____		
10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a	
b If "Yes," explain: _____ _____		
11 Does the organization operate gaming activities with nonmembers?	11	
12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12	

			Yes	No
13	Indicate the percentage of gaming activity operated in:			
a	The organization's facility	13a	%	
b	An outside facility	13b	%	
14	Enter the name and address of the person who prepares the organization's gaming/special events books and records:			
	Name ▶			
	Address ▶			
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue?	15a		
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ and the amount of gaming revenue retained by the third party ▶ \$			
c	If "Yes," enter name and address of the third party:			
	Name ▶			
	Address ▶			
16	Gaming manager information:			
	Name ▶			
	Gaming manager compensation ▶ \$			
	Description of services provided ▶			
	<input type="checkbox"/> Director/officer <input type="checkbox"/> Employee <input type="checkbox"/> Independent contractor			
17	Mandatory distributions:			
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?	17a		
b	Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$			

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ See separate instructions.

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Name of the organization The Pennsylvania State University	Employer identification number 24 ; 6000376
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Part I Charity Care and Certain Other Community Benefits at Cost

	Yes	No
1a Does the organization have a charity care policy? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
1b If "Yes," is it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals. <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients.		
a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250</u> %	<input checked="" type="checkbox"/>	
b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care: <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Does the organization's policy provide free or discounted care to the "medically indigent"?	<input checked="" type="checkbox"/>	
5a Does the organization budget amounts for free or discounted care provided under its charity care policy?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's charity care expenses exceed the budgeted amount?		<input checked="" type="checkbox"/>
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Does the organization prepare an annual community benefit report?	<input checked="" type="checkbox"/>	
b If "Yes," does the organization make it available to the public?		<input checked="" type="checkbox"/>

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			13504451	0	13504451	0.00%
b Unreimbursed Medicaid (from Worksheet 3, column a)			37510810	34536457	2974353	0.00%
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			51015261	34536457	16478804	0.00%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			50404864	3157378	47247486	0.01%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			83367267	75673804	7693463	0.00%
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total. Other Benefits			133772131	78831182	54940949	0.01%
k Total. Add lines 7d and 7j			184787391	113367639	71419753	0.02%

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	✓	
2	Enter the amount of the organization's bad debt expense (at cost)		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy.		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	214813228
6	Enter Medicare allowable costs of care relating to payments on line 5	239489562
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	(24676335)
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other	

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	✓	
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI		✓

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	Pennsylvania Psych. Institute	Inpatient and Outpatient Psych. services	50%		
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

1. Medicare Costing Methodology - Hospital Medicare costs were calculated using MCCR (as filed) Schedule B1, total costs , subtracting out GME costs (reported on part 1, 7f) and then multiplying that result by the Medicare payer mix for the hospital entity. The Professional Medicare costs were calculated by taking the total WRVU for the professional entity and Multiplying that result by the Average cost per WRVU(including malpractice costs) that result is then calculated by the medicare payer mix for the professional entity.

2. Needs assessment - Penn State Hershey Medical Center was the co-sponsor of a health needs assessment in 2007. The study, entitled Enhancing Public Health In Dauphin County, was commissioned by the Dauphin County Health Improvement Partnership to assess the feasibility of establishing a Dauphin County Health Department that might address the many public health threats and challenges in the community. The study was completed by Drexel University School of Public Health in August 2007. Penn State Hershey was 1 of 11 sponsors of the study. At present planning is underway for a new study, which would be conducted jointly between Penn State Hershey Medical Center, Pinnacle Health System and Holy Spirit Hospital and Health System to assess health disparities and opportunities in the Capital Region.

3. Eligibility for assistance - Emergency room services are provided to all persons regardless of ability to pay. Those individuals without insurance coverage are assisted by the Medical Center in applying for financial assistance through available programs such as Medical Assistance. When insurance coverage is not available or balances remain due after insurance payments are made, the individual patient's ability to pay is evaluated by the Medical Center based on the poverty income guidelines provided by the Department of Health and Human Services. If the individual's resources based on these guidelines are deemed insufficient to make full or partial payment without significant hardship, the amount due is deemed charity care and is written off without any collection effort.

In non-emergency room situations, individual patients present themselves through physician referral. The Medical Center, however,

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization’s charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization’s community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization’s hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

determines the ability of the individual to pay based on the poverty income guidelines provided by the Department of Health and Human

Services in advance of providing medical services. Charity care treatment is granted based on the following considerations:

(1) appropriate need for medical services, (2) availability of alternative financial resources, and (3) financial limitations of the Medical

Center.

4. Community information - Penn State Hershey Medical Center and its Medical Group practices serve an increasingly diverse community. As the only teaching and research hospital located between Philadelphia, Pittsburgh, Baltimore and Rochester, Penn State Hershey serves more than 4 million people in 28 counties. Our care settings range from urban to rural, many of which are considered under-served. In addition to providing care to a growing Hispanic population in nearby Lebanon County, we continue to be a distinct health care destination for the Amish and Mennonite communities that are concentrated in central Pennsylvania.

5. N/A.

6. Furtherance of Exempt Purpose - The Medical Center advances a charitable purpose because it is organized and operated (1) for the prevention and treatment of disease or injury; and (2) to accomplish a purpose which is recognized as important to the public and which advances a social, moral or physical objective as required by 10 P.S. §375(b)(4). The Medical Center provides medical care to the sick and injured, maintains an emergency room open to the public, provides community health education programs to both raise awareness of the community of specific health risks and helps patients and their families cope with the ravages of serious diseases. The Medical Center also provides substantial benefits to the community through research, training and community services, such as health screenings, free immunizations and health education classes. Moreover, the Medical Center supports the educational and research

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization’s charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization’s community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization’s hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

activities of the College of Medicine.

7. Affiliates - The Medical Center is affiliated with The Pennsylvania State University (the “University”) as described below. Nine of the fifteen Members of the Medical Center’s Board of Directors are appointed by the Board of Trustees of the University. The Medical Center’s Articles of Incorporation provide that its activities shall at all times be consistent with and in furtherance of the obligations of the University and its mission with respect to education, research, public service and patient care. In addition, a Pennsylvania court decree appointed the University as successor trustee to the Milton Hershey Foundation and charged the University with carrying out the Foundation’s mission to establish and maintain a medical school in and about the town of Hershey, Dauphin County, Pennsylvania. Thus the University, as trustee, has become owner and operator of the clinical, research and educational functions of the medical school and university hospital.

There is a very close relationship between the Medical Center and the College of Medicine. All physicians on the staff of the Medical Center are on the faculty of the College of Medicine. No physician may have staff privileges unless he or she is on the faculty. The Medical Center is a teaching hospital for the students of the College of Medicine and School of Nursing, who in addition to learning in the Medical Center environment provide patient care as residents. Funds from the Medical Center are distributed annually to the College of Medicine to support the academic programs of the College of Medicine.

8. N/A.

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
Student Aid for Univ. enrollees	70191	124157047			

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Penn State participates in all the major federal and state student aid programs. Federal and state funding sources comprise 70 percent of all student aid at Penn State, the majority of which is available in the form of federal education loans for students and parents. Eligibility for these programs is determined based on the information students report on the Free Application for Federal Student Aid (FAFSA) each year, in accordance with federal and state regulations. Student aid funds are awarded based on financial need and these limited funds are distributed first to students with the greatest financial need. The University has a wide array of monitoring procedures and controls in place to ensure compliance with federal, state, and local laws as well as its own internal policies.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information
For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Name of the organization The Pennsylvania State University	Employer identification number 24 6000376
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Part I Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input checked="" type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input checked="" type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input checked="" type="checkbox"/> Health or social club dues or initiation fees <input checked="" type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	✓	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	✓	
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <input checked="" type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.		✓
4a		✓
4b	✓	
4c		✓
Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization? b Any related organization? If "Yes" to line 5a or 5b, describe in Part III.		
5a		
5b		
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of: a The organization? b Any related organization? If "Yes" to line 6a or 6b, describe in Part III.		
6a		
6b		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		
7		
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III		
8		
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Graham Spanier	(i)	620004		75977	111195	6679	813855	
	(ii)							
Rodney Erickson	(i)	420012		4142	13818	16781	454753	
	(ii)							
Albert Horvath	(i)	363000		3723	22760	14435	403918	
	(ii)							
Rod Kirsch	(i)	350004		8122	22760	16587	397473	
	(ii)							
Harold Paz	(i)	656004	191886	130445	22760	17555	1018650	
	(ii)							
Eva Pell	(i)	327889		25553	9048	15712	378202	
	(ii)							
Gary Schultz	(i)	296068		9102	7020	8776	320966	
	(ii)							
Joseph Paterno	(i)	554136		435358	18231	15069	1022794	
	(ii)							
Alan Brechbill	(i)	592053	230892	72555	31410	17754	944664	
	(ii)							
Robert Harbaugh	(i)	709847	174306		31410	15060	930623	
	(ii)							
Ed Dechellis	(i)	232500	43750	494464	22324	13865	806903	
	(ii)							
Kevin Black	(i)	562121	135795		31410	15276	744602	
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Part I, Question 1(a) - Payment of Expenses

Officers and other University employees utilize charter travel in limited instances where the business advantage justifies any additional cost incurred. Penn State pays for spousal travel expense which serves a legitimate university business purpose. Penn State's President lives in a university-owned residence that is located on campus. The residence is used for significant university duties. In connection with this business use of the residence, personal services are provided. In addition, the University pays for a social club membership that it's President and other University personnel use primarily for business purposes.

Part I, Question 4(b) - Amounts included in compensation from participation in supplemental nonqualified retirement plan

Graham Spanier - \$88,435

Harold Paz - \$38,182

Part II(C) - Deferred Compensation

Note: Deferred compensation includes contributions to qualified retirement plans, including those offered to all full-time University employees by the PA State Employees' Retirement System and TIAA Cref.

**SCHEDULE J-2
(Form 990)**

Continuation Sheet for Form 990

OMB No. 1545-0047

2009

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.
▶ See the Instructions for Form 990.

Department of the Treasury
Internal Revenue Service

**Open to Public
Inspection**

Name of the Organization: **The Pennsylvania State University** Employer identification number: **24 6000376**

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Linda Strumpf Trustee		✓								
John Surma Trustee		✓								
Cynthia Baldwin Trustee		✓				✓				
Patricia Poprik Trustee		✓								
Gerald Zahorchak Trustee		✓								
Graham Spanier President & Trustee		✓		✓			695981		117874	
Rodney Erickson Exec. VP & Provost				✓			424154		30599	
Albert Horvath Sr. VP - Finance & Business				✓			366723		37195	
Rod Kirsch Sr. VP - Development				✓			358126		39347	
Harold Paz CEO - Hershey Medical Center				✓			978335		40315	
Eva Pell Sr. VP - Research				✓		✓	353442		24760	
Gary Schultz Sr. VP (January - June, 2009)				✓		✓	305170		15796	
Joseph Paterno Head Football Coach						✓	989494		33300	
Alan Brechbill Executive Director - MSHMC						✓	895500		49164	
Robert Harbaugh Chair Dept. of Neurosurgery						✓	884153		46470	
Ed Dechellis Head Basketball Coach						✓	770714		36189	
Kevin Black Chair Dept. of Orthopaedics/Rehab.						✓	697916		46686	
Rodney Hughes Trustee		✓					21165		2342	
**Note that no compensation is received from related organizations.										

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

▶ Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

The Pennsylvania State University

Employer identification number

24 6000376

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A The Pennsylvania State University	24-6000376	709235UG	2010	145004581	Construction and renovation		✓		✓
B The Pennsylvania State University	24-6000376	709235TM	2009	149999437	Construction and renovation		✓		✓
C The Pennsylvania State University	24-6000376	709235TQ	2009	75004075	Refunding - 2001 series bonds		✓		✓
D The Pennsylvania State University	24-6000376	709235SD	2008	80570622	Construction and renovation		✓		✓
E The Pennsylvania State University	24-6000376	709235SN	2008	8415881	Refunding - 1997 series bonds		✓		✓

Part II Proceeds

	A		B		C		D		E	
1 Total proceeds of issue	145004581		149999437		75004075		81394067		8415881	
2 Gross proceeds in reserve funds	0		0		0		0		0	
3 Proceeds in refunding or defeasance escrows	0		0		75000000		0		8363935	
4 Other unspent proceeds	121333324		69824611		0		0		0	
5 Issuance costs from proceeds	995475		916379		4075		555090		51946	
6 Working capital expenditures from proceeds	0		0		0		0		0	
7 Capital expenditures from proceeds	22675782		79258447		0		80838977		0	
8 Year of substantial completion					2009		2010		2008	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 Were the bonds issued as part of a current refunding issue?		✓		✓	✓			✓	✓	
10 Were the bonds issued as part of an advance refunding issue?		✓		✓		✓		✓		✓
11 Has the final allocation of proceeds been made?		✓		✓	✓		✓		✓	
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓		✓		✓	

Part III Private Business Use

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		✓		✓
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓

Part III Private Business Use (Continued)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
b Are there any research agreements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		✓		✓		✓		✓		✓
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %		0 %		0 %		0 %
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . ▶		0 %		0 %		0 %		0 %		0 %
6 Total of lines 4 and 5		0 %		0 %		0 %		0 %		0 %
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	✓		✓		✓		✓		✓	

Part IV Arbitrage

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		✓		✓		✓		✓		✓
2 Is the bond issue a variable rate issue?		✓		✓	✓			✓		✓
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		✓		✓		✓		✓		✓
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		✓		✓		✓		✓		✓
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		✓		✓		✓		✓		✓
6 Did the bond issue qualify for an exception to rebate?	✓		✓		✓		✓		✓	

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

▶ Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

The Pennsylvania State University

Employer identification number

24 6000376

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A The Pennsylvania State University	24-600376	709235QG	2007	90595737	Construction and renovation		✓		✓
B The Pennsylvania State University	24-600376	709235RD	2007	88867806	Refunding - 1997 series bonds		✓		✓
C The Pennsylvania State University	24-600376	709235PJ	2005	102675408	Construction		✓		✓
D The Pennsylvania State University	24-600376	709235NR	2004	65024774	Construction		✓		✓
E The Pennsylvania State University	24-600376	709235MX	2003	32551420	Refunding - 1993 series bonds		✓		✓

Part II Proceeds

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue		93494516		88867806		103998937		65394401		32551420
2 Gross proceeds in reserve funds		0		0		0		0		0
3 Proceeds in refunding or defeasance escrows		0		88342131		0		0		32304777
4 Other unspent proceeds		0		0		0		0		0
5 Issuance costs from proceeds		584943		525675		594918		432890		246643
6 Working capital expenditures from proceeds		0		0		0		0		0
7 Capital expenditures from proceeds		92909573		0		103404019		64961511		0
8 Year of substantial completion		2009		2007		2007		2006		2003
9 Were the bonds issued as part of a current refunding issue?		✓		✓		✓		✓		✓
10 Were the bonds issued as part of an advance refunding issue?		✓		✓		✓		✓		✓
11 Has the final allocation of proceeds been made?	✓		✓		✓		✓		✓	
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓		✓		✓	

Part III Private Business Use

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		✓		✓
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓

Part III Private Business Use (Continued)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
b Are there any research agreements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		✓		✓		✓		✓		✓
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %		0 %		0 %		0 %
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . ▶		0 %		0 %		0 %		0 %		0 %
6 Total of lines 4 and 5		0 %		0 %		0 %		0 %		0 %
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	✓		✓		✓		✓		✓	

Part IV Arbitrage

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		✓		✓		✓		✓		✓
2 Is the bond issue a variable rate issue?		✓		✓		✓		✓		✓
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		✓		✓		✓		✓		✓
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		✓		✓		✓		✓		✓
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		✓		✓		✓		✓		✓
6 Did the bond issue qualify for an exception to rebate?	✓		✓		✓		✓		✓	

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

▶ Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

The Pennsylvania State University

Employer identification number

24 6000376

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
A PA Higher Ed Facilities Authority	52-1558022	70917PHF	2006	4819645	Sprinkler system installation		✓		✓
B PA Higher Ed Facilities Authority	52-1558022	70917NH2	2004	5600000	Sprinkler system installation		✓		✓
C Lycoming County Authority	23-6760375	55080GS	2008	56380588	Construction		✓		✓
D Lycoming County Authority	23-6760375	55080GF	2005	16879524	Construction and adv. refunding		✓		✓
E									

Part II Proceeds

	A		B		C		D		E	
1 Total proceeds of issue	4826567		5608019		56380588		16879524			
2 Gross proceeds in reserve funds	0		0		0		449782			
3 Proceeds in refunding or defeasance escrows	0		0		0		8208415			
4 Other unspent proceeds	0		0		0		0			
5 Issuance costs from proceeds	110389		161241		1228461		218841			
6 Working capital expenditures from proceeds	0		0		0		0			
7 Capital expenditures from proceeds	4716178		5446778		55152127		8002486			
8 Year of substantial completion	2008		2006		2010		2007			
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 Were the bonds issued as part of a current refunding issue?		✓		✓		✓		✓		
10 Were the bonds issued as part of an advance refunding issue?		✓		✓		✓		✓		
11 Has the final allocation of proceeds been made?	✓		✓		✓		✓			
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓		✓			

Part III Private Business Use

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		✓		
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		

Part III Private Business Use (Continued)

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		✓		✓		✓		✓		
b Are there any research agreements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		✓		✓		✓		✓		
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %		0 %		0 %		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . ▶		0 %		0 %		0 %		0 %		%
6 Total of lines 4 and 5		0 %		0 %		0 %		0 %		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	✓		✓		✓		✓			

Part IV Arbitrage

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		✓		✓		✓		✓		
2 Is the bond issue a variable rate issue?		✓		✓		✓		✓		
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		✓		✓		✓		✓		
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		✓		✓		✓		✓		
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		✓		✓		✓		✓		
6 Did the bond issue qualify for an exception to rebate?	✓		✓		✓		✓			

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ **Complete if the organization answered**
"Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

2009

Open To Public Inspection

Name of the organization The Pennsylvania State University	Employer identification number 24 : 6000376
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

- 2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefiting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

Part IV Business Transactions Involving Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See schedule O					

**SCHEDULE M
(Form 990)**

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

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2009

**Open To Public
Inspection**

Name of the organization The Pennsylvania State University	Employer identification number 24 : 6000376
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Part I Types of Property

	(a) Check if applicable	(b) Number of contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous	✓	13807990		fair market value
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (not securities)	✓	18259790		fair market value
26 Other ▶ (.)				
27 Other ▶ (.)				
28 Other ▶ (.)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29	15
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	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1–28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		✓
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	✓	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		✓
b If "Yes," describe in Part II.		
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II.		

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.

▶ Attach to Form 990.

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Name of the organization

The Pennsylvania State University

Employer identification number

24 : **6000376**

Part IV, Line 1 - Described in section 501(c)(3)

The University is exempt from federal income tax as a governmental entity under IRC section 115. It is an instrumentality of the Commonwealth of Pennsylvania.

Part VI, Line 7(a) - Election of Governing Body

Penn State's 32-member Board of Trustees is composed of the following: Five trustees serve in an ex officio capacity by virtue of their position within the University or the Commonwealth of Pennsylvania. They are the President of the University; the Governor of the Commonwealth; and the state secretaries of the departments of Agriculture; Education; and Conservation and Natural Resources. Six trustees are appointed by the Governor; nine trustees are elected by the alumni; six are elected by organized agricultural societies within the Commonwealth; and six are elected by the Board of Trustees representing business and industry.

Part VI, Line 11A - Form 990 Review

A draft of the organization's form 990 was provided to Board members and reviewed at a board meeting. Board members were able to ask questions and comment.

Part VI, Line 12(c) - Monitoring of conflicts of interest

Consistent with University bylaws, officers, trustees and key employees complete "Conflict of Interest Disclosure Verification" on an annual basis. This form provides for disclosure of family members and/or related businesses having dealings with the University.

Part VI, Line 15(a & b) - Determination of Officer Compensation

The compensation of University officers is determined by a compensation committee comprised of Board members who consider performance, salaries of executives in similar positions as well as the advice of outside advisors and data found in compensation surveys.

Name of the organization The Pennsylvania State University	Employer identification number 24 6000376
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Part VI, Line 19 - Document availability to the public

The University makes its governing documents, conflict of interest policy, and financial statements available to the public upon request. In addition, financial statements are available on the University's website.

Part VII (B) - Average hours per week

The average work week for officers is 40+ hours as needed. Board of Trustee member hours vary as needed.

Schedule E, Line 6(a) - Government aid

The Commonwealth of Pennsylvania appropriation for the 2009-10 fiscal year was \$364,379,000.

Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name	(b) Relationship	(c) Amount	(d) Description	(e) Revenue Sharing
Michele Kirsch	Spouse of Rod Kirsch, Senior VP - Development	84,903	Employment	No
Sandra Spanier	Spouse of Graham Spanier, President & Trustee	129,764	Employment	No

Dr. Sandra Spanier is a Professor of English. Compensation listed above includes a \$28,464 National Endowment for the Humanities (NEH) grant awarded to Dr. Spanier in connection with her position as General Editor of the Hemingway Letters Project.

Dr. Michele Kirsch is the Director of Administrative Operations for the Schreyer Honors College.

The University knows of no significant transactions between it and any "interested" person described in the question other than transactions in the normal course of its activities. All such transactions are conducted at arm's length for good and sufficient consideration, and the University believes that the terms and conditions of any such transactions have been fair and reasonable.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

- ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
- ▶ Attach to Form 990. ▶ See separate instructions.

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2009

Open to Public Inspection

Name of the organization

The Pennsylvania State University

Employer identification number

24 : 6000376

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
<u>The Milton S. Hershey Medical Center 25-1854772</u> <u>Hershey, PA 17033</u>	<u>Healthcare</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(1)</u>	<u>Penn State Univ.</u>
<u>The Corporation for Penn State 25-1500292</u> <u>Univerisity Park, PA 16802</u>	<u>Holding company</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(3)</u>	<u>Penn State Univ.</u>
<u>Penn State Research Foundation 23-1359185</u> <u>University Park, PA 16802</u>	<u>Research</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(3)</u>	<u>Corp. for PSU</u>
<u>Pennsylvania College of Technology 23-2564508</u> <u>Williamsburg, PA 17701</u>	<u>Education</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(1)</u>	<u>Corp. for PSU</u>
<u>Ben Franklin Tech Ctr of Central and Northern PA 25-1618093</u> <u>University Park, PA 16802</u>	<u>Technology</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(1)</u>	<u>Corp. for PSU</u>
<u>Nittany Title Corporation 25-1518479</u> <u>University Park, PA 16802</u>	<u>Holding Property</u>	<u>PA</u>	<u>501(c)(2)</u>		<u>Corp. for PSU</u>
<u>Recycling Markets Center 20-2191485</u> <u>Middletown, PA 17057</u>	<u>Promote Recycling</u>	<u>PA</u>	<u>501(c)(3)</u>	<u>509(a)(1)</u>	<u>Corp. for PSU</u>

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
Hershey Outpatient Surg. Hershey, PA 17033	Medical	PA	PSHHS	Related	101470	(344938)		✓	N/A		✓

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
Research Park Mgmt. Corp. 25-1625696 University Park, PA 16802	Real Estate	PA	Corp. for P.S.	C corp	383959	1311378	100%
Research Park Hotel Corp. 25-1673018 Univeristy Park PA 16802	Hotel	PA	Res Park Mgt	C corp	2875025	29056197	100%
Penn State Hershey Health System 25-1769611 University Park, PA 16802	Healthcare	PA	Corp. for P.S.	C corp	651375	2690240	100%
Nittany Insurance Company 25-1718998 Burlington, VT 05606-4119	Insurance	PA	Corp. for P.S.	C corp	384105	43660493	100%
PA Research Park Tech. Center 25-1723275 University Park, PA 16802	Condo Mgmt.	PA	Corp. for P.S.	C corp	0	0	100%

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		
b Gift, grant, or capital contribution to other organization(s)	✓	
c Gift, grant, or capital contribution from other organization(s)		✓
d Loans or loan guarantees to or for other organization(s)	✓	
e Loans or loan guarantees by other organization(s)		✓
f Sale of assets to other organization(s)	✓	
g Purchase of assets from other organization(s)	✓	
h Exchange of assets		✓
i Lease of facilities, equipment, or other assets to other organization(s)	✓	
j Lease of facilities, equipment, or other assets from other organization(s)		✓
k Performance of services or membership or fundraising solicitations for other organization(s)	✓	
l Performance of services or membership or fundraising solicitations by other organization(s)	✓	
m Sharing of facilities, equipment, mailing lists, or other assets	✓	
n Sharing of paid employees	✓	
o Reimbursement paid to other organization for expenses		✓
p Reimbursement paid by other organization for expenses	✓	
q Other transfer of cash or property to other organization(s)	✓	
r Other transfer of cash or property from other organization(s)		✓

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved
(1)	The Milton S. Hershey Medical Center	d	129938429
(2)	The Milton S. Hershey Medical Center	f, g, k, m, n, r	50494571
(3)	Ben Franklin Tech Ctr of Central and Northern PA	f, g, k, m, n, r	4259194
(4)	Penn State Hershey Health System	d	4737172
(5)	Nittany Insurance Company	c	1199399
(6)	The Corporation for Penn State	r,l	1156226

Part V Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved
(7) Research Park Hotel Corp.	d	39299338
(8) Research Park Mgmt. Corp.	d	3233250
(9) Research Park Hotel Corp.	b	1935777
(10)		
(11)		
(12)		
(13)		
(14)		
(15)		
(16)		
(17)		
(18)		
(19)		
(20)		
(21)		
(22)		
(23)		
(24)		

Section 2:

The salaries of all officers and directors of the State-related institution.

*No member of the Board of Trustees received a salary for services rendered as a Trustee.

<u>Name</u>		<u>Salary</u>
Graham Spanier	President of the University	620,004
Rodney Erickson	Executive VP & Provost	420,012
Albert Horvath	Sr. VP - Finance & Business	363,000
Rod Kirsch	Sr. VP - Development	350,004
Harold Paz	CEO - Hershey Medical Center	656,004

Section 3:

The highest 25 salaries paid to employees of the institution that are not included under Section 2.

<u>Employee</u>		<u>Salary</u>
Robert Harbaugh, M.D.	Chair Department of Neurosurgery	709,847
John Myers, M.D.	Staff Physician - Pediatric Surgery	657,960
Alan Brechbill	Executive Director - MSHMC	592,053
Jonas Sheehan, M.D.	Staff Physician - Neurosurgery	625,043
Peter Dillon, M.D.	Chair Department of Surgery	570,870
Kevin Black, M.D.	Chair Orthopaedics/Rehabilitation	562,121
Joseph Paterno	Head Football Coach	554,136
Carlo de Luna, M.D.	Staff Physician - Neurosurgery	540,030
John Reid, M.D.	Staff Physician - Orthopaedics	527,331
Akash Agarwal, M.D.	Staff Physician - Neurosurgery	515,028
Kathleen Eggli, M.D.	Chair Department of Radiology	492,896
Mario Gonzalez, M.D.	Staff Physician - Electrophysiology	471,528
Thomas Terndrup, M.D.	Chair Emergency Medicine	480,961
Berend Mets, M.B.	Chair Department of Anesthesiology	459,573
Walter Koltun, M.D.	Staff Physician - Colorectal Surgery	492,521
David Quillen, M.D.	Chair Department of Ophthalmology	459,313
Kevin Cockroft, M.D.	Staff Physician - Neurosurgery	470,036
Thomas Loughran, M.D.	Director Penn State Cancer Institute	453,743
John Repke, M.D.	Chair Obstetrics/Gynecology	438,710
Walter Pae, M.D.	Staff Physician - Surgery	438,351
Douglas Armstrong, M.D.	Staff Physician - Orthopaedics	602,038
William Hennrikus, M.D.	Staff Physician - Orthopaedics	602,038
Lawrence Sinoway, M.D.	Director Penn State Heart & Vascular Institute	467,087
Chandra Belani, M.D.	Staff Physician - Hematology Oncology	460,472
Craig Hillemeier, M.D.	Chair Department of Pediatrics	427,494